

Sharper Image has filed for bankruptcy protection...  
let's see how CreditRiskMonitor tracked this trend!

## Sharper Image Corporation

350 The Embarcadero  
6th Floor

Phone: (415) 445-6000

San Francisco, CA 94105 United States

Ticker: [SHRP](#)

**Filed for Bankruptcy on 2/19/2008**  
**Case #08-10322, filed in the U.S. Bankruptcy Court for the District of Delaware**

### Latest Financial Statements as of 10/31/2007

#### Business Summary

Sharper Image Corporation (Sharper Image) is a multi-channel specialty retailer. The Company operates in three principal selling channels: the Sharper Image specialty stores throughout the United States, the Sharper Image catalog and the Internet through its Website, [www.sharperimage.com](http://www.sharperimage.com). In addition, through its Brand Licensing Division, the Company is also licensing the Sharper Image brand to select third parties to allow them to sell Sharper Image branded products in other channels of distribution.

(Source: 10-K)

Employees: 1,075 (as of 1/31/2007)

Federal Tax Id: 942493558

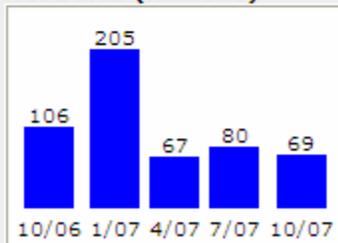
#### Credit Scores

|  |                              |            |
|--|------------------------------|------------|
| <b>FRISK2 Score</b>                                | <b>3</b>                     | 2/20/2008  |
| <b>Probability of default range: 10.1% - 14.1%</b> |                              |            |
| <b>Z" Score</b>                                    | <b>-4.16 (Fiscal danger)</b> | 10/31/2007 |

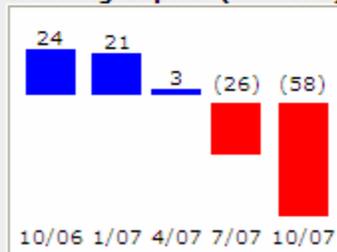
#### Auditor Information

Last Audit: 1/31/2007  
Auditors: Deloitte & Touche, LLP (Deloitte Haskins & Sells)  
Opinion: **Unqualified with Explanation**

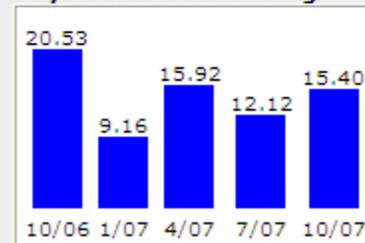
#### Net Sales (millions)



#### Working Capital (millions)



#### Days Sales Outstanding



#### Third Quarter and Year-to-Date Results

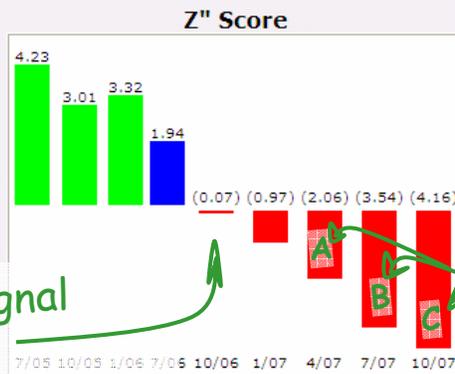
Sales for the 3 months ended 10/31/2007 decreased 34.74% to \$69.14 million from last year's comparable period amount of \$105.94 million. Sales for the 9 months ended 10/31/2007 decreased 32.32% to \$216.28 million from \$319.54 million for the same period last year.

Gross profit margin decreased 36.94% for the period to 39.16% of revenues) from 42.93% (40.52% of revenues) for the same period last year. Gross profit margin decreased 38.57% for the

**CreditRiskMonitor**

(845) 230-3021  
info@crmz.com

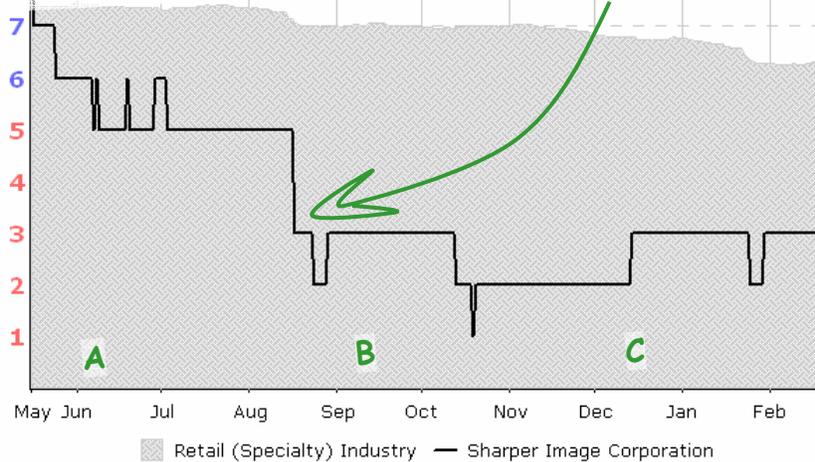
**LEGEND:**  
 Financially sound: 2.60 or higher  
 Neutral: 1.10 to 2.60  
 Fiscal danger: less than 1.10



The Altman Z'' started to signal trouble back in 4Q 2006...

