

## **PRESS RELEASE**

### **For Immediate Release**

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## **LE CHÂTEAU REPORTS SECOND QUARTER RESULTS**

**Montreal, September 19, 2003** – Le Château Inc. (TSX: CTU.A) today reported that sales increased 5.0% to \$54,180,000 for the second quarter ended July 26, 2003, compared with sales of \$51,597,000 for the same period last year. Comparable store sales increased by 2.4% in the second quarter of 2003 compared with the same period a year ago.

The Company recorded net earnings for the second quarter of \$2,543,000 or \$0.50 per share, compared to \$2,422,000 or \$0.49 per share for the same period the previous year. Net earnings attributable to Canadian operations amounted to \$2,828,000 or \$0.55 per share, whereas a net loss of \$285,000 Cdn or \$(0.05) Cdn per share was recorded for the U.S. operations.

### **Six-month results**

Sales rose 5.2% to \$99,450,000 for the first six months of the year, compared to \$94,557,000 last year. Net earnings for the six-month period totalled \$2,924,000 or \$0.58 per share, compared to \$2,765,000 or \$0.56 per share the previous year. Comparable store sales were up 3.3% over the same period a year ago.

### **Third Quarter to date**

For the first seven weeks of the third quarter, total retail sales decreased 6.8% and same store sales decreased 9.2% compared to the same period last year.

### **Profile**

Le Château is a leading Canadian specialty retailer offering fashion-forward apparel, accessories and footwear at value prices to style-conscious women and men aged 15 to 35+, while our *JUNIOR GIRL* division serves the tween market aged 8 to 14.

Le Château brand name clothing is sold exclusively through our 154 retail locations, which average 3,500 square feet in size. In addition, the Company operates ten Le Château Fashion Outlet Stores. All stores are located in Canada, except for four locations in the New York City area.

### **Forward-Looking Statements**

This news release may contain forward-looking statements relating to the Company and/or the environment in which it operates that are based on the Company's expectations, estimates and forecasts. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict and/or are beyond the Company's control. A number of factors may cause actual outcomes and results to differ materially from those expressed. These factors include those set forth in other public filings of the Company. Therefore, readers should not place undue reliance on these forward-looking statements. In addition, these forward-looking statements speak only as of the date made and the Company disavows any intention or obligation to update or revise any such statements as a result of any event, circumstance or otherwise.

**CONSOLIDATED BALANCE SHEETS**

	(Unaudited) As at July 26, 2003	(Unaudited) As at July 27, 2002	(Audited) As at January 25, 2003
<i>(In thousands of dollars)</i>			
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 4,901	\$ -	\$ 15,040
Accounts receivable and prepaid expenses	1,948	1,795	1,169
Income taxes refundable	227	-	-
Inventories	32,386	34,925	25,482
Loan to director	566	120	-
<b>Total current assets</b>	<b>40,028</b>	<b>36,840</b>	<b>41,691</b>
Loan to director	-	566	566
Fixed assets	40,356	38,074	38,262
	<b>\$80,384</b>	<b>\$75,480</b>	<b>\$ 80,519</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Bank indebtedness	\$ -	\$ 2,814	\$ -
Accounts payable and accrued liabilities	15,400	16,486	17,609
Dividend payable	516	499	503
Income taxes payable	-	1,125	2,877
Current portion of capital lease obligations	1,120	1,467	776
Current portion of long-term debt	1,249	851	1,483
<b>Total current liabilities</b>	<b>18,285</b>	<b>23,242</b>	<b>23,248</b>
Capital lease obligations	3,104	316	212
Long-term debt	1,226	536	1,766
Future income taxes	1,888	1,772	1,888
Deferred lease inducements	1,995	2,029	1,913
<b>Total liabilities</b>	<b>26,498</b>	<b>27,895</b>	<b>29,027</b>
<b>Shareholders' Equity</b>			
Capital stock	14,179	13,568	13,680
Retained earnings	39,707	34,017	37,812
<b>Total shareholders' equity</b>	<b>53,886</b>	<b>47,585</b>	<b>51,492</b>
	<b>\$ 80,384</b>	<b>\$ 75,480</b>	<b>\$ 80,519</b>

## CONSOLIDATED STATEMENTS OF EARNINGS

<i>(Unaudited)</i> <i>(In thousands of dollars, except per share data)</i>	For the three months ended		For the six months ended	
	July 26, 2003	July 27, 2002	July 26, 2003	July 27, 2002
<b>Sales</b>	\$ 54,180	\$ 51,597	\$ 99,450	\$ 94,557
<b>Cost of sales and expenses</b>				
Cost of sales, buying and occupancy	33,559	32,497	62,229	60,608
Selling, general and administrative	14,364	13,438	28,113	25,921
Interest	63	77	130	160
Depreciation and amortization	2,028	1,672	3,986	3,288
Write-off of fixed assets	13	25	13	25
	50,027	47,709	94,471	90,002
Earnings before income taxes	4,153	3,888	4,979	4,555
Provision for income taxes	1,610	1,466	2,055	1,790
<b>Net earnings</b>	\$ 2,543	\$ 2,422	\$ 2,924	\$ 2,765
<b>Net earnings per share</b>				
Basic	0.50	0.49	0.58	0.56
Diluted	0.48	0.47	0.55	0.54
<b>Weighted average number of shares outstanding ('000)</b>	5,127	4,984	5,076	4,964

## SEGMENTED INFORMATION

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	For the three months ended		For the six months ended	
	July 26, 2003	July 27, 2002	July 26, 2003	July 27, 2002
<b>Sales</b>				
Canada	\$ 52,277	\$ 49,112	\$ 95,869	\$ 89,964
United States	1,903	2,485	3,581	4,593
	\$ 54,180	\$ 51,597	\$ 99,450	\$ 94,557
<b>Net earnings (loss)</b>				
Canada	\$ 2,828	\$ 2,364	\$ 3,714	\$ 2,964
United States	(285)	58	(790)	(199)
	\$ 2,543	\$ 2,422	\$ 2,924	\$ 2,765
<b>Identifiable assets</b>				
Canada	\$ 76,204	\$ 70,268	\$ 76,204	\$ 70,268
United States	4,180	5,212	4,180	5,212
	\$ 80,384	\$ 75,480	\$ 80,384	\$ 75,480