



Bikini Village

www.bikinivillage.com

GROUPE
Bikini Village
..... inc.

FIRST QUARTER 2009

For the three-month period
ended May 2nd, 2009.

To our Shareholders:

In the first quarter of 2009, Groupe Bikini Village inc. ("Groupe Bikini Village" or the "Company") was able to maintain total sales volume from the previous year and contain the comparable sales decline to 4.6%, despite challenging economic, travel and retail conditions in virtually all markets. The additional markdowns necessary to overcome consumer reluctance in tough times led to decreased gross margins; overall, as might have been expected given the economy at large and the conditions mentioned above, profits in the quarter decreased. Groupe Bikini Village's ability to maintain total sales levels despite the challenges being felt industry-wide during the quarter is an encouraging sign – and an indication that our long-term strategy for building shareholder value is on the mark.

Investors who have followed us over the last two years will be familiar with this strategy, which has enabled us to turn an aging retail network into a vital, attractive chain within a very short period of time. Our approach combines expansion, by opening new stores in strategically important retail locations, with the complete renovation of existing stores in high-traffic malls. We have expanded into two new provinces (Nova Scotia and New Brunswick) to complement our Ontario and Quebec network; we have also undertaken a number of business process improvements aimed at making the company more efficient, ranging from new merchant and financial systems that allow us to make better marketing and merchandising decisions, to moving our head office and distribution centre into a less expensive and more efficient space. Despite the challenges facing everyone in our market, we are working to maximize our marketshare opportunities today – and to ensure we're best-positioned to take advantage of the turnaround that will inevitably come.

Net sales for the first quarter ended May 2, 2009 were unchanged from the corresponding period in the previous year, at \$9.9 million; comparable sales for the first quarter of 2009 decreased by 4.6%.

Operating income (EBITDA¹) for the quarter ended May 2, 2009 totalled \$205,000, compared to operating income of \$632,000 for the first quarter in 2008. A large percentage of the decrease in EBITDA¹ (\$401,000 of the \$427,000 difference) resulted from increased markdowns to combat challenging economic and retail conditions in virtually all markets. While our profitability did reflect the impacts of the economic uncertainty that has characterized the past few quarters, we firmly believe that our continued retail expansion and renovation strategy, together with our ongoing business process improvements, are helping us to keep building customer loyalty. Our sustained total sales levels when other retailers are seeing marked decreases help to illustrate that point.

For the quarter ended May 2, 2009, our net loss was \$286,000 (nil per basic and diluted share), as compared to net earnings of \$167,000 (nil per basic and diluted share) for the same quarter in the previous year.

In the first quarter of 2009, as in the two years that preceded it, we have worked consistently despite external pressures to deliver on a corporate improvement strategy that both benefits our customers (by providing a more inviting and enjoyable experience in our stores) and enhances our operational efficiency (through better systems and a more efficient headquarters). While our quarterly results do not yet reflect the benefits of that work, we remain focused on moving ahead these strategies. Not only do we expect them to help us perform more ably in these challenging economic times – we also anticipate that they will leave us in a strong position to capture a large share of the market when the economy rebounds.

¹ Not a Canadian generally accepted accounting principle (Canadian "GAAP") measure, as described on page 4 of the MD&A for the three-month period ended May 2, 2009; reconciliation with the most directly comparable financial GAAP measures is presented on page 6 of this report.

Outlook

Based on current economic conditions, Groupe Bikini Village will continue to adapt its operational approach and financial plans to match market realities. Accordingly, we will have a strong focus on managing working capital, inventory, supply risk, capital expenditures and overhead and indirect costs.

In the quarter ahead, we will continue to focus on renovating stores that are likely to deliver sales growth; on the flip side, we will also exit expiring leases where we can achieve equivalent business volumes more efficiently, in smaller locations in high-traffic areas of malls.

Our sales results over the last number of challenging quarters have shown that our flexibility in adjusting to market conditions delivers. In the quarters ahead, we will continue to execute on our business strategies to build shareholder value, while ensuring our actions remain appropriate for the times. As in quarters past, we will endeavour to capitalize on every opportunity that presents itself, and to create opportunities wherever possible. We will also consider strategic alternatives that may arise.

Acknowledgements

On behalf of the management team, I would like to thank our customers, our Board for their involvement, our employees for their commitment, and our landlords, suppliers, lenders and shareholders for their continuing support.

A handwritten signature in black ink, appearing to read "Yves Simard".

Yves Simard, C.A.
President and Chief Executive Officer
Sainte-Julie, June 11, 2009

(in thousands of dollars, except per share amounts and statistics)

	Three months ended	
	May 2, 2009	May 3, 2008
Operating results		
Operating revenue	\$9,914	\$9,921
Operating income - EBITDA ¹	205	632
In % of sales	2.1 %	6.4 %
Net earnings (loss)	(286)	167
In % of sales	(2.9)%	1.7 %
Earnings (loss) per share, basic and diluted	-	-
Weighted average number of shares outstanding, basic (in thousands)	167,678	172,678
Other statistics		
Capital expenditure - net (in thousands)	445	587
Number of stores at the end of the period	59	58
Number of employees	480	500

¹ Not a Canadian generally accepted accounting principle (Canadian "GAAP") measure, as described on page 4 of the MD&A for the three-month period ended May 2, 2009; reconciliation with the most directly comparable financial GAAP measures is presented on page 6 of this report.

This management report, dated June 11, 2009 focuses on the commercial activities and financial results of Groupe Bikini Village inc. ("Groupe Bikini Village" or "the Company") for the three-month period ended May 2, 2009 and should be read in conjunction with the unaudited financial statements for the period ended May 2, 2009 and the notes thereto. The financial information is in Canadian dollars.

COMPANY PROFILE

Groupe Bikini Village, incorporated pursuant to the Canadian Business Corporations Act, retails beachwear products. Through its "Bikini Village" and "Ocean Bikini Village" stores, the Company offers customers all types of swimwear for men and women, beachwear, and travel clothing, as well as various beach accessories.

NON-GAAP FINANCIAL MEASURES

EBITDA, which is defined as earnings before interest, taxes, amortization, reorganization fees and unusual items, is a measure used in this Management Discussion & Analysis ("MD&A"), but should not be considered a measure of the Company's financial return according to Canadian generally accepted accounting principles ("GAAP"). It should not be used out of context, and cannot replace net earnings (net loss), cash flows provided by operating, investing and financing activities, or any other financial statement data presented in the financial statements as indicators of financial performance or of liquid assets. Management believes that this measure is useful supplemental information, as it provides an indication of the profitability of operations prior to the effect of income taxes, debt service and capital expenditures. Since EBITDA is a measure that has not been established according to GAAP, EBITDA as presented herein cannot be compared to other similar measures used by other companies, since the Company's definition of EBITDA may not be identical to similarly-titled measures reported by other companies.

