

## **PRESS RELEASE**

### **For Immediate Release**

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

**Montreal, June 10, 2005** – Le Château Inc. (TSX: CTU.SV.A) today reported that sales increased 19.6% to \$60,601,000 for the first quarter ended April 30, 2005, compared with sales of \$50,677,000 for the first quarter ended May 1<sup>st</sup>, 2004 last year. Comparable store sales increased by 16.9% in the first quarter of 2005 compared with the same period a year ago.

Net earnings for the first quarter increased 112% to \$4,638,000 or \$0.79 per share from \$2,188,000 or \$0.42 per share last year.

Net earnings attributable to Canadian operations amounted to \$4,739,000 or \$0.81 per share for the first quarter, compared to \$2,281,000 or \$0.44 per share the previous year. The U.S. reported a net loss \$101,000 Cdn or \$(0.02) Cdn per share for period, compared to a net loss of \$93,000 Cdn or \$(0.02) Cdn per share for the same period a year ago.

Emilia Di Raddo, President of Le Château, commented, "Our strategies, targeted towards broadening our appeal and attracting fashion customers of all ages, continue to prove successful. We remain focused on the initiatives of broadening our selection of products to reflect seven-days-a-week dressing, offering better quality products, and optimizing the product mix in each store. We continue to upgrade our stores reflecting design elements that are not age-sensitive and that are less likely to become dated. Canadians across the country are responding well to these strategies and we believe there is considerable opportunity for further growth in all areas of the business as our customer base continues to expand."

### **Second Quarter of Fiscal 2006**

For the first five weeks ended June 4, 2005, total retail sales increased 25.8% and same store sales increased 19.8% compared to the same period last year.

### **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 178 retail locations. 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.

Factors which could cause actual results or events to differ materially from current expectations include, among other things: the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; competitive conditions in the businesses in which the Company participates; changes in consumer spending; general economic conditions and normal business uncertainty; customer preferences towards product offerings; seasonal weather patterns; fluctuations in foreign currency exchange rates; changes in the Company's relationship with its suppliers; interest rate fluctuations and other changes in borrowing costs; and changes in laws, rules and regulations applicable to the Company.

## **CONSOLIDATED BALANCE SHEETS**

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	<b>As at</b> <b>April 30, 2005</b>	<b>As at</b> <b>May 1<sup>st</sup>, 2004</b>	<b>As at</b> <b>January 29, 2005</b>
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 33,592	\$ 10,618	\$ 45,985
Accounts receivable and prepaid expenses	3,078	5,851	2,089
Inventories	32,708	29,862	29,393
<b>Total current assets</b>	<b>69,378</b>	<b>46,331</b>	<b>77,467</b>
Fixed assets	60,137	47,643	50,731
	<b>\$ 129,515</b>	<b>\$ 93,974</b>	<b>\$ 128,198</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 21,310	\$ 16,988	\$ 22,397
Dividend payable	1,039	796	1,027
Income taxes payable	1,017	189	1,923
Current portion of capital lease obligations	1,421	1,493	1,399
Current portion of long-term debt	2,847	1,421	2,940
<b>Total current liabilities</b>	<b>27,634</b>	<b>20,887</b>	<b>29,686</b>
Capital lease obligations	1,965	3,386	2,329
Long-term debt	6,131	3,265	6,757
Future income taxes	1,695	1,758	1,695
Deferred lease inducements	3,012	2,100	2,487
<b>Total liabilities</b>	<b>40,437</b>	<b>31,396</b>	<b>42,954</b>
<b>Shareholders' Equity</b>			
Capital stock	26,628	14,798	26,393
Retained earnings	62,450	47,780	58,851
<b>Total shareholders' equity</b>	<b>89,078</b>	<b>62,578</b>	<b>85,244</b>
	<b>\$ 129,515</b>	<b>\$ 93,974</b>	<b>\$ 128,198</b>

## CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(In thousands of dollars, except per share data)

	For the three months ended	
	April 30, 2005	May 1 <sup>st</sup> , 2004
<b>Sales</b>	\$ 60,601	\$ 50,677
<b>Cost of sales and expenses</b>		
Cost of sales and selling, general and administrative	50,526	44,614
Interest	193	121
Depreciation and amortization	2,620	2,184
Write-off of fixed assets	44	215
	<b>53,383</b>	<b>47,134</b>
Earnings before income taxes	7,218	3,543
Provision for income taxes	2,580	1,355
<b>Net earnings</b>	\$ 4,638	\$ 2,188
<b>Net earnings per share</b>		
Basic	\$ 0.79	\$ 0.42
Diluted	0.76	0.40
<b>Weighted average number of shares outstanding ('000)</b>	<b>5,880</b>	<b>5,247</b>

## SEGMENTED INFORMATION

(Unaudited)

(In thousands of dollars)

	For the three months ended	
	April 30, 2005	May 1 <sup>st</sup> , 2004
<b>Sales</b>		
Canada	\$ 58,685	\$ 48,763
United States	1,916	1,914
	<b>\$ 60,601</b>	<b>\$ 50,677</b>
<b>Net earnings (loss)</b>		
Canada	\$ 4,739	\$ 2,281
United States	(101)	(93)
	<b>\$ 4,638</b>	<b>\$ 2,188</b>
<b>Identifiable assets</b>		
Canada	\$ 125,330	\$ 90,043
United States	4,185	3,931
	<b>\$ 129,515</b>	<b>\$ 93,974</b>