

PRESS RELEASE

For Immediate Release

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LE CHÂTEAU REPORTS RECORD FOURTH QUARTER AND YEAR-END RESULTS

Montreal, April 6, 2006 – Le Château Inc. (TSX: CTU.SV.A) today reported that sales increased 15.7% to \$279,064,000 for the year ended January 28, 2006 as compared with \$241,131,000 last year. Comparable store sales increased by 11.2% compared with the same period a year ago. During the year, the Company opened thirteen new stores, closed two stores and expanded several existing locations, resulting in the addition of 75,000 square feet or 11% to the Le Château network.

Net earnings for the year increased 48.0% to \$23,513,000 or \$3.95 per share from \$15,886,000 or \$2.96 per share last year, resulting primarily from continued improvements in gross margins due to a higher yielding product mix. The earnings per share reflect the dilutive impact of the share issuance in December 2004. Earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 38.3% to \$48,192,000 as compared with \$34,845,000 last year.

The Company announced, on March 14, 2006, that it will begin evaluating various strategic alternatives, including, but not limited to, a sale of the Company, a business combination or a capital reorganization, and has engaged a financial advisor to assist the Company in evaluating and considering such alternatives and their potential for enhancing shareholder value. The process is expected to take several months and may not result in any transaction or other action being taken.

Fourth quarter results

Sales rose 11.2% to \$80,225,000 for the fourth quarter as compared with \$72,150,000 last year. Comparable store sales increased 6.8% over the same period a year ago.

Net earnings for the fourth quarter increased 29.5% to \$6,492,000 or \$1.08 per share from \$5,013,000 or \$0.91 per share the previous year. Earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 26.9% to \$13,412,000 as compared with \$10,572,000 last year.

Dividend Declaration

The Board of Directors declared a quarterly dividend of \$0.25 per Class A Subordinate Voting Share and Class B Voting Share. This is the 50th consecutive dividend declared by Le Château, and is payable on May 15, 2006 to the shareholders of record at the close of business on April 28, 2006.

Profile

Le Château is a leading Canadian brand in specialty retailing offering a broad array of fashion-forward 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 187 retail locations across Canada, except for five locations 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 47-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.

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.

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CONSOLIDATED BALANCE SHEETS

(Audited)

(In thousands of dollars)

	As at January 28, 2006	As at January 29, 2005
ASSETS		
Current		
Cash and cash equivalents	\$ 17,979	\$ 45,985
Short-term investments	43,083	–
Accounts receivable and prepaid expenses	3,746	2,089
Inventories	35,444	29,393
Total current assets	100,252	77,467
Fixed assets	65,984	50,731
	\$ 166,236	\$ 128,198

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	\$ 27,668	\$ 22,397
Dividend payable	1,507	1,027
Income taxes payable	3,740	1,923
Current portion of capital lease obligations	2,634	1,399
Current portion of long-term debt	4,212	2,940
Total current liabilities	39,761	29,686
Capital lease obligations	4,339	2,329
Long-term debt	10,326	6,757
Future income taxes	2,365	1,695
Deferred lease inducements	4,200	2,487
Total liabilities	60,991	42,954

Shareholders' Equity

Capital stock	27,210	26,393
Contributed surplus	458	–
Retained earnings	77,577	58,851
Total shareholders' equity	105,245	85,244
	\$ 166,236	\$ 128,198

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CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

<i>(Audited)</i>	For the three months ended		For the year ended	
<i>(In thousands of dollars)</i>	January 28, 2006	January 29, 2005	January 28, 2006	January 29, 2005
Balance, beginning of period	\$ 72,592	\$ 54,865	\$ 58,851	\$ 46,388
Net earnings	6,492	5,013	23,513	15,886
	79,084	59,878	82,364	62,274
Dividends	1,507	1,027	4,787	3,423
Balance, end of period	\$ 77,577	\$ 58,851	\$ 77,577	\$ 58,851