FORWARD-LOOKING STATEMENTS

This document contains prospective information concerning our activities, financial output, financial position and future financing projects. This information is based on certain hypotheses and analyses carried out in light of our experience and our perception of historic trends, current conditions, and expected future events, as well as other factors considered appropriate under the circumstances. However, the question of whether actual events should conform to our expectations and our predictions is subject to a certain number of risks, uncertainties and hypotheses, including the risks and uncertainties described under the heading "Risks and uncertainties" in this MD&A of the Company. Consequently, all prospective information contained in this document is provided subject to these risks and uncertainties, and it cannot be guaranteed that expected results or events will actually materialize or materialize in large part, or that they will have the expected impact on us.

The current outlooks set forth in this document represent our expectations as of June 11, 2009 and, consequently, could conceivably change after that date. We have neither the intention nor the obligation to update or revise any of the projected outlooks, whether in light of new information, future events or otherwise except as may be required under applicable law. Readers are urged to consider these and other such factors carefully, and not to place undue emphasis on the Company's forward-looking statements.

NOTE ABOUT INTERIM FINANCIAL STATEMENTS

These interim financial statements have been prepared in accordance with Canadian GAAP for intermediate financial information, and consequently, they do not include all the notes and information required by Canadian GAAP for annual financial statements. In management's opinion, all the adjustments (which constitute normal adjusting entries) considered necessary for proper presentation of the Company's financial situation were taken into account. The interim financial statements should be read in conjunction with the audited annual financial statements for the year ended January 31, 2009, as well as the notes therein concerned.

SEASONALITY OF BUSINESS

The Company's activities are seasonal and merchandise sales are generally higher in the second and fourth quarters. As a result, the operating loss for the quarter ended May 2, 2009 is not necessarily indicative of the results of the operations for a full year.

OVERVIEW

Groupe Bikini Village inc., serving Canadians for almost a quarter-century, is a leading swimwear retailer with a network of new and renovated boutiques across Eastern Canada. In its bright and inviting stores with comfortable change rooms and knowledgeable staff, Groupe Bikini Village helps its customers choose from among Canada's widest selection of swimsuits, beach accessories, and cruisewear, in the most popular brands the industry has to offer and in styles to suit every figure. Headquartered in Sainte-Julie, Quebec, Groupe Bikini Village inc. operates 61 stores and employs approximately 500 people; its securities trade on the Toronto Stock Exchange under the stock symbol GBV. For more information about Groupe Bikini Village inc., please visit our website at www.bikinivillage.com.

OPERATING RESULTS

Groupe Bikini Village's retail expansion and renovation strategy in the last two years has enhanced our appeal to customers and helped us to capitalize on the opportunities inherent in our market. During the first quarter, we renovated one of our key Quebec stores – and since then, have renovated one more, as well as having opened new stores in Cambridge and Scarborough, Ontario.

Our retail network is currently distributed as follows:

	Quebec	Ontario	New-Brunswick	Nova Scotia	Total
Bikini Village	28	27	1	1	57
Ocean Bikini Village	4				4
TOTAL :	32	27	1	1	61
Opened or fully renovated over the last two years	17	11	1	1	30
New or renovated stores (in %)	53%	41%	100%	100%	49%

The analysis that follows discusses our strategy and how we are tailoring it to support our initiatives to drive shareholder value; it also examines a number of factors that impacted on our results in the periods of 2009 and 2008 under discussion.

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The following is a summary of selected financial information, together with the comparative results, for the three month periods ended May 2, 2009 and May 3, 2008, respectively.

SELECTED FINANCIAL INFORMATION *(in thousands of dollars, except per share amounts)*

	Three months ended	
	May 2, 2009	May 3, 2008
	\$	\$
Operating revenue	9,914	9,921
Operating income - EBITDA ¹	205	632
Less:		
Interest	193	63
Amortization	385	295
Earnings (loss) before income taxes	(373)	274
Income taxes	(87)	107
Net earnings (loss)	(286)	167
Earnings per share, basic and diluted	-	-
Weighted average number of shares outstanding (in thousands) - basic	167,678	172,678
Cash flows from		
Operating activities	(1,987)	(1,472)
Financing activities	(57)	-
Investing activities	(445)	(587)
Total assets	20,326	17,613
Total long-term debt ²	3,492	1,459

¹ Not a Canadian generally accepted accounting principle (Canadian "GAAP") measure, as defined on page 4 of this MD&A; this table provides a reconciliation with the most directly comparable financial GAAP measures.

² Excluding current portion of long-term debt and convertible debentures, deferred lease credits and future income taxes.

First quarter ended May 2, 2009 compared to first quarter ended May 3, 2008*Operating Revenues*

The Company's sales for the three-month period ended May 2, 2009 were \$ 9.9 million, unchanged from the \$9.9 million for the same three-month period last year. Comparable sales, which compare the sales of the same number of stores from year to year, reflected a decrease of 4.6% during the same period. For the purposes of this MD&A, a "comparable store" is a store that was open the full current fiscal year as well as the full prior fiscal year.

Groupe Bikini Village credits its retail expansion and renovation strategy for its ability to maintain its total business volume despite the slowdown in the economy. The Company firmly believes that the appeal of its new and renovated stores mitigated the impact of the industry-wide pressure on sales.

Operating Income - EBITDA¹

For the first quarter of 2009, the Company delivered EBITDA¹ (as previously defined in "Non-GAAP Financial Measures") of \$205,000, or 2.1%, compared to EBITDA¹ of \$632,000, or 6.4%, for the first quarter of 2008.

The \$427,000 decrease in operating income in the first quarter of 2009 compared to the first quarter of 2008 was primarily due to a decrease in our gross margins, caused by our need to make additional markdowns in the face of the challenging retail conditions which have persisted in virtually all markets since last fall.

Financing Charges and Amortization

Financing charges for the three-month period ended May 2, 2009 increased from \$63,000 in 2008 to \$193,000, due to the interest payable on the \$2 million in additional financing received at the end of October 2008 as well as interest on capital lease and a reduction in interest revenues. The financing charges also include a \$72,000 (\$39,000 in 2008) non-cash interest expense, calculated on the debt component of the convertible debentures. The Company's short-term cash is conservatively invested in a Canadian chartered bank.

The amortization expense for the quarter ended May 2, 2009 has increased by 30.5%, to \$385,000, compared to \$295,000 for the quarter ended May 3, 2008. These increases are the result of the renovation of five existing stores and the opening of four new stores during 2008.

Earnings (Loss) Before Income Taxes

For the quarter ended May 2, 2009, the Company registered \$373,000 in loss before income taxes compared to earnings before income taxes of \$274,000 in the same period the previous year.

