

PRESS RELEASE

LE CHÂTEAU REPORTS YEAR-END RESULTS

Montreal, April 3, 2008 – Le Château Inc. (TSX: CTU.A) today reported that net earnings for the year ended January 26, 2008 increased 35.5% to \$33.6 million from \$24.8 million for the year ended January 27, 2007. Earnings per share for the year increased to \$1.35 per share from \$1.02 per share the previous year. Earnings before interest, income taxes, depreciation and amortization (EBITDA) for the year increased 32.0% to \$69.7 million or 20.7% of sales, compared to \$52.8 million or 17.4% of sales last year, resulting primarily from continued improvements in gross margins.

Sales for the year increased 10.6% to \$336.1 million from \$303.9 million for the same period last year. Comparable store sales increased by 5.6% versus the same period a year ago. During the year, the Company opened 18 new stores, closed four stores and expanded 11 existing locations, resulting in the addition of 111,000 square feet or 13.0% to the Le Château network, bringing the total floor space at end of year to 965,000 square feet.

Fourth quarter results

Net earnings for the fourth quarter increased 48.8% to \$12.2 million from \$8.2 million the previous year. Earnings per share for the period increased to \$0.49 per share from \$0.34 per share for same period last year. Earnings before interest, income taxes, depreciation and amortization (EBITDA) for the fourth quarter increased 34.5% to \$23.0 million or 23.0% of sales, compared to \$17.1 million or 18.3% of sales last year.

Sales rose 7.5% to \$100.0 million for the three months ended January 26, 2008, compared to \$93.0 million last year. Comparable store sales increased 2.4% over the same period a year ago.

Dividend declaration

The Board of Directors has declared a quarterly dividend (constituting eligible dividends for income tax purposes) of \$0.125 per Class A subordinate voting share and Class B voting share. This is the 58th consecutive dividend declared by Le Château, and is payable on May 19, 2008 to the shareholders of record at the close of business on May 5, 2008.

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 exclusively through the Company's 212 retail locations, of which 208 are located in Canada and 4 in the New York City area. The Company's outlets are primarily found in major urban shopping malls, complemented with high pedestrian-traffic, street-front locations. In addition, the Company has 8 stores under license in the Middle East.

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

Non-GAAP Measures

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 Company also discloses comparable store sales which are defined as sales generated by stores that have been open for at least one year.

The above measures do 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 business initiatives and whether such business 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

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Source: Le Château Inc.

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CONSOLIDATED BALANCE SHEETS

(Audited)
(In thousands of dollars)

As at
January 26, 2008

As at
January 27, 2007

	As at January 26, 2008	As at January 27, 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 3,846	\$ 2,743
Short-term investments	66,354	58,899
Accounts receivable and prepaid expenses	6,307	4,457
Inventories	43,006	40,967
Total current assets	119,513	107,066
Fixed assets	84,466	78,643
	\$ 203,979	\$ 185,709
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 30,377	\$ 32,870
Dividend payable	3,133	20,992
Income taxes payable	5,092	833
Current portion of capital lease obligations	1,384	2,051
Current portion of long-term debt	7,113	4,392
Total current liabilities	47,099	61,138
Capital lease obligations	1,008	2,288
Long-term debt	12,689	5,934
Future income taxes	2,975	2,891
Deferred lease inducements	8,573	5,284
Total liabilities	72,344	77,535
Shareholders' Equity		
Capital stock	31,794	30,221
Contributed surplus	1,761	1,139
Retained earnings	97,914	76,814
Accumulated other comprehensive income	166	-
Total shareholders' equity	131,635	108,174
	\$ 203,979	\$ 185,709

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 26, 2008	January 27, 2007	January 26, 2008	January 27, 2007
Balance, beginning of period	\$ 88,826	\$ 89,557	\$ 76,814	\$ 77,577
Net earnings	12,222	8,248	33,604	24,751
	101,048	97,805	110,418	102,328
Dividends declared	3,134	20,991	12,504	25,514
Balance, end of period	\$ 97,914	\$ 76,814	\$ 97,914	\$ 76,814

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 26, 2008	January 27, 2007	January 26, 2008	January 27, 2007
Sales	\$ 99,973	\$ 92,959	\$ 336,070	\$ 303,879
Cost of sales and expenses				
Cost of sales and selling, general and administrative	77,023	75,914	266,397	251,090
Depreciation and amortization	3,822	3,743	16,048	13,798
Write-off of fixed assets	623	739	2,220	1,244
Interest on long-term debt and capital lease obligations	324	233	1,429	1,079
Interest income	(641)	(528)	(2,028)	(1,738)
	81,151	80,101	284,066	265,473
Earnings before income taxes	18,822	12,858	52,004	38,406
Provision for income taxes	6,600	4,610	18,400	13,655
Net earnings	\$ 12,222	\$ 8,248	\$ 33,604	\$ 24,751
Net earnings per share				
Basic	\$ 0.49	\$ 0.34	\$ 1.35	\$ 1.02
Diluted	0.49	0.33	1.33	1.00
Weighted average number of shares outstanding ('000)	25,036	24,367	24,978	24,181