CONSOLIDATED STATEMENTS OF EARNINGS

<i>(Audited)</i>	For the three months ended		For the year ended	
<i>(In thousands of dollars, except per share data)</i>	January 28, 2006	January 29, 2005	January 28, 2006	January 29, 2005
Sales	\$ 80,225	\$ 72,150	\$ 279,064	\$ 241,131
Cost of sales and expenses				
Cost of sales and selling, general and administrative	66,813	61,578	230,872	206,286
Depreciation and amortization	3,088	2,371	11,238	9,062
Write-off of fixed assets	858	782	1,164	1,142
Interest on long term debt and capital lease obligations	269	209	803	674
Interest Income	(383)	(173)	(976)	(369)
	70,645	64,767	243,101	216,795
Earnings before income taxes	9,580	7,383	35,963	24,336
Provision for income taxes	3,088	2,370	12,450	8,450
Net earnings	\$ 6,492	\$ 5,013	\$ 23,513	\$ 15,886
Net earnings per share				
Basic	\$ 1.08	\$ 0.91	\$ 3.95	\$ 2.96
Diluted	1.05	0.88	3.82	2.84
Weighted average number of shares outstanding ('000)	5,999	5,557	5,953	5,362

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Audited)

(In thousands of dollars)

	For the three months ended		For the year ended	
	January 28, 2006	January 29, 2005	January 28, 2006	January 29, 2005
OPERATING ACTIVITIES				
Net earnings	\$ 6,492	\$ 5,013	\$ 23,513	\$ 15,886
Adjustments to determine net cash from operating activities				
Depreciation and amortization	3,088	2,371	11,238	9,062
Write-off of fixed assets	858	782	1,164	1,142
Amortization of deferred lease inducements	(215)	(338)	(732)	(736)
Deferred lease inducements	820	564	2,445	1,292
Stock-based compensation	207	-	458	-
Future income taxes	670	(63)	670	(63)
	11,920	8,329	38,756	26,583
Net change in non-cash working capital items related to operations	10,089	15,490	(620)	(1,844)
Cash flows from operating activities	22,009	23,819	38,136	24,739
FINANCING ACTIVITIES				
Repayment of loan to director	-	-	-	566
Proceeds of capital leases	4,943	-	4,943	-
Repayment of capital lease obligations	(657)	(386)	(1,698)	(1,525)
Proceeds of long-term debt	-	-	8,081	9,991
Repayment of long-term debt	(1,050)	(708)	(3,240)	(2,060)
Issue of capital stock	324	11,091	817	11,619
Dividends paid	-	(802)	(4,307)	(2,921)
Cash flows from financing activities	3,560	9,195	4,596	15,670
INVESTING ACTIVITIES				
Increase in short-term investments	(28,189)	-	(43,083)	-
Additions to fixed assets	(4,588)	(4,549)	(27,655)	(16,491)
Cash flows from investing activities	(32,777)	(4,549)	(70,738)	(16,491)
Increase (decrease) in cash and cash equivalents	(7,208)	28,465	(28,006)	23,918
Cash and cash equivalents, beginning of period	25,187	17,520	45,985	22,067
Cash and cash equivalents, end of period	\$ 17,979	\$ 45,985	\$ 17,979	\$ 45,985
Supplementary information:				
Interest paid during the period	\$ 269	\$ 209	\$ 803	\$ 674
Income taxes paid during the period, net	2,151	1,724	9,930	8,312

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SEGMENTED INFORMATION

(Audited)

(In thousands of dollars)

	For the three months ended		For the year ended	
	January 28, 2006	January 29, 2005	January 28, 2006	January 29, 2005
Sales by country				
Canada	\$ 78,061	\$ 70,152	\$ 271,348	\$ 233,408
United States	2,164	1,998	7,716	7,723
	\$ 80,225	\$ 72,150	\$ 279,064	\$ 241,131
Sales by division				
Ladies' Clothing	\$ 43,211	\$ 41,707	\$ 153,362	\$ 141,149
Men's Clothing	12,716	9,601	38,019	30,452
Junior Girl Clothing	2,758	3,542	10,995	13,892
Footwear	6,973	4,608	25,128	18,063
Accessories	14,567	12,692	51,560	37,575
	\$ 80,225	\$ 72,150	\$ 279,064	\$ 241,131
Net earnings (loss)				
Canada	\$ 6,940	\$ 5,267	\$ 24,406	\$ 16,432
United States	(448)	(254)	(893)	(546)
	\$ 6,492	\$ 5,013	\$ 23,513	\$ 15,886
Identifiable assets				
Canada	\$ 161,217	\$ 124,009	\$ 161,217	\$ 124,009
United States	5,019	4,189	5,019	4,189
	\$ 166,236	\$ 128,198	\$ 166,236	\$ 128,198