

PRESS RELEASE

LE CHÂTEAU REPORTS FIRST QUARTER RESULTS

Montreal, June 11, 2009 – Le Château Inc. (TSX: CTU.A) today reported that sales for the first quarter ended May 2, 2009 increased 1.7% to \$71.8 million from \$70.6 million for the first quarter ended April 26, 2008. Comparable store sales decreased by 5.9% versus the same period a year ago.

Net earnings for the first quarter ended May 2, 2009 were \$5.1 million compared to \$5.6 million for the first quarter ended April 26, 2008. Earnings per share (diluted) for the first quarter were \$0.21 per share versus \$0.22 per share the previous year. Earnings before interest, income taxes, depreciation and amortization (EBITDA) for the first quarter amounted to \$12.0 million or 16.7% of sales, compared to \$12.4 million or 17.5% of sales last year.

During the first quarter, the Company opened 2 stores, closed 1 and expanded 1 existing location, resulting in the addition of 8,000 square feet to the Le Château network, bringing the total floor space at end of period to 1,056,000 square feet.

Dividend declaration

The Board of Directors has declared a quarterly dividend (constituting eligible dividends for income tax purposes) of \$0.175 per Class A subordinate voting share and Class B voting share. This is the 63rd consecutive dividend declared by Le Château, and is payable on August 18, 2009 to the shareholders of record at the close of business on July 30, 2009.

Normal course issuer bid

The Company announced today that it intends, subject to the approval of the Toronto Stock Exchange, to proceed with a normal course issuer bid. Under the bid, the Company may purchase up to 987,173 Class A subordinate voting shares of the Company, representing 5% of the issued shares of such class as at June 11, 2009. The bid will commence on June 19, 2009 and may continue to June 18, 2010. The average daily trading volume for the 6-month period preceding June 1, 2009 is 26,815 shares. In accordance with TSX requirements, a maximum daily repurchase of 25% of this average may be made, representing 6,703 shares. The shares will be purchased on behalf of the Company by a registered broker through the facilities of the Toronto Stock Exchange. The price paid for the shares will be the market price at the time of acquisition, and the number of shares purchased and the timing of any such purchases will be determined by the Company. All shares purchased by the Company will be cancelled. The Company currently has 19,743,464 Class A subordinate voting shares outstanding. During the past 12 months, the Company purchased 920,700 Class A subordinate voting shares at a weighted average price of \$11.41 per share for a total of \$10.5 million.

The directors of the Company have concluded that purchases of up to 987,173 of the issued and outstanding Class A subordinate voting shares are an appropriate and desirable use of the Company's available funds and, therefore, would be in the best interests of the Company. As a result of such purchases, the number of issued shares will be decreased and, consequently, the proportionate share interest of all remaining shareholders will be increased on a pro rata basis.

Annual General Meeting

The Company's annual general meeting is scheduled for June 17, 2009 at its head office located at 8300 Decarie Boulevard. The record date for this meeting was May 15, 2009.

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 223 retail locations, of which 219 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 9 stores under license in the Middle East.

The Company's 49-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 opened 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

(Unaudited)

(In thousands of dollars)

	As at May 2, 2009	As at April 26, 2008	As at January 31, 2009
ASSETS			
Current			
Cash and cash equivalents	\$ 20,158	\$ 16,929	\$ 10,034
Short-term investments	20,000	53,080	56,643
Accounts receivable and other assets	3,616	4,808	4,791
Income taxes refundable	1,371	-	-
Derivative financial instruments	-	-	1,530
Inventories	57,590	49,868	54,012
Future income taxes	149	-	-
Prepaid expenses	6,950	1,992	778
Total current assets	109,834	126,677	127,788
Long-term investments	10,000	-	-
Fixed assets	89,914	92,214	88,643
	\$ 209,748	\$ 218,891	\$ 216,431

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	\$ 24,457	\$ 29,815	\$ 25,403
Dividend payable	4,239	3,133	4,239
Income taxes payable	-	456	2,285
Derivative financial instruments	470	-	-
Current portion of capital lease obligations	677	1,403	1,008
Current portion of long-term debt	7,885	10,049	8,746
Future income taxes	-	-	487
Total current liabilities	37,728	44,856	42,168
Capital lease obligations	-	677	-
Long-term debt	17,267	25,335	18,982
Future income taxes	3,176	2,956	3,176
Deferred lease inducements	9,513	8,704	9,691
Total liabilities	67,684	82,528	74,017