The current FRISK2 score is 3 (probability of default\* 10.1% - 14.1%), near its 10-month average but below its industry average.

The FRISK2 score moved down from a "7" to a very risky "3" or "2" in August 2007...it was time for IMMEDIATE ACTION



Financial reports are filed periodically, but the FRISK2 is daily

**FRISK2 Score** - A score indicating the probability of default for a company over a 12 month horizon, based on new daily information in the CRMZ database, as calculated by a proprietary statistical model created by Dr. Camilo Gomez, and back-tested on 10,000 companies. (see **Financial Risk (FRISK2) Score**). Historical FRISK2 scores shown above may have been updated, based on new information or improvements to the model, more recently than the dates shown.

The FRISK2 score is reported on a 1 to 10 scale:

|       | FRISK2 | Probability of default within 12 months |       |
|-------|--------|---|-------|
|       |        | From                                    | To    |
| Best  | 10     | 0%                                      | 0.3%  |
|       | 9      | 0.3%                                    | 0.4%  |
|       | 8      | 0.4%                                    | 0.9%  |
|       | 7      | 0.9%                                    | 1.9%  |
|       | 6      | 1.9%                                    | 3.7%  |
|       | 5      | 3.7%                                    | 7.4%  |
|       | 4      | 7.4%                                    | 10.1% |
|       | 3      | 10.1%                                   | 14.1% |
|       | 2      | 14.1%                                   | 21.0% |
| Worst | 1      | 21.0%                                   | 50.0% |

Want an automatic alert when this is happening?

Try our Credit Limit Service.

**CreditRiskMonitor**

(845) 230-3021  
 info@crmz.com

| #  | Date       | Source           | Headline   |
|----|------------|------------------|--|
| 1  | 2/20/2008  | Business Wire    | <a href="#">Sharper Image Corporation Files for Bankruptcy Court Protection</a>  |
| 2  | 2/19/2008  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Change in Directors or Principal Officers, Financial Statements and Exhibits</a>   |
| 3  | 2/14/2008  | Business Wire    | <a href="#">Robert Conway of Conway, Del Genio, Gries &amp; Co., LLC Named Chief Executive Officer Replacing Steven Lightman</a>   |
| 4  | 2/8/2008   | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Change in Directors or Principal Officers</a>  |
| 8  | 2/8/2008   | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</a>   |
| 12 | 2/7/2008   | Business Wire    | <a href="#">Sharper Image Reports January Sales</a>  |
| 13 | 1/29/2008  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Change in Directors or Principal Officers</a>  |
| 14 | 1/10/2008  | Business Wire    | <a href="#">Business Wire Retail Report On December 2007 Retail Sales Figures</a>  |
| 15 | 1/10/2008  | Business Wire    | <a href="#">Sharper Image Reports December Sales</a>   |
| 16 | 12/13/2007 | CRM News Service | <a href="#">Sharper Image Corporation -- updated financials available</a>  |
| 17 | 12/10/2007 | Business Wire    | <a href="#">Sharper Image Reports Third Quarter Operating Results</a>  |
| 18 | 12/10/2007 | Business Wire    | <a href="#">SHARPER IMAGE CORP: a Form 10-Q has been Filed with the SEC</a>  |
| 19 | 12/7/2007  | Business Wire    | <a href="#">Sharper Image Announces Conference Call to Discuss Third Quarter</a>   |
| 20 | 12/6/2007  | Business Wire    | <a href="#">Sharper Image Reports November Sales</a>   |
| 21 | 11/8/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Results of Operations and Financial Condition</a>  |
| 22 | 11/6/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant</a>                                    |
| 23 | 10/9/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Change in Directors or Principal Officers</a>  |
| 24 | 10/2/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant</a>                                    |
| 25 | 9/27/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Change in Directors or Principal Officers, Financial Statements and Exhibits</a>   |
| 26 | 9/25/2007  | CRM News Service | <a href="#">Sharper Image Corporation -- updated financials available</a>  |
| 27 | 9/10/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP: a Form 10-Q has been Filed with the SEC</a>  |
| 28 | 8/27/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Change in Directors or Principal Officers, Financial Statements and Exhibits</a>   |
| 29 | 8/24/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant, Financial Statements and Exhibits</a> |
| 30 | 8/9/2007   | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</a>   |
| 31 | 8/3/2007   | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</a>  |
| 32 | 7/3/2007   | CRM News Service | <a href="#">Sharper Image Corporation -- updated financials available</a>  |
| 33 | 7/2/2007   | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Change in Directors or Principal Officers, Amendments to Articles of Inc. or Bylaws; Change in Fiscal Year, Financial Statements and Exhibits</a>        |
| 34 | 6/28/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</a>  |
| 35 | 6/18/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP: a Form 10-Q has been Filed with the SEC</a>  |
| 36 | 6/13/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP Files Notification of Late Filing for its Form 10-Q with the Securities and Exchange Commission.</a>  |
| 37 | 6/7/2007   | CRM News Service | <a href="#">Sharper Image Corporation -- updated financials available</a>  |
| 40 | 5/31/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP: a Form 10-K has been Filed with the SEC</a>  |
| 41 | 5/30/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant, Financial Statements and Exhibits</a> |
| 42 | 5/11/2007  | CRM News Service | <a href="#">SHARPER IMAGE CORP FILES (8-K) Disclosing Change in Directors or Principal Officers</a>  |