Income Taxes

The Company recorded income tax recovery in the amount of \$87,000 during the first quarter of 2009, representing a tax rate of 23.3%, compared to income taxes of \$107,000 or 39.1% for the same period in 2008. The difference in tax rates is essentially due to the proportion between i) the amount of non-deductible charges and ii) the loss before income taxes.

¹ A non-Canadian generally accepted accounting principle (Canadian "GAAP") measure, as previously defined on page 4 of this MD&A; reconciliation with the most directly comparable financial GAAP measures is presented on page 6 of this report.

Net Earnings (Net Loss)

Net loss in the quarter ending May 2, 2009 was \$286,000 (nil per basic and diluted share), as compared to net earnings of \$167,000 (nil per basic and diluted share) in the same period last year.

CASH POSITION

Operating Activities

Cash flows generated from operations in the quarter ended May 2, 2009 decreased by \$515,000 compared to cash flows generated in the comparable period of the previous year. The decrease is due essentially to the net loss compared to net earnings the previous year.

Financing Activities

During the first quarter of 2009, the Company reimbursed \$57,000 in accordance with its obligations under capital lease while in the corresponding period of 2008, there was no financing activity.

Investment Activities

Investment activities in the first quarter of 2009 used \$445,000, compared to \$587,000 during the corresponding period one year earlier. During the first quarter of 2009, one existing store was completely renovated, renovations were in progress for one store, and three new stores were under construction, whereas in the first quarter of 2008, investments in our network included the renovation of one of our existing stores and the construction of a new store. The Company also made initial investments related to the replacement of information systems during the first quarter of 2008.

FUTURE CASH POSITION

As at May 2, 2009, the Company had available cash of \$1.9 million and an on-demand credit facility of up to \$3 million, of which none had been used. This credit facility was improved and renewed on October 27, 2008. Availability of the on-demand credit is limited by a margin formula based on the Company's assets, net of specific reserves and priority claims. In the normal course of business in fiscal 2008, the Company issued letters of credit and letters of guarantee against this facility, for a total of \$200,000, expiring in September 2009. This facility is secured by a universal first mortgage on inventories, receivables and capital assets of the Company, and bears interest at prime plus 1.15% (1.15% in 2008). Under the agreements relative to the credit facility, the Company is subject to certain restrictive clauses concerning compliance with financial ratios.

A strong focus on working capital is imperative in the near term. In the quarters ahead, Groupe Bikini Village will continue to focus on a number of growth and value-creation strategies aimed at enhancing shareholder value. Its cash position, and its renewed and improved available financing facilities, will allow it to leverage its existing stores and grow market share by increasing the number of stores it operates and meets its long term debts repayment schedules.

Commitments

The Company is committed under long-term operating leases for commercial space. Most of these leases have a minimum annual rent and an additional rent based on a percentage of gross sales, and renewal options which can be exercised at the Company's or the lessor's discretion. The minimum lease payments required in the coming years are as follows: (in thousands of dollars)

2010 (9 months)	2011	2012	2013	2014	Subsequently
\$3,950	\$4,842	\$4,142	\$3,503	\$2,152	\$3,419

USE OF ESTIMATES

For the three-month period ended May 2, 2009, there has been no significant change in our critical accounting estimates from those described in our fiscal 2008 MD&A.

APPROVAL OF THE FINANCIAL STATEMENTS

The Company's interim financial statements have been approved by its Board of Directors upon recommendation of its audit committee prior to release.

ACCOUNTING STANDARDS IMPLEMENTED IN THE FIRST QUARTER OF 2009

During the first quarter ended May 2, 2009, the Company followed the same accounting policies and procedures used in the previous fiscal year, except as noted below :

Goodwill and intangible assets

In February 2008, the CICA's Accounting Standards Board issued Section 3064 "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". This Section is effective for interim and annual financial statements beginning on October 1st, 2008, and establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally-generated intangible assets, are aligned with International Financial Reporting Standards ("IFRS") International Accounting Standard 38 "Intangible Assets". The adoption of this Section did not carry any impact on the Company's annual financial statements.

FUTURE CHANGES IN ACCOUNTING POLICIES*Business combinations, consolidated financial statements and non-controlling interests*

In January 2009, the CICA issued the following new Handbook Sections:

- Section 1582, "Business Combinations"
- Section 1601, "Consolidated Financial Statements"; and
- Section 1602, "Non-controlling interests".

Section 1582, which replaces the former Section 1581, requires all business combinations to be accounted for by applying the acquisition method. Under this method, assets acquired and liabilities assumed are measured at their full fair value at the date of acquisition, unless another standard requires otherwise. Section 1582 provides the option of accounting for non-controlling interest at either fair value, or the non-controlling interest's proportionate share of the identifiable net assets acquired. Acquisition costs associated with a business combination are to be expensed in the periods in which they are incurred. Section 1601 carries forward the standards for the preparation of consolidated financial statements of former Section 1600, while Section 1602 requires non-controlling interests to be reported as a separate component of equity, with net income calculated without deduction for non-controlling interests. Rather, consolidated net income is to be allocated between controlling and non-controlling interest.

These three new Sections are to be implemented concurrently and apply prospectively to all business combinations for which the acquisition date is on or after January 1, 2011, with earlier application permitted. The Company expects that the adoption of this Section will not carry any impact on the Company's annual financial statements.

Adoption of international financial reporting standards in Canada

The Canadian Accounting Standards Board has confirmed that IFRS will replace the current Canadian GAAP for publicly-accountable profit-oriented enterprises. These new standards are applicable to fiscal years beginning on or after January 1st, 2011, and companies will be required to

provide comparative IFRS information for the fiscal year immediately preceding that date. Groupe Bikini Village will have to implement this standard in the first quarter of its fiscal year ending January 28, 2012. The transition from current GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company began planning the changeover from current Canadian GAAP to IFRS first by establishing a project plan, and has recruited professional resource to manage our transition to IFRS, formally reporting to the Comptroller.

Groupe Bikini Village's IFRS transition project plan consists of four phases: an initial assessment, detailed assessment, design and implementation. The Company is now engaged in the initial assessment phase, which includes a high level review of the major differences between current Canadian GAAP and IFRS, and an initial evaluation of IFRS 1 transition exemptions.

Following this, the Company will begin the detailed assessment phase, which involves completing a comprehensive analysis of the impact of the IFRS differences identified in the initial assessment phase.

In the third phase, the "design phase", the Company will design and develop detailed solutions to address the differences identified in the first and second phases of our changeover plan.

Finally, during the implementation phase, Groupe Bikini Village will implement the identified changes to business processes, financial systems, accounting policies, disclosure controls and internal controls over financial reporting.

RELATED PARTY TRANSACTIONS

During the quarter ended May 2, 2009, no fees were paid to the former Chairman of the Board of the Company, who is currently a director (\$47,875 in 2008). In conjunction with the relocation of its corporate headquarters in 2008, the Company no longer receives occupancy revenues from the former Chairman of the Board (it received \$4,875 in occupancy revenues in 2008).

