

PRESS RELEASE

LE CHÂTEAU REPORTS RECORD YEAR-END EARNINGS

Montreal, April 8, 2009 – Le Château Inc. (TSX: CTU.A) today reported that net earnings for the 53-week period ended January 31, 2009 increased 18.4% to \$38.6 million from \$32.6 million for the 52-week period ended January 26, 2008. Earnings per share (basic) for the year increased 20.0% to \$1.56 per share from \$1.30 per share the previous year. Earnings before interest, income taxes, depreciation and amortization (EBITDA) for the year increased 9.2% to \$74.5 million or 21.6% of sales, compared to \$68.2 million or 20.3% of sales last year, resulting primarily from continued improvements in gross margins.

Sales for the 53-week period ended January 31, 2009 increased 2.8% to \$345.6 million compared to \$336.1 million for the 52-week period ended January 26, 2008. Comparable store sales decreased by 2.7% over the same period a year ago. During the year, the Company opened twelve new stores and expanded nine existing locations, resulting in the addition of 83,000 square feet or 8.6% to the Le Château network, bringing the total floor space at end of year to 1,048,000 square feet.

In June 2008, the Toronto Stock Exchange approved the Company's previously announced normal course issuer bid to purchase up to 925,148 Class A subordinate voting shares. Since June 19, 2008, the Company purchased 920,700 Class A subordinate voting shares at an average price of \$11.44 per share for a total of \$10.5 million.

Fourth quarter results

Net earnings for the 14-week period ended January 31, 2009 increased 6.5% to \$13.2 million from \$12.4 million the 13-week period ended January 26, 2008. Earnings per share (basic) for the period increased 10.2% to \$0.54 per share from \$0.49 per share last year. Earnings before interest, income taxes, depreciation and amortization (EBITDA) for the fourth quarter increased 3.0% to \$23.9 million or 23.3% of sales, compared to \$23.2 million or 23.2% of sales last year.

Sales rose 2.6% to \$102.6 million for the 14-week period ended January 31, 2009, compared to \$100.0 million for the 13-week period ended January 26, 2008. Comparable store sales decreased 5.4% versus 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 \$0.175 per Class A subordinate voting share and Class B voting share. This is the 62nd consecutive dividend declared by Le Château, and is payable on May 19, 2009 to the shareholders of record at the close of business on May 5, 2009.

New Accounting Standard Implemented in 2008:

On January 27, 2008, the Company adopted the recommendations of the following Section of the Canadian Institute of Chartered Accountants ("CICA") Handbook:

Section 3031, Inventory, was developed based on International Financial Reporting Standards ("IFRS"). The standard was revised to provide more extensive guidance than Section 3030, to facilitate the CICA's move towards IFRS, and to reduce the number of alternatives for the measurement of inventories. Section 3031 requires inventories to be measured at the lower of cost and net realizable value. The Company previously valued its inventory at the lower of average cost and net realizable value less a normal profit margin, using the retail inventory method.

The Company has adopted this new standard retrospectively, with restatement of prior period amounts. The initial impact of measuring the inventories under the new standard was an increase to the carrying amount of opening inventories as at January 27, 2008 of \$2.9 million (\$4.4 million as at January 28, 2007). Opening retained earnings as at January 27, 2008 have been increased by \$2.0 million, equal to the change in opening inventories net of tax of \$927,000. For the previous year, opening retained earnings as at January 28, 2007 have been increased by \$3.0 million, equal to the change in opening inventories net of tax of \$1.4 million.

The adoption of the new standard resulted in an increase in net earnings for the fourth quarter ended January 31, 2009 of \$26,000 or NIL per share. The carrying amount of inventories as at January 31, 2009 increased by \$1.8 million to \$54.0 million. As a result of the restatement, net earnings for the fourth quarter ended January 26, 2008 increased by \$139,000 or NIL per share. The carrying amount

of inventories as at January 26, 2008 increased by \$2.9 million to \$45.9 million. On a year-to-date basis, the adoption of the new standard resulted in a reduction of net earnings for the year ended January 31, 2009 of \$736,000 or \$0.03 per share (2008 - \$1.0 million or \$0.05 per share).

