

TSX symbol: GBV

**GROUPE BIKINI VILLAGE INC. REPORTS SECOND QUARTER RESULTS**  
*Positive impact of expansion and renovation strategy helps to mitigate negative effects  
of cool, wet summer on sales*

**STE-JULIE, QUEBEC, September 12, 2008** – Groupe Bikini Village inc. (TSX: GBV) (the “Company”) today released its second quarter 2008 report, for the three months ended August 2, 2008. The second quarter results, which reflected the reduced demand and customer traffic caused by the unseasonable weather experienced in virtually all of the Company’s markets this summer, also illustrated the positive mitigating impacts of the Company’s ongoing expansion and renovation strategy.

“Over the last two years, we have been focused on an aggressive program of expansion and renovations in our retail network and on the modernisation of our business processes, as a means of building our marketshare and shareholder value – and, as we have seen in recent quarters, that strategy has been yielding improved performance,” said Yves Simard, President and CEO of Groupe Bikini Village inc. “In the second quarter of 2008, our industry was challenged by cooler- and wetter-than-normal weather, which reduced demand for swimwear and associated merchandise. But while this reality of our particular market did negatively impact our sales, the improvements we have already made to our retail network made our stores more attractive to customers – and, we believe, allowed us to better weather the temporary challenges than we would otherwise have been able to. We ended the quarter with good inventory levels and a strong balance sheet, and look forward to the cruise and spring break season ahead.”

Groupe Bikini Village inc.’s net sales for the second quarter and the six-month period ended August 2, 2008 were \$12.8 million and \$22.7 million, respectively, compared to \$13.5 million and \$21.5 million in the corresponding periods of the previous year. Comparable sales, which is a comparison of sales from the same number of stores year-over-year, decreased by 11% for the quarter and 1.7% for the six-month period ended the same date.

Operating income (EBITDA<sup>1</sup>) for the second quarter and six-month period totalled \$1.8 million and \$2.4 million, respectively, compared to operating income of \$2.3 million and \$2.2 million in the same periods in 2007. The slight increase in operating income in the first half of 2008 is due to the increase in sales volume and in gross margin which resulted from our renovation and expansion strategy. However, these increases were partially offset by higher operating expenses that followed the net growth in the number of stores and the overall increase in rental expenses.

For the quarter ended August 2, 2008, net earnings on continuing operations were \$0.8 million (nil per basic and diluted share), as compared to \$1.3 million (\$0.01 per share, basic and diluted) for the same period in the previous year. For the six-month period ended on that date, net earnings on continuing operations totalled \$1 million (\$0.01 per share, basic and diluted), as compared to \$1.2 million (\$0.01 per share, basic and diluted) in the same period in 2007.

Effective the beginning of fiscal 2008, the Company adopted the Canadian Institute of Chartered Accountants’ new standard relating to accounting for inventory costs (Section 3031 – Inventories) retrospectively, without restatement of prior periods. The adoption of this new standard resulted

in an increased EBITDA<sup>1</sup> of \$525,000 for the quarter ended August 2, 2008, and of \$769,000 for the six-month period ended on the same date.

“With almost a quarter-century of leadership in the Canadian swimwear market, Groupe Bikini Village inc. knows that our weather doesn’t always cooperate,” said Mr. Simard. “But through our decades of experience, we have also learned to recognize weather-related reductions in sales volume as temporary downturns – and to keep focusing on our strategies to build and grow our business. As we enter the second half of fiscal 2008, we are relentlessly continuing to invest in improvements to our retail network and business processes which will deliver further growth in sales and profitability.”

## **Outlook**

“We are optimistic about the balance of 2008,” says Mr. Simard. “In years past, the second quarter – which includes the spring and summer months that are most popular for swimsuit purchases in Canada – was the key to the year’s performance. However, our strategy has enabled us to spread our business more evenly throughout the year, appealing to our clientele through the fall and winter months with the latest products for cruises and spring break. Even though the third quarter has historically been marked by lower demand, we believe that the strength of the Canadian dollar and its influence on winter travel for our Canadian customers, and the combination of last year’s severe winter and this year’s unseasonable summer, could also lead to stronger cruise and spring break seasons in the coming year. Our wide selection of the latest styles, available all year-round in our bright and inviting stores, positions us very well to capitalize on winter travel in 2008/2009.”

