

## **PRESS RELEASE**

### **For Immediate Release**

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## **LE CHÂTEAU REPORTS STRONG FIRST QUARTER RESULTS**

**Montreal, June 7, 2004** – Le Château Inc. (TSX: CTU.A) today reported that sales increased 11.9% to \$50,677,000 for the first quarter ended May 1, 2004, compared with sales of \$45,270,000 for the first quarter ended April 26, 2003 last year. Comparable store sales increased by 5.3% in the first quarter of 2004 compared with the same period a year ago.

Net earnings for the first quarter increased 474% to \$2,188,000 or \$0.42 per share from \$381,000 or \$0.08 per share last year. (In accordance with Generally Accepted Accounting Principles, net earnings include a non-recurring unrealized foreign exchange gain of \$283,000 or \$0.05 per share. This unrealized gain will be substantially offset in the second quarter).

Net earnings attributable to Canadian operations amounted to \$2,281,000 or \$0.44 per share for the first quarter, compared to \$886,000 or \$0.18 per share the previous year. The U.S. reported a net loss \$93,000 Cdn or \$(0.02) Cdn per share for period, compared to a net loss of \$505,000 Cdn or \$(0.10) Cdn per share for the same period a year ago, an improvement of \$412,000.

### **Second Quarter of Fiscal 2005**

For the first five weeks ended June 5, 2004, total retail sales increased 5.3% and same store sales increased 4.1% compared to the same period last year. While Canadian comparable store sales increased 3.6% during this period, the comparable store sales from our four U.S. stores increased 19.0% (in US\$) for the same period.

### **Profile**

Le Château is a leading Canadian specialty retailer offering fashion-forward apparel, accessories and footwear to style-conscious women and men.

Le Château brand name clothing is largely designed and developed within our vertically integrated operations. Our brand name merchandise is sold exclusively through our 166 retail locations. All stores are 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 May 1, 2004	(Unaudited) As at April 26, 2003	(Audited) As at January 31, 2004
<i>(In thousands of dollars)</i>			
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 10,618	\$ 1,619	\$ 22,067
Accounts receivable and prepaid expenses	5,851	1,700	1,394
Income taxes refundable	-	514	-
Inventories	29,862	31,698	26,075
Loan to director	-	566	566
<b>Total current assets</b>	<b>46,331</b>	<b>36,097</b>	<b>50,102</b>
Fixed assets	47,643	40,903	44,444
	<b>\$ 93,974</b>	<b>\$ 77,000</b>	<b>\$ 94,546</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 16,988	\$ 17,773	\$ 20,148
Dividend payable	796	513	525
Income taxes payable	189	-	2,003
Current portion of capital lease obligations	1,493	463	1,525
Current portion of long-term debt	1,421	1,414	914
<b>Total current liabilities</b>	<b>20,887</b>	<b>20,163</b>	<b>25,115</b>
Capital lease obligations	3,386	159	3,728
Long-term debt	3,265	1,495	852
Future income taxes	1,758	1,888	1,758
Deferred lease inducements	2,100	1,922	1,931
<b>Total liabilities</b>	<b>31,396</b>	<b>25,627</b>	<b>33,384</b>
<b>Shareholders' Equity</b>			
Capital stock	14,798	13,693	14,774
Retained earnings	47,780	37,680	46,388
<b>Total shareholders' equity</b>	<b>62,578</b>	<b>51,373</b>	<b>61,162</b>
	<b>\$ 93,974</b>	<b>\$ 77,000</b>	<b>\$ 94,546</b>

## **CONSOLIDATED STATEMENTS OF EARNINGS**

*(Unaudited)*

**For the three months ended**

*(In thousands of dollars, except per share data)*

**May 1, 2004**

**April 26, 2003**

<b>Sales</b>	<b>\$ 50,677</b>	<b>\$ 45,270</b>
<b>Cost of sales and expenses</b>		
Cost of sales, buying and occupancy	29,781	28,670
Selling, general and administrative	14,833	13,749
Interest	121	67
Depreciation and amortization	2,184	1,958
Write-off of fixed assets	215	-
	<b>47,134</b>	<b>44,444</b>
Earnings before income taxes	3,543	826
Provision for income taxes	1,355	445
<b>Net earnings</b>	<b>\$ 2,188</b>	<b>\$ 381</b>
<b>Net earnings per share</b>		
Basic	\$ 0.42	\$ 0.08
Diluted	0.40	0.07
<b>Weighted average number of shares outstanding ('000)</b>	<b>5,247</b>	<b>5,025</b>

## **SEGMENTED INFORMATION**

*(Unaudited)*

**For the three months ended**

*(In thousands of dollars)*

**May 1, 2004**

**April 26, 2003**

<b>Sales</b>		
Canada	\$ 48,763	\$ 43,592
United States	1,914	1,678
	<b>\$ 50,677</b>	<b>\$ 45,270</b>
<b>Net earnings (loss)</b>		
Canada	\$ 2,281	\$ 886
United States	(93)	(505)
	<b>\$ 2,188</b>	<b>\$ 381</b>
<b>Identifiable assets</b>		
Canada	\$ 90,043	\$ 72,664
United States	3,931	4,336
	<b>\$ 93,974</b>	<b>\$ 77,000</b>