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(Audited)

For the three months ended

For the year ended

(In thousands of dollars)

January 26, 2008

January 27, 2007

January 26, 2008

January 27, 2007

Net earnings	\$	12,222	\$	8,248	\$	33,604	\$	24,751
Other comprehensive income								
Change in fair value of forward exchange contracts		316		-		(1,825)		-
Realized forward exchange contracts reclassified to net earnings		878		-		1,755		-
Income tax (expense) recovery		(402)		-		24		-
		792		-		(46)		-
Comprehensive income	\$	13,014	\$	8,248	\$	33,558	\$	24,751

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(In thousands of dollars)</i>	<i>(Unaudited)</i> For the three months ended		<i>(Audited)</i> For the year ended	
	January 26, 2008	January 27, 2007	January 26, 2008	January 27, 2007
OPERATING ACTIVITIES				
Net earnings	\$ 12,222	\$ 8,248	\$ 33,604	\$ 24,751
Adjustments to determine net cash from operating activities				
Depreciation and amortization	3,822	3,743	16,048	13,798
Write-off of fixed assets	623	739	2,220	1,244
Amortization of deferred lease inducements	(344)	(264)	(1,095)	(874)
Stock-based compensation	363	203	829	929
Future income taxes	-	578	-	526
	16,686	13,247	51,606	40,374
Net change in non-cash working capital items related to operations	13,916	8,474	(1,873)	(3,939)
Deferred lease inducements	47	360	4,384	1,958
Cash flows related to operating activities	30,649	22,081	54,117	38,393
FINANCING ACTIVITIES				
Repayment of capital lease obligations	(346)	(673)	(1,947)	(2,634)
Proceeds of long-term debt	-	-	16,344	-
Repayment of long-term debt	(1,863)	(1,058)	(6,868)	(4,212)
Issue of capital stock	358	2,590	1,366	2,763
Dividends paid	(3,129)	(1,508)	(30,363)	(6,029)
Cash flows related to financing activities	(4,980)	(649)	(21,468)	(10,112)
INVESTING ACTIVITIES				
Increase in short-term investments	(30,032)	(21,724)	(7,455)	(15,816)
Additions to fixed assets	(2,935)	(4,806)	(24,091)	(27,701)
Cash flows related to investing activities	(32,967)	(26,530)	(31,546)	(43,517)
Increase (decrease) in cash and cash equivalents	(7,298)	(5,098)	1,103	(15,236)
Cash and cash equivalents, beginning of period	11,144	7,841	2,743	17,979
Cash and cash equivalents, end of period	\$ 3,846	\$ 2,743	\$ 3,846	\$ 2,743
Supplementary information:				
Interest paid during the period	\$ 324	\$ 233	\$ 1,429	\$ 1,079
Income taxes paid during the period	3,325	3,172	14,203	15,437

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Segmented Information

<i>(In thousands of dollars)</i>	<i>(Unaudited)</i> For the three months ended		<i>(Audited)</i> For the year ended	
	January 26, 2008	January 27, 2007	January 26, 2008	January 27, 2007
Sales by country				
Canada	\$ 98,098	\$ 90,575	\$ 328,688	\$ 295,609
United States	1,875	2,384	7,382	8,270
	\$ 99,973	\$ 92,959	\$ 336,070	\$ 303,879
Sales by division				
Ladies' Clothing	\$ 55,120	\$ 51,604	\$ 191,738	\$ 172,134
Men's Clothing	17,753	15,461	52,053	45,970
Footwear	10,066	10,003	39,579	36,905
Accessories	17,034	15,891	52,700	48,870
	\$ 99,973	\$ 92,959	\$ 336,070	\$ 303,879
Net earnings (loss)				
Canada	\$ 12,246	\$ 8,554	\$ 35,714	\$ 25,912
United States	(24)	(306)	(2,110)	(1,161)
	\$ 12,222	\$ 8,248	\$ 33,604	\$ 24,751
Identifiable assets				
Canada	\$ 201,440	\$ 180,736	\$ 201,440	\$ 180,736
United States	2,539	4,973	2,539	4,973
	\$ 203,979	\$ 185,709	\$ 203,979	\$ 185,709