



LIQUOR STORES INCOME FUND

FOR IMMEDIATE RELEASE

LIQUOR STORES INCOME FUND REPORTS 2009 FIRST QUARTER RESULTS

EDMONTON, ALBERTA, May 5, 2009 – Liquor Stores Income Fund (“Liquor Stores” or the “Fund”) (TSX: LIQ.UN) today reported its results for the first quarter of 2009.

HIGHLIGHTS:

First quarter 2009 compared with first quarter 2008

- Total sales increased 12.6% to \$106.4 million.
- Adjusted gross margin up 14.6% to \$26.9 million from \$23.4 million.
- Operating margin up 1.9% to \$5.1 million from \$5.0 million.

Rick Crook, President and CEO of LSGP, stated, “First quarter sales are up due to the increase in number of stores; however, as expected, same store sales were impacted by the timing of Easter and one less key selling day in February due to 2008 being a leap year. The Fund’s second quarter results will reflect Easter sales as the holiday shifts to the second quarter in 2009. Calendar related issues accounted for approximately 6% of an 8.5% same store sales decrease. Given the calendar related issues experienced in the first quarter and the current economic environment, we are pleased that distributable cash per unit before non-recurring items remained strong at \$0.18 per unit compared with \$0.19 for the first quarter of 2008.”

Mr. Crook also said, “Integration of the Brown Jug operations in Alaska has gone well and we are pleased with the results. We continue to execute on our growth strategy and believe the Fund is well positioned to take advantage of acquisition opportunities as they arise both in Canada and the US with adequate financial and human resources available to move forward.”

THREE MONTHS ENDED MARCH 31, 2009

SALES AND MARGINS

Sales for the existing 224 stores totalled \$106.4 million, up 12.6% from \$94.4 million for 198 stores a year earlier.

Same store sales for the three months ended March 31, 2009 were impacted by the shift in Easter to Q2 in 2009 and 2009 having one less selling day in February due to 2008 being a leap year. These events together resulted in a decrease in same store sales of approximately 6%. Same store sales were \$68.6 million, down 8.5% from \$75.0 million for the comparable period in 2008. Current economic conditions have impacted resource industries in Alberta and British Columbia including oil and gas exploration and extraction, mining and forestry. The downturn in these industries has impacted same store sales.

Operating margin was up \$0.1 million or 1.9% to \$5.1 million from \$5.0 million. Operating margin excludes pre-opening costs charged to operating and administrative expense of \$0.05 million in 2009 and \$0.25 million in 2008.

Operating margin excluding non-recurring items was \$5.3 million, down \$0.2 million from \$5.5 million a year earlier. Non-recurring expenses for 2009 included professional and consulting fees for litigation matters related to the 2007 acquisition of Liquor Barn Income Fund and other miscellaneous items.

DISTRIBUTABLE CASH AND DISTRIBUTIONS

For the first quarter of 2009 distributable cash excluding non-recurring items was \$4.0 million compared with \$4.3 million for the first quarter of 2008. Distributable cash including non-recurring items was \$3.8 million for the three months ended March 31, 2009, consistent with the same period in 2008.

Distributable cash before non-recurring items was \$0.18 for the first quarter of 2009, down from \$0.19 for the first quarter of 2008. On a weighted average basis, distributable cash for the first quarter of 2009 and 2008 was \$0.17 per unit. Had Easter fallen in the first quarter of 2009, as it did in 2008, distributable cash per unit would have exceeded distributable cash per unit for the first quarter of 2008.

For the first quarter of 2009 the Fund declared distributions of \$0.41 per unit, consistent with a year earlier.

EARNINGS AND EARNINGS PER UNIT

Net earnings for the first quarter of 2009, before non-controlling interest and before a non-cash income tax charge, were \$0.9 million compared with \$1.6 million a year earlier.

The Fund's net earnings before non-controlling interest were \$1.7 million, up \$2.6 million from a net loss before non-controlling interest of \$0.9 million a year earlier. There was a non-cash future income tax recovery in Q1 2009 of \$0.8 million, which was a result of the amortization of and additions to goodwill, property, plant and equipment, and intangible assets. The future tax expense for the same period in 2008 was \$2.5 million, on a restated basis.