DISCLOSURE CONTROLS AND PROCEDURES

The President and Chief Executive Officer and the Comptroller (acting as Chief Financial Officer) have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings), and have concluded that such disclosure controls and procedures operated effectively as at May 2, 2009.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Groupe Bikini Village inc.'s management is also responsible for establishing and maintaining adequate internal controls over financial reporting. These controls must provide reasonable assurance as to the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with Canadian GAAP. However, it should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance that the objectives of the control system are met.

No changes were made to Groupe Bikini Village inc.'s internal control over financial reporting during the period between February 1, 2009 and May 2, 2009, inclusively, which have materially affected, or are reasonably likely to materially affect, Groupe Bikini Village inc.'s internal control over financial reporting.

RISKS AND UNCERTAINTIES

There has been no significant change in the Company's risk factors in the three-month period ended May 2, 2009 from those described in our fiscal 2008 MD&A.

Many of the Company's products are seasonal in nature, with merchandise sales traditionally stronger in the second and the fourth quarters. Activities in these quarters are subject to a certain degree of risk from unseasonable weather patterns. While the Company works proactively to control

variable costs as a means of mitigating the impact of this risk, many other costs, such as occupancy costs, are fixed, causing the Company to report a disproportionate level of earnings across its quarters. Because our industry is characterized by seasonality, the results of each quarter are not necessarily indicative of the full year's performance.

The Company exerts no influence over several external factors that affect economic variables and general consumer confidence, including economic cycles, interest rates, personal debt levels, unemployment rates, and levels of personal disposable income. Events such as political or social unrest, natural disasters, disease outbreaks, and acts of terrorism also have the potential to have a material adverse effect on the Company's performance, particularly if they occur during or otherwise impact a peak season.

If the Company were to suddenly become unable to obtain or renew certain rental spaces at favourable terms, it could potentially experience a negative impact on its business and the results of its operations.

The Company's key lines of business, which is to say women's and men's bathing suits, beachwear, travel clothing and certain beach accessories, continue to evolve within a very competitive environment. Our two corporate brands, Bikini Village and Océan Bikini Village, face various types of competition, from independent stores, chains of stores, and traditional superstores. Groupe Bikini Village inc. continually reviews its strategies to ensure its leadership in the marketplace. Increased competition could adversely affect the Company's ability to achieve its objectives. An inability by the Company to compete effectively with current or future competitors could result in, among other things, a reduction of market share.

However, at Groupe Bikini Village, we enjoy numerous competitive advantages, including our excellent product quality (comprising both private labels and exclusive collections), the wide range of choices we offer, our top-quality customer service, the bright, inviting atmosphere in our new and renovated boutiques, the strategically convenient locations of our stores, and the warm welcome and personalized attention our customers receive, just to mention a few. A key competitive advantage of Groupe Bikini Village is our year-round offering of this specialty merchandise, since many other retailers only carry competing products during the summer season.

For further information, please refer to the "Risk Factors" Section of the Company's 2009 Annual Information Form, which is incorporated by reference in this MD&A and can also be found on SEDAR at www.sedar.com.

FINANCIAL POSITION

The Company's total assets amounted to \$20.3 million as at May 2, 2009, compared to \$21.8 million as at January 31, 2009, mainly due to the use of cash for the payment of accounts payable and accrued liabilities.

As at May 2, 2009, accounts receivable stood at \$39,000, compared to \$92,000 as at January 31, 2009. The decrease is related partly to variance in sales tax receivable.

Income taxes receivables were \$270,000 as at May 2, 2009 and January 31, 2009 following the retrospective application of the 2008 year tax losses.

As at May 2, 2009, our inventories stood at \$8 million compared to \$7.9 million as at January 31, 2009, an increase of 1.3%. In the first quarters of 2008 and 2007, our inventories increased by \$0.6 million (10.7%) and \$0.8 million (18.1%), respectively, in preparation for the stronger sales of the summer months. This year we adapted our traditional operating strategies to match market realities, and chose to have a strong focus on inventory and working capital

management while making sure to have the necessary product mix to hit our targeted sales prospects.

Prepaid expenses totalled \$1.5 million as at May 2, 2009, compared to \$614,000 as at January 31, 2009. The principal variance is explained by the fact that, by May 2, 2009, the monthly rental expenses for May had already been paid.

Short-term and long-term future income taxes were \$533,000 and (\$140,000), respectively, for a net total of \$393,000 as at May 2, 2009, as compared to \$435,000 and (\$129,000), respectively, for a total of \$306,000 as at January 31, 2009. Our net future income tax assets were increased due to the increase of unused non-capital tax losses.

The book value of Groupe Bikini Village's capital assets totalled \$8.1 million as at May 2, 2009 compared to \$8.1 million as at January 31, 2009. While the value appears unchanged, our capital assets total at the end of the first quarter of 2009 reflects the renovation of one existing store, ongoing work to renovate one store and three new stores under construction, offset by amortization.

As at May 2, 2009, total debt amounted to \$9.1 million, compared to \$10.3 million as at January 31, 2009. The decrease in debt is primarily attributable to the decrease in accounts payable, accrued liabilities and future income taxes of \$1.2 million.

For the quarter ended May 2, 2009, shareholders' equity decreased to \$11.2 million, having been negatively impacted by the net loss of \$0.3 million.

Groupe Bikini Village inc.'s working capital totalled \$7.2 million as at May 2, 2009, compared to \$7.7 million as at January 31, 2009; as a result, our working capital ratio was 2.4 at the end of the first quarter, as compared to the 2008 year-end ratio of 2.3.

OUTSTANDING SHARE DATA

As at May 2, 2009, the Company had 167,678,115 common shares outstanding (167,678,115 as at January 31, 2009). On that same date, 4,900,501 stock options were outstanding (January 31, 2009 – 4,900,501), at prices varying between \$0.08 and \$0.58, for a weighted average exercise price of \$0.09 (\$0.09 as at January 31, 2009), exercisable at dates ranging to 2018. During the period of three months ended May 2, 2009, no options (751 in 2008) expired.

On April 28, 2008, the Company announced its intention to proceed with a normal course issuer bid to repurchase its own shares for cancellation, thereby increasing the proportionate value of each remaining shareholder's holdings. Under the bid, the Company could purchase up to 13,740,779 common shares of the Company (the "Shares"), representing 10% of the public float as at April 22, 2008. The bid started on April 30, 2008 and ended on April 29, 2009. The price paid for the Shares has been the market price at the time of acquisition, and the number of Shares purchased and the timing of any such purchases have been determined by the Company's management. Shares purchased by the Company have been subsequently cancelled. Between April 30, 2008 and April 29, 2009, the Company repurchased 4,999,400 Shares at an average price of \$0.046 per share, for a total of \$230,000.

