

PRESS RELEASE

**LE CHÂTEAU REPORTS YEAR-END RESULTS
AND INCREASES REGULAR DIVIDEND**

Montreal, April 12, 2007 – Le Château Inc. (TSX: CTU.A) today reported that sales increased 8.9% to \$303.9 million for the year ended January 27, 2007 as compared with \$279.1 million last year. Comparable store sales increased by 3.8% versus the same period a year ago. During the year, the Company opened ten new stores and expanded twenty existing locations, resulting in the addition of 92,000 square feet or 12% to the Le Château network.

Net earnings for the year increased 5.3% to \$24.8 million or \$4.09 per share from \$23.5 million or \$3.95 per share last year. Earnings before interest, income taxes, depreciation and amortization (EBITDA) for the year increased 9.5% to \$52.8 million or 17.4% of sales, compared to \$48.2 million or 17.3% of sales last year. Included in expenses for the year were non-recurring costs of approximately \$732,000 relating to the strategic review which was completed during the year.

Le Château's CEO Jane Silverstone Segal said, "We give our customers fashion innovation. We are relentless in finding the right product and putting it in the store at the right time. Fashion remains, and will always remain, the DNA of Le Château."

Fourth quarter results

Sales rose 15.9% to \$93.0 million for the fourth quarter as compared with \$80.2 million last year. Comparable store sales increased 11.0% over the same period a year ago.

Net earnings for the fourth quarter increased 27.0% to \$8.2 million or \$1.35 per share from \$6.5 million or \$1.08 per share for the same quarter last year. Earnings before interest, income taxes, depreciation and amortization (EBITDA) for the fourth quarter increased 27.1% to \$17.0 million or 18.3% of sales, compared to \$13.4 million or 16.7% of sales last year.

First quarter of fiscal 2008

For the first ten weeks ended April 7, 2007, total retail sales have increased 15.6% and comparable store sales have increased 11.0% over the same period a year ago.

Stock split

The Company intends to proceed with a four-for-one stock split of its Class A subordinate voting shares and Class B voting shares. The stock split will be subject to approval by the Company's shareholders at the forthcoming meeting of shareholders to be held on June 27, 2007. Further information relating to the stock split will be provided in the Company's information circular for the meeting.

Dividend increase

The Board of Directors has declared a quarterly dividend of \$0.50 per Class A subordinate voting share and Class B voting share (on a pre-split basis), representing an increase of 33% from the previous dividend rate of \$0.375 per share. This is the 54th consecutive dividend declared by Le Château, and is payable on May 25, 2007 to the shareholders of record at the close of business on May 11, 2007.

Profile

Le Château is a leading Canadian brand in specialty retailing offering a broad array of contemporary fashion apparel, accessories and footwear for style-conscious women and men. The Le Château brand is synonymous with ageless fashion at accessible prices and is sold through the Company's 195 retail locations, of which 190 are located in Canada and 5 in the New York City area. The Company's outlets are primarily found in major urban shopping malls and complemented with high pedestrian-traffic, street-front locations.

The Company's 48-year tradition of vertical integration, a design and manufacturing approach to retailing, makes it unique among Canadian fashion merchants.

Supplementary Earnings Measure

In addition to discussing earnings measures in accordance with Canadian generally accepted accounting principles ("GAAP"), this press release provides earnings before interest, income taxes, depreciation and amortization ("EBITDA") as a supplementary earnings measure. Depreciation and amortization include the write-off of fixed assets. EBITDA is provided to assist readers in determining the ability of the Company to generate cash from operations and to cover financial charges. It is also widely used for valuation purposes for public companies in our industry.

The above measure does not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies.

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.

For further information

Emilia Di Raddo, CA, President (514) 738-7000

Johnny Del Ciancio, CA, Vice-President, Finance, (514) 738-7000

Maison Brison: Rick Leckner, (514) 731-0000

Source: Le Château Inc.

le château inc.

CONSOLIDATED BALANCE SHEETS

<i>(In thousands of dollars)</i>	<i>(Audited)</i> As at January 27, 2007	<i>(Audited)</i> As at January 28, 2006
ASSETS		
Current		
Cash and cash equivalents	\$ 2,743	\$ 17,979
Short-term investments	58,899	43,083
Accounts receivable and prepaid expenses	4,457	3,746
Inventories	40,967	35,444
Total current assets	107,066	100,252
Fixed assets	78,643	65,984
	\$ 185,709	\$ 166,236
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 32,870	\$ 27,668
Dividend payable	20,992	1,507
Income taxes payable	833	3,740
Current portion of capital lease obligations	2,051	2,634
Current portion of long-term debt	4,392	4,212
Total current liabilities	61,138	39,761
Capital lease obligations	2,288	4,339
Long-term debt	5,934	10,326
Future income taxes	2,891	2,365
Deferred lease inducements	5,284	4,200
Total liabilities	77,535	60,991
Shareholders' Equity		
Capital stock	30,221	27,210
Contributed surplus	1,139	458
Retained earnings	76,814	77,577
Total shareholders' equity	108,174	105,245
	\$ 185,709	\$ 166,236

le château inc.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

<i>(In thousands of dollars)</i>	<i>(Unaudited)</i>		<i>(Audited)</i>	
	For the three months ended		For the year ended	
	January 27, 2007	January 28, 2006	January 27, 2007	January 28, 2006
Balance, beginning of period	\$ 89,557	\$ 72,592	\$ 77,577	\$ 58,851
Net earnings	8,248	6,492	24,751	23,513
	97,805	79,084	102,328	82,364
Dividends declared	20,991	1,507	25,514	4,787
Balance, end of period	\$ 76,814	\$ 77,577	\$ 76,814	\$ 77,577

