



LIQUOR STORES INCOME FUND

FOR IMMEDIATE RELEASE

LIQUOR STORES INCOME FUND REPORTS FIRST QUARTER 2008 RESULTS

EDMONTON, ALBERTA, May 8, 2008 – Liquor Stores Income Fund (“Liquor Stores” or the “Fund”) (TSX:LIQ.UN) today reported its 2008 first quarter results.

HIGHLIGHTS

- First quarter 2008 sales up by 82% to \$94 million following the acquisition of Liquor Barn
- Operating margin up sharply 69% to \$5.4 million
- First quarter 2008 Liquor Depot same-store sales (99 stores) up 6.2%
- Simon McCaffery appointed Chief Operating Officer

The Fund has experienced significant growth following its June 2007 acquisition of 81 Liquor Barn stores. There is a lack of publicly available information for the combined operation and there are a number of variables that have arisen from the acquisition. The Fund is expecting distributable cash per Unit for the full year 2008 will increase by 3% to 5% compared to 2007.

“Same-store sales for Liquor Depot and Liquor Barn combined, on a proforma comparative basis, rose by 1.5% from a year earlier,” said Mr. Kipnes. “The overall sales improvement from a year earlier would have been even more significant, but for a decline from a year ago of 5.0% on a proforma comparison basis for sales at 66 Liquor Barn stores.”

“The proforma Liquor Barn sales decline is primarily attributable to the harmonization of retail prices with Liquor Depot stores. A similar situation occurred in first quarter of 2005 when the Fund reported a 2.53% decrease in same store sales from a year earlier as a result of price harmonization between the Fund’s Liquor Depot and Liquor World stores. The Fund resumed a normal growth pattern thereafter and we expect a similar result with the harmonization of the Liquor Barn stores.”

Added Mr. Kipnes, “Our growth strategy is focused on acquisitions in British Columbia and the development of new stores in Alberta. We are also monitoring opportunities in other provinces and in the US, where more than 30 states permit private retail distribution of alcoholic beverages. We are currently negotiating to acquire several stores in the US.”

The Fund currently operates 201 stores, compared with 198 at the end of the first quarter of 2008 and 105 at the end of the first quarter of 2007. The increase from a year earlier consists of both organic growth and the acquisition of Liquor Barn Limited Partnership on June 8, 2007.

DISTRIBUTABLE CASH AND DISTRIBUTIONS

For the first quarter of 2008 distributable cash before non-recurring items was \$0.19 per unit, down 5.0% from \$0.20 per unit a year earlier. Non-recurring items of \$500,000 or \$0.02 per unit refer to recruitment and relocation expenses, as well as extraordinary professional fees. After non-recurring items, distributable cash was \$0.17 per weighted average unit.

The Fund declared distributions of \$0.405 per unit, up 14% from \$0.36 per unit a year earlier. The liquor industry is subject to seasonal variations, with higher sales in the second half of the year. As a result, distributable cash typically will be less than actual distributions early in the year but will exceed distributions in the later portion of the year.

EARNINGS AND EARNINGS PER UNIT

For the first quarter of 2008 net earnings before non-controlling interest and before a non-cash income tax charge were \$1.6 million, down 31% from \$2.4 million a year earlier. The non-cash income tax charge, which totalled \$3.1 million, involved future income tax expense due to a revised estimate of temporary differences pertaining to certain goodwill, property, plant and equipment, and intangible assets balances, compared with nil a year earlier in each of these categories. After the non-cash charge, the Fund's net loss before non-controlling interest was \$1.4 million and before the non-cash charge, would have been \$4.7 million versus \$2.4 million a year earlier.

For the first quarter of 2008 net loss and comprehensive loss was \$1.2 million compared with net income and comprehensive income of \$1.8 million a year earlier.

For the first quarter of 2008 diluted loss per unit, after the non-cash tax charge, was \$0.07 compared to net earnings of \$0.17 in the first quarter of 2007. For the first quarter of 2008, the diluted loss per unit includes a charge of \$3.1 million or \$0.14 per diluted unit in respect of future income tax expense.

MANAGEMENT APPOINTMENT

Liquor Stores GP Inc. has appointed Simon McCaffery to the position of Chief Operating Officer. Mr. McCaffery was formerly based in Toronto as country manager and director for Canada of Brown-Forman Corporation, Louisville, Kentucky, one of the ten largest global spirits companies.

“Simon has exceptional experience in the beverage alcohol industry,” said Mr. Kipnes. “He is a strong addition to our senior management team and is an important part of our succession plan. We are delighted that he has decided to join us.”