On April 29, 2008, the Company granted 3,400,000 common stock option shares to certain Officers and Directors of the Company at an exercise price of \$0.08; these options can be exercised at any time during the ensuing three years, at a rate of 33 1/3% per year. These options mature in 2018. During the first quarter ended May 2, 2009, the compensation expense recorded on the Statement of Operations with regard to this allocation is \$17,000 (\$1,000 in 2008).

On February 22, 2007, the Company granted 1,000,000 common stock option shares to its President and Chief Executive Officer, at an exercise price of \$0.13; these options may be exercised at any time in the ensuing three years, at a rate of 33 1/3% per year. These options mature in 2017. During first quarter ended May 2, 2009, the compensation expense recorded on the Statement of Operations with regard to this allocation is \$9,000 (\$9,000 in 2008).

ADDITIONAL INFORMATION

This MD&A is dated June 11, 2009, and is intended to facilitate the understanding and assessment of significant changes and trends, as well as risks and uncertainties, related to the Company's operating results and financial position. For other information pertaining to the Company, including the annual financial statements and Annual Information Form, please consult SEDAR's website at www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of selected financial information from the unaudited quarterly financial statements of the Company, for the eight most recently completed quarters.

(in thousands of dollars, except per share amounts)

	First quarter		Fourth quarter		Third quarter		Second quarter	
	2009	2008	2008	2007	2008	2007	2008	2007
Fiscal year	\$	\$	\$	\$	\$	\$	\$	\$
Operating revenue	9,914	9,921	12,988	12,928	5,167	5,398	12,768	13,492
Earnings (loss) from								
Continuing operations	(286)	167	627	941	(2,118)	(1,327)	839	1,326
Discontinued operations	-	-	-	-	-	161	-	317
Net earnings (loss)	(286)	167	627	941	(2,118)	(1,166)	839	1,643
Per share amounts from								
Continuing operations	-	-	-	0.01	(0.01)	(0.01)	-	0.01
Discontinued operations	-	-	-	-	-	-	-	-
Basic and diluted earnings (loss)	-	-	-	0.01	(0.01)	(0.01)	-	0.01
Weighted average number of shares (in thousands)								
Basic	167,678	172,678	170,128	172,678	172,502	172,678	172,678	172,678

The fluctuations between quarters are principally seasonal.

OUTLOOK

Both flexible and nimble enough to respond to changing market conditions, Groupe Bikini Village inc. has established an operating approach that makes the best of market opportunities while mitigating the negative impacts of worldwide economic pressures. While market conditions remain difficult, we will maintain a strong focus on working capital, inventory management, supply risk, and capital expenditure investments, as well as strict control on overhead and indirect costs – as a means of both reducing the impact of the economic downturn on our business, and keeping us focused on our longer-term strategies to grow shareholder value.

At the same time, we will use our cash position, as well as our available financing facilities, to draw out the best performance from our existing stores while further expanding our retail network in areas that we believe will enhance our profitability down the line. Given current economic conditions and their impact on the potential for store renovations to yield near-term sales increases, we are adapting our renovation strategy to optimize our use of cash for investment purposes. We will continue to focus on renovations that will lead to sales growth, while proactively reducing our occupancy costs, by exiting expiring leases in favour of smaller locations in high-traffic areas of malls.

As the current economic downturn has persisted over the course of multiple quarters, retailers in many sectors, including ours, have deeply felt its negative effects. And while Groupe Bikini Village hasn't been immune, our flexible approach and commitment to strategic investment in our retail network have allowed us to mitigate its impacts. In the quarters ahead, we will continue to make smart strategic investments in our retail network, while carefully controlling working capital and doing everything we can to deliver efficiencies in our work. We are encouraged by our success in maintaining total sales despite the external challenges we have faced in months past, and look forward to continuing our work to enhance shareholder value in the months ahead. We will also consider strategic alternatives that may arise.

A handwritten signature in black ink, appearing to read "Yves Simard".

Yves Simard
President and Chief Executive Officer

Statements of Operations and Comprehensive Income (loss)

(in thousands of dollars, except per share amounts)
(unaudited)

	Three months ended	
	May 2, 2009	May 3, 2008
	\$	\$
Operating revenue	9,914	9,921
Cost of goods sold, operating and administrative expenses (Note 4)	9,709	9,289
Interest (Note 5)	193	63
Amortization	385	295
	10,287	9,647
Earnings (loss) before income taxes	(373)	274
Income taxes (Note 6)	(87)	107
Net earnings (net loss) and Comprehensive income (loss)	(286)	167
Earnings per share, basic and diluted (note 7)	-	-
Weighted average number of shares outstanding	167,678,115	172,677,515

Statements of Deficit

(in thousands of dollars)
(unaudited)

	Three months ended	
	May 2, 2009	May 3, 2008
	\$	\$
Deficit, beginning of period as previously reported	(19,617)	(19,339)
Adjustment to opening deficit resulting from adoption of new accounting standard Section 3031 - Inventories - net of income taxes of \$103,000	-	207
Deficit, beginning of period as restated	(19,617)	(19,132)
Net earnings (loss)	(286)	167
Deficit, end of period	(19,903)	(18,965)

See accompanying notes

Balance Sheets

(in thousands of dollars)

As at	May 2, 2009	May 3, 2008	January 31, 2009
	\$ (Unaudited)	\$ (Unaudited)	\$ (Audited)
Assets			
Current assets			
Cash and cash equivalents	1,857	4,111	4,346
Accounts receivable	39	85	92
Income taxes	270	-	270
Inventories	8,031	6,180	7,922
Prepaid charges	1,450	1,509	614
Future income taxes	533	190	435
	12,180	12,075	13,679
Capital assets (Note 8)	8,146	5,472	8,086
Future income taxes	-	66	-
	20,326	17,613	21,765
Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4,019	3,763	5,239
Income taxes	-	33	-
Current portion of long-term debt and convertible debentures (Note 9 and 10)	978	-	756
	4,997	3,796	5,995
Deferred lease credits	488	229	473
Long-term debt (Note 9)	673	-	727
Liability component of convertible debentures (Note 10)	2,819	1,459	2,972
Future income taxes	140	-	129
	9,117	5,484	10,296
Shareholders' equity			
Share capital (Note 11)	27,702	28,528	27,702
Equity component of convertible debentures (Note 10)	1,137	1,005	1,137
Contributed surplus	2,273	1,561	2,247
Deficit	(19,903)	(18,965)	(19,617)
	11,209	12,129	11,469
	20,326	17,613	21,765

Commitments (Note 15)
See accompanying notes

Approved by the Board



Mardiros Ounanian
Director



Joe Marsilii
Director

Statements of Cash Flows

(in thousands of dollars)
(unaudited)

