

PRESS RELEASE

For Immediate Release

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LE CHÂTEAU REPORTS RECORD FOURTH QUARTER AND YEAR-END RESULTS

Montreal, March 26, 2004 – Le Château Inc. (TSX: CTU.A) today reported that sales increased 11.0% to \$69,553,000 for the 14 week period ended January 31, 2004, compared with sales of \$62,669,000 for the 13 week period ended January 25, 2003 last year. Comparable store sales increased by 3.4% in the fourth quarter of 2003 compared with the same period a year ago.

The Company recorded net earnings for the fourth quarter of \$3,914,000 or \$0.75 per share, compared to \$1,788,000 or \$0.36 per share for the same period the previous year, an increase of 119%.

Year-end results

Sales rose 4.2% to \$226,766,000 for the 53 week period ended January 31, 2004, compared to \$217,660,000 for the 52 week period ended January 25, 2003. Net earnings for the year totalled \$10,648,000 or \$2.07 per share, compared to \$7,562,000 or \$1.52 per share the previous year, an increase of 41%. Comparable store sales increased 0.6% over the same period a year ago.

First Quarter of Fiscal 2005

For the first seven weeks ended March 20, 2004, total retail sales increased 18.0% and same store sales increased 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 55, while our *JUNIOR GIRL* division serves the tween market aged 8 to 14.

Le Château brand name clothing is largely designed and developed within our vertically integrated operations. Our brand name merchandise is sold exclusively through our 154 retail locations, which average 3,500 square feet in size and, in addition, the Company operates eleven 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

<i>(Audited)</i> <i>(In thousands of dollars)</i>	As at January 31, 2004	As at January 25, 2003
ASSETS		
Current		
Cash and cash equivalents	\$ 22,067	\$ 15,040
Accounts receivable and prepaid expenses	1,394	1,169
Inventories	26,075	25,482
Loan to director	566	-
Total current assets	50,102	41,691
Loan to director	-	566
Fixed assets	44,444	38,262
	\$ 94,546	\$ 80,519
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 20,148	\$ 17,609
Dividend payable	525	503
Income taxes payable	2,003	2,877
Current portion of capital lease obligations	1,525	776
Current portion of long-term debt	914	1,483
Total current liabilities	25,115	23,248
Capital lease obligations	3,728	212
Long-term debt	852	1,766
Future income taxes	1,758	1,888
Deferred lease inducements	1,931	1,913
Total liabilities	33,384	29,027
Shareholders' Equity		
Capital stock	14,774	13,680
Retained earnings	46,388	37,812
Total shareholders' equity	61,162	51,492
	\$ 94,546	\$ 80,519

CONSOLIDATED STATEMENTS OF EARNINGS

<i>(Audited)</i> <i>(In thousands of dollars, except per share data)</i>	For the three months ended		For the year ended	
	January 31, 2004	January 25, 2003	January 31, 2004	January 25, 2003
Sales	\$ 69,553	\$ 62,669	\$ 226,766	\$ 217,660
Cost of sales and expenses				
Cost of sales, buying and occupancy	43,636	41,800	140,537	140,705
Selling, general and administrative	17,622	15,766	60,511	57,012
Interest	104	86	339	350
Depreciation and amortization	1,764	1,887	7,745	6,937
Write-off of fixed assets	403	256	511	281
	63,529	59,795	209,643	205,285
Earnings before income taxes	6,024	2,874	17,123	12,375
Provision for income taxes	2,110	1,086	6,475	4,813
Net earnings	\$ 3,914	\$ 1,788	\$ 10,648	\$ 7,562
Net earnings per share				
Basic	\$ 0.75	\$ 0.36	\$ 2.07	\$ 1.52
Diluted	0.72	0.34	1.98	1.45
Weighted average number of shares outstanding ('000)	5,210	4,999	5,134	4,980

SEGMENTED INFORMATION

<i>(Audited)</i> <i>(In thousands of dollars)</i>	For the three months ended		For the year ended	
	January 31, 2004	January 25, 2003	January 31, 2004	January 25, 2003
Sales				
Canada	\$ 67,391	\$ 60,413	\$ 219,175	\$ 208,420
United States	2,162	2,256	7,591	9,240
	\$ 69,553	\$ 62,669	\$ 226,766	\$ 217,660
Net earnings (loss)				
Canada	\$ 4,193	\$ 2,330	\$ 11,929	\$ 8,507
United States	(279)	(542)	(1,281)	(945)
	\$ 3,914	\$ 1,788	\$ 10,648	\$ 7,562
Identifiable assets				
Canada	\$ 90,590	\$ 76,025	\$ 90,590	\$ 76,025
United States	3,956	4,494	3,956	4,494
	\$ 94,546	\$ 80,519	\$ 94,546	\$ 80,519