CONSOLIDATED STATEMENTS OF EARNINGS

<i>(In thousands of dollars, except per share data)</i>	<i>(Unaudited)</i>		<i>(Audited)</i>	
	For the three months ended		For the year ended	
	January 27, 2007	January 28, 2006	January 27, 2007	January 28, 2006
Sales	\$ 92,959	\$ 80,225	\$ 303,879	\$ 279,064
Cost of sales and expenses				
Cost of sales and selling, general and administrative	75,914	66,813	251,090	230,872
Depreciation and amortization	3,743	3,088	13,798	11,238
Write-off of fixed assets	739	858	1,244	1,164
Interest on long term debt and capital lease obligations	233	269	1,079	803
Interest Income	(528)	(383)	(1,738)	(976)
	80,101	70,645	265,473	243,101
Earnings before income taxes	12,858	9,580	38,406	35,963
Provision for income taxes	4,610	3,088	13,655	12,450
Net earnings	\$ 8,248	\$ 6,492	\$ 24,751	\$ 23,513
Net earnings per share				
Basic	\$ 1.35	\$ 1.08	\$ 4.09	\$ 3.95
Diluted	1.33	1.05	3.98	3.82
Weighted average number of shares outstanding ('000)	6,092	5,999	6,045	5,953

le château inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(In thousands of dollars)</i>	<i>(Unaudited)</i>		<i>(Audited)</i>	
	For the three months ended		For the year ended	
	January 27, 2007	January 28, 2006	January 27, 2007	January 28, 2006
OPERATING ACTIVITIES				
Net earnings	\$ 8,248	\$ 6,492	\$ 24,751	\$ 23,513
Adjustments to determine net cash from operating activities				
Depreciation and amortization	3,743	3,088	13,798	11,238
Write-off of fixed assets	739	858	1,244	1,164
Amortization of deferred lease inducements	(264)	(215)	(874)	(732)
Stock-based compensation	203	207	929	458
Future income taxes	578	670	526	670
	13,247	11,100	40,374	36,311
Net change in non-cash working capital items related to operations	8,474	10,089	(3,939)	(620)
Deferred lease inducements	360	820	1,958	2,445
Cash flows related to operating activities	22,081	22,009	38,393	38,136
FINANCING ACTIVITIES				
Proceeds of capital leases	-	4,943	-	4,943
Repayment of capital lease obligations	(673)	(657)	(2,634)	(1,698)
Proceeds of long-term debt	-	-	-	8,081
Repayment of long-term debt	(1,058)	(1,050)	(4,212)	(3,240)
Issue of capital stock	2,590	324	2,763	817
Dividends paid	(1,508)	-	(6,029)	(4,307)
Cash flows related to financing activities	(649)	3,560	(10,112)	4,596
INVESTING ACTIVITIES				
Increase in short-term investments	(21,724)	(28,189)	(15,816)	(43,083)
Additions to fixed assets	(4,806)	(4,588)	(27,701)	(27,655)
Cash flows related to investing activities	(26,530)	(32,777)	(43,517)	(70,738)
Decrease in cash and cash equivalents	(5,098)	(7,208)	(15,236)	(28,006)
Cash and cash equivalents, beginning of period	7,841	25,187	17,979	45,985
Cash and cash equivalents, end of period	\$ 2,743	\$ 17,979	\$ 2,743	\$ 17,979
Supplementary information:				
Interest paid during the period	\$ 233	\$ 269	\$ 1,079	\$ 803
Income taxes paid during the period	3,172	2,151	15,437	9,930

le château inc.

SEGMENTED INFORMATION

<i>(In thousands of dollars)</i>	<i>(Unaudited)</i>		<i>(Audited)</i>	
	For the three months ended		For the year ended	
	January 27, 2007	January 28, 2006	January 27, 2007	January 28, 2006
Sales by country				
Canada	\$ 90,575	\$ 78,061	\$ 295,609	\$ 271,348
United States	2,384	2,164	8,270	7,716
	\$ 92,959	\$ 80,225	\$ 303,879	\$ 279,064
Sales by division				
Ladies' Clothing	\$ 51,451	\$ 43,211	\$ 170,160	\$ 153,362
Men's Clothing	15,461	12,716	45,970	38,019
<i>JUNIOR GIRL</i> Clothing	153	2,758	1,974	10,995
Footwear	10,003	6,973	36,905	25,128
Accessories	15,891	14,567	48,870	51,560
	\$ 92,959	\$ 80,225	\$ 303,879	\$ 279,064
Net earnings (loss)				
Canada	\$ 8,554	\$ 6,940	\$ 25,912	\$ 24,406
United States	(306)	(448)	(1,161)	(893)
	\$ 8,248	\$ 6,492	\$ 24,751	\$ 23,513
Identifiable assets				
Canada	\$ 180,736	\$ 161,217	\$ 180,736	\$ 161,217
United States	4,973	5,019	4,973	5,019
	\$ 185,709	\$ 166,236	\$ 185,709	\$ 166,236