	Three months ended	
	May 2, 2009	May 3, 2008
	\$	\$
Operating activities		
Net earnings (loss) from continuing operations	(286)	167
Adjustments (Note 14)	411	427
	125	594
Net changes in non-cash working capital items (Note 14)	(2,112)	(2,066)
Operating activities	(1,987)	(1,472)
Financing activities		
Reimbursement of debt	(57)	-
Financing activities	(57)	-
Investing activities		
Acquisition of capital assets	(445)	(587)
Investing activities	(445)	(587)
Net changes in cash and cash equivalents	(2,489)	(2,059)
Cash and cash equivalents at beginning	4,346	6,170
Cash and cash equivalents at end	1,857	4,111

See accompanying notes

Notes to the Financial Statements

(all tabular figures are in thousands of dollars)
(unaudited)

1. Basis of presentation

The interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial information and consequently, they do not include all the notes and information required by Canadian GAAP that applies to annual financial statements. In management’s opinion, all the adjustments (which constitute normal adjusting entries) considered necessary for a proper presentation of the Company’s financial situation were taken into account. The interim financial statements were prepared by Groupe Bikini Village inc.’s (“Groupe Bikini Village” or the “Company”) senior management and were not examined by the Company’s auditors. They should be read in conjunction with the audited annual financial statements for the year ended January 31, 2009, as well as the notes therein contained.

The Company’s continuing activities are seasonal, with merchandise sales traditionally being higher in the second and fourth quarters. As a result, the operating loss for the quarter ended May 2, 2009 is not necessarily indicative of the results of the operations for a full year.

2. Accounting policies

During the first quarter ended May 2, 2009, the Company followed the same accounting policies and procedures it had applied in its most recent annual financial statements, for the year ended January 31, 2009, except as noted below.

Goodwill and intangible assets

In February 2008, the CICA’s Accounting Standards Board issued Section 3064 “Goodwill and Intangible Assets”, which replaces Section 3062, “Goodwill and Other Intangible Assets” and Section 3450 “Research and Development Costs”. This Section is effective for interim and annual financial statements beginning on October 1st, 2008, and establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally-generated intangible assets, are aligned with International Financial Reporting Standards (“IFRS”) International Accounting Standard 38 “Intangible Assets”. The adoption of this Section did not carry any impact on the Company’s financial statements.

3. Future changes in accounting policies

Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued the following new Handbook Sections:

- Section 1582, « Business Combinations »
- Section 1601, « Consolidated Financial Statements » ; and
- Section 1602, « Non-controlling interests ».

Section 1582, which replaces the former Section 1581, requires all business combinations to be accounted for by applying the acquisition method. Under this method, assets acquired and liabilities assumed are measured at their full fair value at the date of acquisition, unless another standard requires otherwise. Section 1582 provides the option of accounting for non-controlling interest at either fair value, or at the non-controlling interest’s proportionate share of the identifiable net assets acquired. Acquisition costs associated with a business combination are to be expensed in the periods in which they are incurred. Section 1601 carries forward the standards for the preparation of consolidated financial statements of former Section 1600, while Section 1602 requires non-controlling interests to be reported as a separate component of equity with net income calculated without deduction for non-controlling interests. Rather, net income is to be allocated between controlling and non-controlling interest.

Notes to the Financial Statements (continued)

(all tabular figures are in thousands of dollars)
(unaudited)

3. Future changes in accounting policies (continued)

These three new Sections are to be implemented concurrently and apply prospectively to all business combinations for which the acquisition date is on or after January 1, 2011, with earlier application permitted. The Company expects that the adoption of this Section will not carry any impact on the Company's annual financial statements.

Adoption of international financial reporting standards in Canada

The Canadian Accounting Standards Board has confirmed that IFRS will replace the current Canadian GAAP for publicly-accountable profit-oriented enterprises. These new standards are applicable to fiscal years beginning on or after January 1, 2011, and companies will be required to provide comparative IFRS information for the fiscal year immediately preceding that date. The Company will have to implement this standard in the first quarter of its fiscal year ending January 28, 2012. The transition from current GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. The Company will invest in training throughout the transition period to facilitate a timely conversion.

4. Additional information on the cost of goods sold

For the period ending May 2 2009, the cost of inventories recognized as an expense and included in cost of goods sold, operating and administrative expenses during the quarter totalled \$ 4.4 million (\$ 4 million in 2008). Included in these amount is \$ 316,000 (\$ 277,000 in 2008) relating to write-downs taken during the first quarter as a result of net realizable value being lower than cost. No inventory write-downs recognized in previous periods were reversed.

5. Interest

	Three months ended	
	May 2, 2009	May 3, 2008
	\$	\$
Long-term debt	173	89
Others	24	27
	197	116
Interest income	(4)	(53)
	193	63

Notes to the Financial Statements (continued)

(all tabular figures are in thousands of dollars)
(unaudited)

6. Income taxes

Income tax expense (recovery) is as follows:

	Three months ended	
	May 2, 2009	May 3, 2008
	\$	\$
Current income taxes	-	42
Future income taxes	(87)	65
	(87)	107

7. Earnings (loss) per share

Presented below is the detailed reconciliation of the numerators and denominators of the calculation of the basic and diluted earnings (loss) per share.

	Three months ended	
	May 2, 2009	May 3, 2008
	\$	\$
Basic and diluted		
Net earnings (loss)	(286)	167
Basic earnings (loss) per share, basic and diluted	-	-
Weighted average number of shares outstanding, basic and diluted	167,678,115	172,677,515

Options giving the right to buy 4,900,501 shares during the first quarter ended May 2, 2009 (13,534,376 in 2008), and likely to dilute the basic earnings per share in the future, were not taken into account in the calculation of diluted earnings (loss) per share because of their anti-dilutive effect.

Warrants expired in September 2008, giving in the right to buy 750,000 common shares at the first quarter of 2008 were not taken into account in the calculation of diluted earnings per share because of their anti-dilutive effect.

Debentures for \$4,500,000 (\$2,500,000 in 2008) which can be converted into 22,500,000 common shares (12,500,000 in 2008) likely to dilute the basic earnings per share in the future were not taken into account in the calculation of diluted earnings (loss) per share because of their anti-dilutive effect.

Notes to the Financial Statements (continued)

(all tabular figures are in thousands of dollars)
(unaudited)

8. Capital assets

As at	May 2, 2009		May 3, 2008		January 31, 2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	\$	\$	\$	\$	\$	\$
Equipment	1,559	675	785	425	1,552	619
Software	626	154	282	128	614	127
Leasehold improvements	9,982	3,192	7,093	2,135	9,556	2,890
	12,167	4,021	8,160	2,688	11,722	3,636
Accumulated amortization	4,021		2,688		3,636	
Net book value	8,146		5,472		8,086	

The net book value of the capital assets includes \$916,000 in capital lease. Respectively \$430,000 in equipment and \$486,000 in leasehold improvements.