Shareholders' equity

Capital stock	30,997	31,794	30,997
Contributed surplus	2,643	2,034	2,460
Retained earnings	108,745	102,396	107,914
Accumulated other comprehensive income (loss)	(321)	139	1,043
Total shareholders' equity	142,064	136,363	142,414
	\$ 209,748	\$ 218,891	\$ 216,431

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Unaudited)

(In thousands of dollars)

	For the three months ended	
	May 2, 2009	April 26, 2008
Balance, beginning of period	\$ 107,914	\$ 99,884
Net earnings	5,070	5,645
	112,984	105,529
Dividends declared	4,239	3,133
Balance, end of period	\$ 108,745	\$ 102,396

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(In thousands of dollars, except per share data)

	For the three months ended	
	May 2, 2009	April 26, 2008
Sales	\$ 71,775	\$ 70,616
Cost of sales and expenses		
Cost of sales and selling, general and administrative	59,798	58,262
Depreciation and amortization	4,303	4,039
Write-off of fixed assets	-	100
Interest on long-term debt and capital lease obligations	377	434
Interest income	(273)	(699)
	64,205	62,136
Earnings before income taxes	7,570	8,480
Provision for income taxes	2,500	2,835
Net earnings	\$ 5,070	\$ 5,645
Net earnings per share		
Basic	\$ 0.21	\$ 0.23
Diluted	0.21	0.22

Weighted average number of shares outstanding ('000) 24,223 25,063

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands of dollars)

	For the three months ended	
	May 2, 2009	April 26, 2008
Net earnings	\$ 5,070	\$ 5,645
Other comprehensive income		
Change in fair value of forward exchange contracts	(551)	209
Realized forward exchange contracts reclassified to net earnings	(1,449)	(255)
Income tax recovery	636	19
	(1,364)	(27)
Comprehensive income	\$ 3,706	\$ 5,618

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands of dollars)

	For the three months ended	
	May 2, 2009	April 26, 2008
OPERATING ACTIVITIES		
Net earnings	\$ 5,070	\$ 5,645
Adjustments to determine net cash from operating activities		
Depreciation and amortization	4,303	4,039
Write-off of fixed assets	-	100
Amortization of deferred lease inducements	(356)	(338)
Stock-based compensation	183	273
Future income taxes	-	(927)
	9,200	8,792
Net change in non-cash working capital items related to operations	(13,177)	(9,702)
Deferred lease inducements	178	469
Cash flows related to operating activities	(3,799)	(441)
FINANCING ACTIVITIES		
Repayment of capital lease obligations	(331)	(312)
Proceeds of long-term debt	-	18,000
Repayment of long-term debt	(2,576)	(2,418)
Dividends paid	(4,239)	(3,133)
Cash flows related to financing activities	(7,146)	12,137
INVESTING ACTIVITIES		
Decrease in short-term investments	36,643	13,274
Increase in long-term investments	(10,000)	-
Additions to fixed assets	(5,574)	(11,887)
Cash flows related to investing activities	21,069	1,387
Increase in cash and cash equivalents	10,124	13,083
Cash and cash equivalents, beginning of period	10,034	3,846
Cash and cash equivalents, end of period	\$ 20,158	\$ 16,929
Supplementary information:		
Interest paid during the period	\$ 377	\$ 434
Income taxes paid during the period	6,096	8,398

le château inc.

SEGMENTED INFORMATION

(Unaudited)

(In thousands of dollars)

	For the three months ended	
	May 2, 2009	April 26, 2008
Sales by country		
Canada	\$ 70,338	\$ 69,206
United States	1,437	1,410
	\$ 71,775	\$ 70,616
Sales by division		
Ladies' Clothing	\$ 41,703	\$ 41,660
Men's Clothing	11,144	10,865
Footwear	7,661	7,471
Accessories	11,267	10,620
	\$ 71,775	\$ 70,616
Net earnings (loss)		
Canada	\$ 5,308	\$ 5,730
United States	(238)	(85)
	\$ 5,070	\$ 5,645
Fixed assets		
Canada	\$ 89,000	\$ 91,054
United States	914	1,160
	\$ 89,914	\$ 92,214