Total inventories as at January 31, 2009 increased 17.6% to \$54.0 million from \$45.9 million a year earlier. Approximately half of this increase is related to the following two factors. Firstly, an earlier Chinese New Year resulted in the acceleration of import spring receipts and secondly, there was an additional week of spring deliveries due to a 53-week period which ended one week later on January 31, 2009 as compared to a 52-week period the previous year which ended January 26, 2008. The balance of the increase was due to the additional square footage year over year of 8.6% or 83,000 square feet.

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 222 retail locations, of which 218 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.

CONSOLIDATED BALANCE SHEETS

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	As at January 31, 2009	As at January 26, 2008 <i>(restated)</i>
ASSETS		
Current		
Cash and cash equivalents	\$ 10,034	\$ 3,846
Short-term investments	56,643	66,354
Accounts receivable and other assets	4,791	4,350
Derivative financial instruments	1,530	250
Inventories	54,012	45,903
Prepaid expenses	778	1,707
Total current assets	127,788	122,410
Fixed assets	88,643	84,466
	\$ 216,431	\$ 206,876
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 25,403	\$ 30,377
Dividend payable	4,239	3,133
Income taxes payable	2,285	5,092
Current portion of capital lease obligations	1,008	1,384
Current portion of long-term debt	8,746	7,113
Future income taxes	487	927
Total current liabilities	42,168	48,026
Capital lease obligations	-	1,008
Long-term debt	18,982	12,689
Future income taxes	3,176	2,975
Deferred lease inducements	9,691	8,573
Total liabilities	74,017	73,271
Shareholders' Equity		
Capital stock	30,997	31,794
Contributed surplus	2,460	1,761
Retained earnings	107,914	99,884
Accumulated other comprehensive income	1,043	166
Total shareholders' equity	142,414	133,605
	\$ 216,431	\$ 206,876

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	For the three months ended		For the year ended	
	January 31, 2009	January 26, 2008 <i>(restated)</i>	January 31, 2009	January 26, 2008 <i>(restated)</i>
Balance, beginning of period – as previously reported	\$ 100,020	\$ 88,826	\$ 97,914	\$ 76,814
Adjustment to opening retained earnings resulting from adoption of new accounting standard for inventories, net of income taxes of \$927 (2008 - 3 month period \$860; 2008 - 12 month period \$1,400)	-	1,833	1,970	2,978
Excess of cost over stated value of Class A subordinate voting shares purchased and cancelled	(1,034)	-	(8,989)	-
Net earnings	13,167	12,359	38,621	32,596
	112,153	103,018	129,516	112,388
Dividends declared	4,239	3,134	21,602	12,504
Balance, end of period	\$ 107,914	\$ 99,884	\$ 107,914	\$ 99,884

CONSOLIDATED STATEMENTS OF EARNINGS

<i>(Unaudited)</i> <i>(In thousands of dollars, except per share data)</i>	For the three months ended		For the year ended	
	January 31, 2009	January 26, 2008 <i>(restated)</i>	January 31, 2009	January 26, 2008 <i>(restated)</i>
Sales	\$ 102,555	\$ 99,973	\$ 345,614	\$ 336,070
Cost of sales and expenses				
Cost of sales and selling, general and administrative	78,648	76,819	271,119	267,878
Depreciation and amortization	4,233	3,822	16,705	16,048
Write-off of fixed assets	401	623	585	2,220
Interest on long-term debt and capital lease obligations	426	324	1,798	1,429
Interest income	(505)	(641)	(2,299)	(2,028)
	83,203	80,947	287,908	285,547
Earnings before income taxes	19,352	19,026	57,706	50,523
Provision for income taxes	6,185	6,667	19,085	17,927
Net earnings	\$ 13,167	\$ 12,359	\$ 38,621	\$ 32,596
Net earnings per share				
Basic	\$ 0.54	\$ 0.49	\$ 1.56	\$ 1.30
Diluted	0.54	0.49	1.55	1.29
Weighted average number of shares outstanding ('000)	24,355	25,036	24,796	24,978