9. Long-term debt

As at	May 2, 2009 \$	May 3, 2008 \$	January 31, 2009 \$
Capital lease, payable by 48 payments, the carrying interest rate is 5.63 %	901	-	958
Current portion	228	-	231
	673	-	727

On October 27, 2008, the Company secured a capital lease with RBC Royal Bank to finance computer equipments and leasehold improvements for the new head office and distribution centre. This capital lease is payable in 48 instalments and bear a fixed interest rate of 5.63%.

As at May 2, 2009, the Company has an on-demand credit facility for a maximum amount of \$3,000,000, renewable annually in October, of which none has been used. The maximum allowable amount is limited to a percentage of the value of inventories less specific reserves and priority claims. In the normal course of business in 2008, the Company issued letters of credit and letters of guarantee against this facility for a total of \$200,000, which are expiring in September 2009.

This facility is secured by a universal first mortgage on inventories, receivables and capital assets of the Company and bears interest at prime plus 1.15% (1.15% in 2008). Under the agreements relative to the credit facility, the Company is subject to certain restrictive clauses concerning compliance with financial ratio. As at January 31, 2009, the Company was in compliance with the applicable financial covenant under this credit facility which is a debt service coverage ratio of not less than 1.75 : 1 at the date of the year-end.

Notes to the Financial Statements (continued)

(all tabular figures are in thousands of dollars)
(unaudited)

10. Liability component of the convertible debentures

As at	May 2, 2009 \$	May 3, 2008 \$	January 31, 2009 \$
Unsecured convertible debentures with carrying annual interest rate of 8 %, payable monthly	4,500	2,500	4,500
Convertible right value presented in equity	(1,137)	(1,005)	(1,137)
Financing fees	3,363	1,495	3,363
Interest capitalized	(197)	(197)	(197)
Liability component of the convertible debentures	403	161	331
Current portion	3,569	1,459	3,497
	750	-	525
	2,819	1,459	2,972

On May 25, 2007, Groupe Bikini Village inc. had announced that it had signed a subscription agreement with the Solidarity Fund QFL (the "Fund"), pursuant to which the Fund could invest up to \$ 4.5 million in the Company. By the end of the second quarter of 2007, the Fund had already subscribed to an unsecured convertible debenture in the amount of \$2.5 million. Until May 25, 2009, the Fund could subscribe, at the request of the Company, subject to certain conditions, to additional debentures of up to \$2 million, for a total investment of \$4.5 million.

On October 21, 2008 at the request of the Company, the Fund subscribed to additional debentures for an amount of \$2 million.

These debentures bear an annual interest rate of 8%, payable monthly, and must be bought back by the Company in 60 equal monthly payments starting July 1, 2009. As of June 1, 2009, the Fund has the option to convert its debentures into common shares of the Company, at the conversion rate of \$0.20 per share. In case of default or change of control of the Company, the Fund may potentially convert its debentures at a more advantageous rate.

The Company has accounted for the liability and the shareholders' equity components of the unsecured convertible debentures separately, in accordance with the Canadian generally accepted accounting principles in effect on the date of issuance of these debentures. The first \$1,495,000 liability component representing the current value of the future payments of interest required toward the debentures, using the interest rates that prevailed for the non-convertible financial instruments as of the date of issue have been posted in 2007, and then a passive component of \$1,868,000 has been posted in regards of the 2008 debentures' emissions.

As at May 25, 2007, the equity component of \$1,005,000 (recorded separately in shareholders' equity) represents the current value of the conversion option for the convertible debentures. As at October 21, 2008, the equity component of the second part, \$132,000 (recorded separately in shareholders' equity) represents the current value of the option for the convertible debenture holders.

Charges in the amount of \$197,000 were incurred in 2007 in the course of implementing financing, to a maximum of \$4.5 million, in convertible, unsecured debentures. These charges were capitalized and amortized based on the effective interest rate method (27.1%).

Notes to the Financial Statements (continued)

(all tabular figures are in thousands of dollars)
(unaudited)

11. Share capital

As at	May 2, 2009	May 3, 2008	January 31, 2009
	\$	\$	\$
Authorized			
Unlimited number of common shares with voting rights			
Unlimited number of preferred shares without voting rights			
Issued and outstanding			
Common shares			
167,678,115 (168,677,515 as at January 31, 2009, 172,677,515 as at May 3, 2008)	27,702	28,528	27,867
- treasury stock ((999,400) as at January 31, 2009)	-	-	(165)
167,678,115 (172,677,515 as at May 3, 2008)	27,702	28,528	27,702

On April 28, 2008, the Company announced its intention to proceed with a normal course issuer bid to repurchase its own shares for cancellation, thereby increasing the proportionate value of each remaining shareholder's holdings. Under the bid, the Company may purchase up to 13,740,779 common shares of the Company (the "Shares"), representing 10% of the public float as at April 22, 2008. The bid started on April 30, 2008 and ended on April 29, 2009. The price paid for the Shares has been the market price at the time of acquisition, and the number of Shares purchased and the timing of any such purchases have been determined by the Company's management. Shares purchased by the Company have been subsequently cancelled. Between April 30, 2008 and April 29, 2009, the Company repurchased 4,999,400 Shares at an average price of \$0.046 per share, for a total of \$230,000.

12. Stock option plan

The Stock Option Plan (the "Plan") in place provides its optionees with additional inducement to promote, to the best of their ability, the interest of the Company and to reward their management skills, special contribution, efforts, performance, services rendered or to be rendered and loyalty.

The expiration date of each option, the exercise price thereof, the number of shares issuable thereunder, the vesting period and other terms and conditions of exercise of each option shall, subject to the rule of the Toronto Stock Exchange, be determined, by way of a resolution, by the Board of Directors of the Company at the time the option is granted to the optionee.

Subject to any restriction that may be imposed by the Board of Directors of the Company, the period during which an option granted under the Plan shall be exercisable shall be ten years from the date the option is granted to the optionee.

Notes to the Financial Statements (continued)

(all tabular figures are in thousands of dollars)
(unaudited)

12. Stock option plan (continued)

The table below is a summary of the information related to the May 2, 2009 purchase options;

Range of exercise prices	Options outstanding			Exercisable options	
	Number of outstanding options	Weighted average remaining contractual life	Weighted average exercise price	Number of exercisable options	Weighted average exercise price
\$			\$		\$
0.08 to 0.13	4,900,000	7.7	0.09	3,433,330	0.09
0.58	501	0.1	0.58	501	0.58
	4,900,501	8.5	0.09	3,433,831	0.09

On April 29, 2008, the Company granted 3,400,000 common stock options shares to certain Officers and Directors of the Company at an exercise price of \$0.08; these options can be exercised at any time during the ensuing three years, at a rate of 33 1/3% per year. These options mature in 2018. The fair value of these options was estimated at \$209,000 on the grant date using the Black-Scholes option pricing model according to the following assumptions: interest rate without risk of 3.4%, nil dividends, estimated useful life of seven years, predicted volatility of 85%. During the first quarter ended May 2, 2009, the compensation expense recorded on the Statement of Operations with regard to this allocation was \$17,000 (\$1,000 in 2008).