Groupe Bikini Village inc. continues to focus on a number of value-creation strategies which, management believes, will allow it to deliver growing shareholder value. The Company’s cash position and financing facilities already in place are sufficient to allow it to continue increasing its penetration of the swimwear market, by expanding the number of stores in its chosen markets. Management will work with the Company’s store managers to improve sales in its current boutiques – and, to support this goal, will continue to aggressively pursue renovations to make those stores even more inviting. Groupe Bikini Village inc. will expand into new territories – like, for example, the Upper Canada Mall in Newmarket, Ontario, where the Company will open a new store in a few weeks, in time for the cruise season. In addition to these organic growth efforts, the Company will also consider strategic alternatives that could accelerate an increase in shareholder value.

“Our company has come through some challenging times – and today, we are a stronger company for it,” said Mr. Simard. “We have set clear operational milestones to support our objectives, and we are both committed to, and capable of, achieving them. We are enthusiastic about our strategies to deliver growth and increased value to our shareholders; we have a unique product mix, and people with strong skills and knowledge who are focused to deliver growth. We look forward to demonstrating their effectiveness in the second half of 2008.”

Groupe Bikini Village inc.’s full Second Quarter 2008 Report, as well as previous shareholder reports and other information of interest to investors, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.bikinivillage.com](http://www.bikinivillage.com).

## **About Groupe Bikini Village inc.**

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 inc. 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 styles to suit every figure. Headquartered in Ste-Julie, Québec, Groupe Bikini Village inc. operates 59

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](http://www.bikinivillage.com).

#### **Notes**

<sup>1</sup> The term EBITDA (earnings before interest, taxes, depreciation, amortization and reorganization fees and unusual items) does not have any standardized meaning prescribed by Canadian Generally Accepted Accounting Principles (“GAAP”) and may not be comparable to similar measures presented by other companies. Please refer to the section of Groupe Bikini Village inc.’s MD&A for the quarter ended August 2, 2008, dated September 11, 2008, entitled “Non-GAAP Financial Measures”. It is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Forward-looking statements**

This news release contains certain forward-looking statements concerning Groupe Bikini Village inc.’s future operations, economic performance, financial conditions and financing plans. These statements are based on certain assumptions and analyses made by management in light of their experience and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate under the circumstances. However, whether actual results and developments will conform to management’s expectations and predictions is subject to a number of risks, uncertainties and assumptions. Consequently, all of the forward-looking statements made in this news release are qualified by these cautionary statements, and there can be no assurance that the results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected consequences or effects on the Company. Management undertakes no obligation and does not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable law.

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# GRUPE BIKINI VILLAGE INC.

## STATEMENT OF OPERATIONS

(in thousands of dollars except per share amounts)

	Three months ended		Six months ended	
	August 2, 2008 (unaudited)	August 4, 2008 (unaudited)	August 2, 2008 (unaudited)	August 4, 2008 (unaudited)
Operating revenue	\$ 12 768	\$ 13 492	\$ 22 689	\$ 21 501
Cost of goods sold, operating and administrative expenses	10 998	11 228	20 289	19 263
Operating income - EBITDA <sup>1</sup>	1 770	2 264	2 400	2 238
Interest	98	33	160	(2)
Amortization	411	225	705	425
Earnings before income taxes from continuing operations	1 261	2 006	1 535	1 815
Income taxes	422	680	529	618
Net earnings from continuing operations	839	1 326	1 006	1 197
Discontinued operations, net of related income taxes	-	317	-	317
<b>NET EARNINGS AND COMPREHENSIVE EARNINGS</b>	<b>\$ 839</b>	<b>\$ 1 643</b>	<b>\$ 1 006</b>	<b>\$ 1 514</b>
<b>EARNINGS PER SHARE, basic and diluted</b>				
Continuing operations	-	0.01	0.01	0.01
Discontinued operations	-	-	-	-
<b>EARNINGS PER SHARE, basic and diluted</b>	<b>-</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>
Weighted average number of shares outstanding - in thousands	172 678	172 678	172 678	172 678