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	For the three months ended		For the year ended	
	January 31, 2009	January 26, 2008 <i>(restated)</i>	January 31, 2009	January 26, 2008 <i>(restated)</i>
Net earnings	\$ 13,167	\$ 12,359	\$ 38,621	\$ 32,596
Other comprehensive income				
Change in fair value of forward exchange contracts	(194)	(881)	5,260	(1,825)
Realized forward exchange contracts reclassified to net earnings	(3,336)	2,075	(3,980)	1,755
Income tax (expense) recovery	1,122	(402)	(403)	24
	(2,408)	792	877	(46)
Comprehensive income	\$ 10,759	\$ 13,151	\$ 39,498	\$ 32,550

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	For the three months ended		For the year ended	
	January 31, 2009	January 26, 2008 <i>(restated)</i>	January 31, 2009	January 26, 2008 <i>(restated)</i>
OPERATING ACTIVITIES				
Net earnings	\$ 13,167	\$ 12,359	\$ 38,621	\$ 32,596
Adjustments to determine net cash from operating activities				
Depreciation and amortization	4,233	3,822	16,705	16,048
Write-off of fixed assets	401	623	585	2,220
Amortization of deferred lease inducements	(358)	(344)	(1,414)	(1,095)
Stock-based compensation	190	363	836	829
Future income taxes	285	67	(642)	(473)
	17,918	16,890	54,691	50,125
Net change in non-cash working capital				
items related to operations	(963)	13,712	(15,402)	(392)
Deferred lease inducements	733	47	2,532	4,384
Cash flows related to operating activities	17,688	30,649	41,821	54,117
FINANCING ACTIVITIES				
Repayment of capital lease obligations	(435)	(346)	(1,384)	(1,947)
Proceeds of long-term debt	-	-	18,000	16,344
Repayment of long-term debt	(2,432)	(1,863)	(10,074)	(6,868)
Issue of capital stock upon exercise of options	-	358	614	1,366
Purchase of Class A subordinate voting shares for cancellation	(1,303)	-	(10,537)	-
Dividends paid	(4,278)	(3,129)	(20,496)	(30,363)
Cash flows related to financing activities	(8,448)	(4,980)	(23,877)	(21,468)
INVESTING ACTIVITIES				
Decrease (increase) in short-term investments	-	(30,032)	9,711	(7,455)
Additions to fixed assets	(1,611)	(2,935)	(21,467)	(24,091)
Cash flows related to investing activities	(1,611)	(32,967)	(11,756)	(31,546)
Increase (decrease) in cash and cash equivalents	7,629	(7,298)	6,188	1,103
Cash and cash equivalents, beginning of period	2,405	11,144	3,846	2,743
Cash and cash equivalents, end of period	\$ 10,034	\$ 3,846	\$ 10,034	\$ 3,846
Supplementary information:				
Interest paid during the period	\$ 426	\$ 324	\$ 1,798	\$ 1,429
Income taxes paid during the period	4,206	3,325	22,009	14,203

le château inc.

SEGMENTED INFORMATION

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	For the three months ended		For the year ended	
	January 31, 2009	January 26, 2008 <i>(restated)</i>	January 31, 2009	January 26, 2008 <i>(restated)</i>
Sales by country				
Canada	\$ 100,982	\$ 98,098	\$ 339,660	\$ 328,688
United States	1,573	1,875	5,954	7,382
	\$ 102,555	\$ 99,973	\$ 345,614	\$ 336,070
Sales by division				
Ladies' Clothing	\$ 53,549	\$ 55,120	\$ 190,676	\$ 191,738
Men's Clothing	18,462	17,753	57,847	52,053
Footwear	10,719	10,066	38,562	39,579
Accessories	19,825	17,034	58,529	52,700
	\$ 102,555	\$ 99,973	\$ 345,614	\$ 336,070
Net earnings (loss)				
Canada	\$ 13,523	\$ 12,383	\$ 39,259	\$ 34,706
United States	(356)	(24)	(638)	(2,110)
	\$ 13,167	\$ 12,359	\$ 38,621	\$ 32,596
Identifiable assets				
Canada	\$ 214,165	\$ 204,337	\$ 214,165	\$ 204,337
United States	2,266	2,539	2,266	2,539
	\$ 216,431	\$ 206,876	\$ 216,431	\$ 206,876