Bankrupt

Consultant replaces CEO

December sales down 13% vs. 2006

Two more Board Members resign...

\$10MM balance of secured loan delayed again

Here's a history of the news alerts you could have been getting on Sharper Image

A Board Member resigns...

Controller resigns

\$10MM balance of secured loan delayed

EVP Merchandising resigns

Late filing (again)

Revised revolving credit facility; plus new loan secured by retailer's "intellectual property"

New CFO; Acting CFO resumes role as Controller

... need more depth? Look at the Liquidity Ratios...  
 Working Capital rapidly going negative to -21% of Sales,  
 Cash ratio at ZERO, Current Ratio falling below 1.0...

### Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars )

| Period Ended                  | 3 mos<br>10/31/2007 | 3 mos<br>7/31/2007 | 3 mos<br>4/30/2007 | 3 mos<br>1/31/2007 | 3 mos<br>10/31/2006 |
|-------------------------------|---------------------|--------------------|--------------------|--------------------|---------------------|
| <b>Current assets \$</b>      | <b>\$139,906</b>    | <b>\$106,010</b>   | <b>\$120,371</b>   | <b>\$132,082</b>   | <b>\$185,887</b>    |
| % change                      | 31.97%              | -11.93%            | -8.87%             | -28.95%            | 15.30%              |
| % of short-term debt          | 225.32%             | 321.95%            | 644.35%            | n/a                | 832.01%             |
| <b>Current liabilities \$</b> | <b>\$198,134</b>    | <b>\$132,260</b>   | <b>\$117,313</b>   | <b>\$110,751</b>   | <b>\$161,987</b>    |
| % change                      | 49.81%              | 12.74%             | 5.93%              | -31.63%            | 59.45%              |
| <b>Working capital \$</b>     | <b>(\$58,228)</b>   | <b>(\$26,250)</b>  | <b>\$3,058</b>     | <b>\$21,331</b>    | <b>\$23,900</b>     |
| % change                      | -121.82%            | -958.40%           | -85.66%            | -10.75%            | -59.91%             |
| % of sales (annualized)       | -21.06%             | -8.24%             | 1.13%              | 2.60%              | 5.64%               |
| <b>Cash \$</b>                | <b>\$804</b>        | <b>\$801</b>       | <b>\$1,314</b>     | <b>\$18,014</b>    | <b>\$834</b>        |
| % change                      | 0.37%               | -39.04%            | -92.71%            | 2059.95%           | -96.38%             |
| % of short-term debt          | 1.29%               | 2.43%              | 7.03%              | n/a                | 3.73%               |
| <b>Cash ratio</b>             | <b>0.00</b>         | <b>0.01</b>        | <b>0.01</b>        | <b>0.16</b>        | <b>0.01</b>         |
| % change                      | -33.00%             | -45.93%            | -93.11%            | 3059.20%           | -97.73%             |
| <b>Quick assets \$</b>        | <b>\$13,450</b>     | <b>\$11,494</b>    | <b>\$11,785</b>    | <b>\$31,090</b>    | <b>\$28,869</b>     |
| % change                      | 17.02%              | -2.47%             | -62.09%            | 7.69%              | -32.32%             |
| % of short-term debt          | 21.66%              | 34.91%             | 63.09%             | n/a                | 129.21%             |
| <b>Quick ratio</b>            | <b>0.07</b>         | <b>0.09</b>        | <b>0.10</b>        | <b>0.28</b>        | <b>0.18</b>         |
| % change                      | -21.89%             | -13.49%            | -64.21%            | 57.51%             | -57.55%             |
| <b>Current ratio</b>          | <b>0.71</b>         | <b>0.80</b>        | <b>1.03</b>        | <b>1.19</b>        | <b>1.15</b>         |
| % change                      | -11.90%             | -21.88%            | -13.96%            | 3.93%              | -27.68%             |
| Source:                       | 10-Q<br>12/10/2007  | 10-Q<br>9/10/2007  | 10-Q<br>9/10/2007  | 10-K<br>5/31/2007  | 10-Q<br>3/19/2007   |

[Download Data](#)  
[Print This Page](#)