

PRESS RELEASE

For Immediate Release

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LE CHÂTEAU SECOND QUARTER EARNINGS INCREASE 65%, SALES UP 22%

Montreal, September 9, 2005 – Le Château Inc. (TSX: CTU.SV.A) today reported that sales increased 22.1% to \$69,007,000 for the second quarter ended July 30, 2005, compared with sales of \$56,528,000 for the second quarter ended July 31, 2004. Comparable store sales increased by 16.3% in the second quarter of 2005 compared with the same period a year ago. Increased sales resulted from a combination of the strong appeal of the Company's selection of spring merchandise, as well as increased square footage. Year-to-date, eight new stores have been opened and several existing locations have been expanded, resulting in an addition of 60,000 square feet to the Le Château network. The majority of the new locations are in secondary markets.

Net earnings for the second quarter increased 65% to \$6,240,000 or \$1.05 per share from \$3,780,000 or \$0.71 per share last year, resulting primarily from continued improvements in gross margins and better leverage of store and head office costs.

Le Château President Emilia Di Raddo said the Company's strategic direction, geared toward attracting fashion customers of all ages, continues to deliver results. "We remain committed to our goal of delivering high-quality, unique, design-driven product to an ever-widening base of customers. Our seasonless approach to our fashion collections, as well as the fast delivery of these collections to our stores, accommodate the diverse lifestyle needs of customers and are just some of the reasons people continue to rediscover the Le Château brand. Customers have come to rely on Le Château for a constant stream of innovative and exciting styles which arrive in our stores daily, fulfilling their desire for seven-days-a-week dressing."

Six-month results

Sales rose 20.9% to \$129,608,000 for the six months of the year, compared to \$107,205,000 last year.

Net earnings for the six-month period increased 82% to \$10,878,000 or \$1.84 per share from \$5,968,000 or \$1.13 per share the previous year. Comparable store sales increased 16.6% over the same period a year ago.

Third Quarter of Fiscal 2006

For the first five weeks ended September 3, 2005, total retail sales increased 11.3% and same store sales increased 6.7% compared to the same period last year.

Dividend Increase

The Board of Directors declared a quarterly dividend of \$0.20 per Class A Subordinate Voting Share and Class B Voting Share, representing an increase of 14% from the previous dividend rate of \$0.175 per share. This is the 48th consecutive dividend declared by Le Château, and is payable on October 28, 2005 to the shareholders of record at the close of business on October 7, 2005.

Profile

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

Le Château's brand name clothing is largely designed and developed within its vertically integrated operations. The Le Château brand merchandise is sold exclusively through its 183 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>	As at	As at	As at
<i>(In thousands of dollars)</i>	July 30, 2005	July 31, 2004	January 29, 2005
ASSETS			
Current			
Cash and cash equivalents	\$ 32,799	\$ 17,336	\$ 45,985
Accounts receivable and prepaid expenses	3,547	1,698	2,089
Inventories	38,165	38,553	29,393
Total current assets	74,511	57,587	77,467
Fixed assets	62,655	48,624	50,731
	\$ 137,166	\$ 106,211	\$ 128,198
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	\$ 22,494	\$ 20,362	\$ 22,397
Dividend payable	1,046	799	1,027
Income taxes payable	2,302	551	1,923
Current portion of capital lease obligations	1,443	1,460	1,399
Current portion of long-term debt	2,684	2,673	2,940
Total current liabilities	29,969	25,845	29,686
Capital lease obligations	1,596	3,040	2,329
Long-term debt	5,564	7,595	6,757
Future income taxes	1,695	1,758	1,695
Deferred lease inducements	3,720	2,022	2,487
Total liabilities	42,544	40,260	42,954
Shareholders' Equity			
Capital stock	26,856	15,190	26,393
Contributed surplus	122	-	-
Retained earnings	67,644	50,761	58,851
Total shareholders' equity	94,622	65,951	85,244
	\$ 137,166	\$ 106,211	\$ 128,198

CONSOLIDATED STATEMENTS OF EARNINGS

<i>(Unaudited)</i>	For the three months ended		For the six months ended	
<i>(In thousands of dollars, except per share data)</i>	July 30, 2005	July 31, 2004	July 30, 2005	July 31, 2004
Sales	\$ 69,007	\$ 56,528	\$ 129,608	\$ 107,205
Cost of sales and expenses				
Cost of sales and selling, general and administrative	56,427	48,142	106,953	92,756
Depreciation and amortization	2,715	2,221	5,335	4,405
Interest	177	125	370	246
Write-off of fixed assets	28	145	72	360
	59,347	50,633	112,730	97,767
Earnings before income taxes	9,660	5,895	16,878	9,438
Provision for income taxes	3,420	2,115	6,000	3,470
Net earnings	\$ 6,240	\$ 3,780	\$ 10,878	\$ 5,968
Net earnings per share				
Basic	\$ 1.05	\$ 0.71	\$ 1.84	\$ 1.13
Diluted	1.01	0.68	1.78	1.08
Weighted average number of shares outstanding ('000)	5,953	5,309	5,917	5,278

SEGMENTED INFORMATION

<i>(Unaudited)</i>	For the three months ended		For the six months ended	
<i>(In thousands of dollars)</i>	July 30, 2005	July 31, 2004	July 30, 2005	July 31, 2004
Sales				
Canada	\$ 67,100	\$ 54,554	\$ 125,785	\$ 103,317
United States	1,907	1,974	3,823	3,888
	\$ 69,007	\$ 56,528	\$ 129,608	\$ 107,205
Net earnings (loss)				
Canada	\$ 6,339	\$ 3,878	\$ 11,078	\$ 6,159
United States	(99)	(98)	(200)	(191)
	\$ 6,240	\$ 3,780	\$ 10,878	\$ 5,968
Identifiable assets				
Canada	\$ 133,058	\$ 102,098	\$ 133,058	\$ 102,098
United States	4,108	4,113	4,108	4,113
	\$ 137,166	\$ 106,211	\$ 137,166	\$ 106,211