On February 22, 2007, the Company granted 1,000,000 common stock option shares to its President and Chief Executive Officer at an exercise price of \$0.13, which could be exercised during the ensuing three years at a rate of 33 1/3% per year. These options mature in 2017. The fair value of these options was estimated at \$104,000 on the grant date using the Black-Scholes option pricing model according to the following assumptions: interest rate without risk of 4%, nil dividends, estimated useful life of seven years, predicted volatility of 90%. During the first quarter ended May 2, 2009, the compensation expense recorded on the Statement of Operations with regard to this allocation was \$9,000 (\$9,000 in 2008). In addition, the compensation expense recorded on the Statement of Operations with regard to the previous year's allocation was \$4,000 in 2008.

During the period of three months ended May 2, 2009, no stock options (751 in 2008) expired.

13. Related party transactions

During the quarter ended May 2, 2009, no fees were paid to the former Chairman of the Board of the Company, who is currently a director (\$47,875 in 2008). In conjunction with the relocation of its corporate headquarters in 2008, the Company no longer receives occupancy revenues from the former Chairman of the Board (it received \$4,875 in occupancy revenues in 2008).

These amounts were presented in the cost of goods sold, operating costs and administrative expenses in the statements of operations and comprehensive earnings. These transactions were carried out in the normal course of business and have been accounted for at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Notes to the Financial Statements (continued)

(all tabular figures are in thousands of dollars)
(unaudited)

14. Supplementary cash flow information

	Three months ended	
	May 2, 2009	May 3, 2008
	\$	\$
i) Adjustments for:		
Amortization	385	295
Interest capitalized on the liability component of debentures	72	39
Stock-based compensation plan	26	14
Future income taxes	(87)	65
Amortization of deferred lease credit	(18)	(9)
Deferred lease credit	33	23
	411	427
ii) Net changes in non-cash working capital items		
Accounts receivable	53	71
Income taxes	-	(113)
Inventories	(109)	(626)
Prepaid expenses	(836)	(234)
Accounts payable and accrued liabilities	(1,220)	(1,164)
	(2,112)	(2,066)
iii) Supplementary information		
Cash amount paid		
Interest	131	49
Income taxes	-	156

15. Commitments

The Company is committed under long-term leases for commercial space. Most of these leases have a minimum annual rent and an additional rent based on the percentage of gross sales and renewal options which can be exercised at the Company's or lessor's option. The minimum lease payments required in the coming years are as follows:

2010 (9 months)	2011	2012	2013	2014	Subsequently
\$3,950	\$4,842	\$4,142	\$3,503	\$2,152	\$3,419

Notes to the Financial Statements (continued)

(all tabular figures are in thousands of dollars)
(unaudited)

16. Capital disclosures

The Company's objectives in managing capital are to ensure sufficient liquidity to enable the internal financing of capital projects and working capital needs, thereby facilitating its expansion, to maintain a strong capital base so as to maintain investor, creditor and market confidence and to provide an adequate return to shareholders.

The Company's capital is composed of long-term debt including current portion of the debt and shareholders' equity. The Company's primary uses of capital are to finance increases in non-cash working capital along with capital expenditures for new store additions and existing store renovation projects. Groupe Bikini Village inc. currently funds these requirements out of its internally-generated cash flows and its financing facilities already in place. The Company's long-term debt consists of convertible, unsecured debentures and a capital lease. The Board of Directors does not establish quantitative return on capital criteria for management, but rather, promotes year-over-year sustainable profitable growth. The board of directors monitored the activities of the program of buyback of shares. The Company is subject to financial covenant under capital lease agreement.

17. Financial risks and financial instruments

Liquidity risks

Liquidity risk is the risk that the Company will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company prepares budget and cash forecasts to ensure that it has sufficient funds to fulfil its obligations. The Company has long term debt outstanding, requiring principal payments of \$756,000 for the fiscal year 2009, and the accounts payable and accrued liabilities are all current. The information about the payments in capital during the subsequent years is presented in Notes 9 and 10 Long-term debt and Liability component of the convertible debentures.

Currency risk

The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Company conducts certain commodities transactions in foreign currencies. The Company manages this risk with forward contracts. As at May 2, 2009, the Company had forward contracts denominated in U.S. dollars amounting to \$790,000 (\$379,000 as at May 3, 2008), with maturity dates until January 2010, and rates between 1.20 and 1.235 (1.0075 in 2008). As of May 2, 2009, the fair value of unrealized gains or losses on the forward contracts has been recorded to the operations. The U.S. accounts payable included in the balance sheet as at May 2, 2009 were zero (\$13,000 as at May 3, 2008).

The Company has performed sensitivity analysis on its U.S. dollar denominated financial instruments, at May 2, 2009, to determine how a change in the U.S. dollar exchange rate would impact net earnings (loss). On May 2, 2009, a 10 % rise or fall in the Canadian dollar against the U.S. dollar, assuming that all other variables, in particular interest rates, had remained the same, would have resulted in a \$45,000 decrease or increase, respectively, in the Company's net loss for the first quarter ended May 2, 2009.

Interest rate risk

The Company's exposure to interest rate fluctuations is on interest earned on its cash and cash equivalents. Facilities for short-term credit described in Note 9 bear interest at variable rates, while long-term debt has a fixed rate.

Notes to the Financial Statements (continued)

(all tabular figures are in thousands of dollars)
(unaudited)

17. Financial risks and financial instruments (continued)

The Company has performed sensitivity analysis on interest rate risk at May 2, 2009, to determine how a change in interest rates would impact equity and net earnings. During the first quarter of 2009, the Company earned \$4,000 of interest income on its cash and cash equivalents. An increase or decrease of 100 basis points in the average interest rate earned during the period would have increased of \$8,000 or decreased of \$4,000 equity and net earnings. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Fair value disclosure

The Company has classified its financial assets and liabilities as follows:

- Cash and cash equivalents, as “held for trading”.
- Accounts receivable are classified as “loans and receivables”.
- Account payable and accrued liabilities as well as long term debt are classified as “other financial liabilities”

Fair value estimates are made at a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision.

Cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are all short-term financial instruments; consequently, their fair values approximate their carrying values.

The fair value of the long-term debt financial instrument is not significantly different from its carrying value. The estimated fair value could differ from the amount that would be obtained if there was an immediate settlement of the instruments.

18. Comparative figures

Certain comparative figures have been reclassified to conform to the current period.

GROUPE
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 inc.

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