Liquor Stores Summary Financial Results, three months ended March 31, 2008

(000) except per unit	2008	2007	% change
Sales	\$94,422	\$51,809	82%
Operating Margin before non-recurring items	\$5,454	\$3,224	69%
Earnings before non-controlling interest (and before non-cash tax charge)	\$1,642	\$2,383	-31%
Earnings (loss) before non-controlling interest	(\$1,420)	\$2,383	n/a
Diluted earnings per unit (before non-cash tax charge)	\$0.07	\$0.17	-59%
Diluted earnings (loss) per unit (after a non-cash tax charge)	(\$0.07)	\$0.17	n/a
Distributable cash (before non-recurring items)	\$4,253	\$2,758	54%
Distributable cash	\$3,753	\$2,758	36%
Distributable cash per unit (before non-recurring items)	\$0.19	\$0.20	-5%
Distributable cash per unit	\$0.17	\$0.20	-15%
Cash distributions per unit	\$0.41	\$0.36	14%
Diluted average units outstanding	22,490	13,525	66%

The Management's Discussion and Analysis (MD&A) as well as the complete financial statements and notes for the first quarter of 2008 are available on the Fund's website at this link: www.liquorstoresincomefund.ca

Conference Call

Liquor Stores Income Fund will conduct an investor conference call on May 9, 2008 to discuss results for the first quarter ending March 31, 2008. The conference call will take place at 9 a.m. MT. Participants in the call include Irv Kipnes, Chief Executive Officer, Rick Crook, President, Pat de Grace, Vice-President, Finance and Chief Financial Officer.

To take part in the call, please dial 416-641-6121, or toll-free 1-866-299-8690. An archived recording of the conference call will be available approximately one hour after the completion of the call until May 16, 2008, by dialling 416-695-5800, or toll-free 1-800-408-3053. The required passcode is 3260515. An archived recording of the call will also be available on the Liquor Stores Income Fund website.

About Liquor Stores Income Fund

The Fund is a publicly traded Canadian income fund that participates in the retail liquor industry in Alberta and British Columbia through its 81.7% interest in Liquor Stores Limited Partnership. Management believes the Fund is Canada's largest operator of private liquor stores by both number of stores and sales revenue. The Fund currently operates 201 stores.

Additional information about Liquor Stores Income Fund is available at www.sedar.com and the Fund's website at www.liquorstoresincomefund.ca.

NON-GAAP MEASURES

References to "distributable cash" are to cash available for distribution to unitholders in accordance with the distribution policies of the Fund. Management believes that, in addition to income or loss, cash available for distribution before debt service, changes in working capital, capital expenditures and income taxes is a useful supplemental measure of performance. Distributable cash of the Fund is a measure generally used by Canadian open-ended trusts as an indicator of financial performance. As one of the factors that may be considered relevant by unitholders and prospective investors is the cash distributed by the Fund relative to the price of the Fund's trust units, management believes that distributable cash of the Fund is a useful supplemental measure that may assist unitholders and prospective investors in assessing an investment in the Fund.

Operating margin has been derived by adding amortization of inventory fair value adjustments, interest expense, non-recurring items and amortization of property and equipment, intangibles and pre-opening costs to net earnings before non-controlling interest. Operating margin as a percentage of sales is calculated by dividing operating margin by sales.

Operating margin, operating margin as a percentage of sales and distributable cash are not measures recognized by GAAP and do not have a standardized meaning prescribed by GAAP. Investors are cautioned that operating margin, operating margin as a percentage of sales and distributable cash should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Fund's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Fund's method of calculating operating margin, operating margin as a percentage of sales and distributable cash may differ from the methods used by other issuers. Therefore, the Fund's operating margin, operating margin as a percentage of sales and distributable cash may not be comparable to similar measures presented by other issuers.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements. All statements other than statements of historical fact contained in this press release are forward-looking statements, including, without limitation, statements regarding the future financial position, cash distributions, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving the Fund, Liquor Stores Limited Partnership or Liquor Barn Limited Partnership. You can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. These forward-looking statements include statements with respect to the amount and timing of the payment of the distributions of the Fund. There can be no assurance that the plans,

intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed elsewhere in this press release. There can be no assurance that such expectations will prove to be correct.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, but are not limited to, those discussed under "Risk Factors" and "Future Orientated Financial Information" in the First Quarter 2008 Management's Discussion and Analysis..

The information contained in this press release, including the information set forth under "Risk Factors" and "Future Orientated Financial Information" in the First Quarter 2008 Management's Discussion and Analysis, identifies additional factors that could affect the operating results and performance of the Fund and Liquor Stores Limited Partnership.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release are made as of the date of this press release and the Fund assumes no obligation to update or revise them to reflect new events or circumstances except as expressly required by applicable securities law.

For further information, please contact:

Irv Kipnes	Patrick de Grace, CA	Rick Crook
Chief Executive Officer	Chief Financial Officer	President
Liquor Stores GP Inc.	Liquor Stores GP Inc.	Liquor Stores GP Inc.
(780) 944-9994 ext 8	(780) 917-4179	(780) 497-3271