First quarter 2009 net earnings were \$1.5 million, up from a net loss of \$1.3 million in 2008. Basic earnings per unit for the first quarter of 2009 were \$0.08 compared with a basic loss per unit of \$0.07 a year earlier. Diluted earnings per unit in 2009 were \$0.07, up \$0.14 from a diluted loss per unit of \$0.07 in 2008.

Other comprehensive income included \$1.1 million in currency translation gains from US operations.

Liquor Stores Summary Financial Results, quarter ended March 31, 2009 with comparisons to 2008

(000) except per unit	Three months ended	
	March 31, 2009	March 31, 2008 (restated – note 1)
Sales	\$ 106,352	\$ 94,422
Operating margin before non-recurring items	\$ 5,255	\$ 5,464
Operating margin	\$ 5,060	\$ 4,964
Earnings before non-controlling interest (and before non-cash tax charge)	\$ 852	\$ 1,583
Earnings before non-controlling interest	\$ 1,655	\$ (916)
Earnings	\$ 1,486	\$ (1,258)
Diluted earnings per unit	\$ 0.07	\$ (0.07)
Distributable cash (before non-recurring items)	\$ 4,015	\$ 4,252
Distributable cash (after non-recurring items)	\$ 3,820	\$ 3,752
Distributable cash per unit (before non-recurring items)	\$ 0.18	\$ 0.19
Distributable cash per unit (after non-recurring items)	\$ 0.17	\$ 0.17
Cash distributions per unit	\$ 0.41	\$ 0.41
Diluted average units outstanding	22,557	22,490
Stores in operation at March 31	224	198

(1) *Information for the quarters has been restated in accordance with the adoption of CICA Emerging Issues Committee Abstract #171 Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through and CICA Handbook Section 3064 – Goodwill and intangible assets.*

The Management's Discussion and Analysis (MD&A) as well as the complete financial statements and notes for the quarter ended March 31, 2009 are available on the Fund's website at this link: www.liquorstoresincomefund.ca and on the SEDAR website at www.sedar.com.

Conference Call

Liquor Stores Income Fund will conduct an investor conference call on Wednesday, May 6, 2009 to discuss results for the quarter ended March 31, 2009. The conference call will take place at 9 a.m. MDT. Participants in the call include Rick Crook, President and CEO, Pat de Grace, Vice-President, Finance and Chief Financial Officer and Simon McCaffery, Chief Operating Officer.

To take part in the call, please dial 416-695-6320, or toll-free 1-800-952-6845. An archived recording of the conference call will be available approximately one hour after the completion of the call until May 12, 2009, by dialling 416-695-5800, or toll-free 1-800-408-3053. The required passcode is 3281707. 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, British Columbia and Alaska through its 82.0% interest in Liquor Stores Limited Partnership. Management believes the Fund is Alberta's largest operator of private liquor stores by both number of stores and sales revenue. The Fund currently operates or has investments in 224 stores. The trust units and 6.75% convertible subordinated debentures of the Fund trade on the Toronto Stock Exchange under the symbols "LIQ.UN" and "LIQ.DB", respectively.

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 "EBITDA" are to earnings before interest, income taxes, depreciation and amortization and 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, EBITDA, distributable cash, distributable cash before non-recurring items, and operating margin before non-recurring items are useful supplemental measures 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.

EBITDA and distributable cash are not measures recognized by GAAP and do not have a standardized meaning prescribed by GAAP. Investors are cautioned that EBITDA 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 EBITDA and distributable cash may differ from the methods used by other issuers. Therefore, the Fund's EBITDA and distributable cash may not be comparable to similar measures presented by other issuers.

Same store sales include sales for stores that have been open 12 full months at the beginning of the reporting period and exclude stores which have significant wholesale business. Sales for five existing Liquor Depot stores have also been excluded from same store sales where new Liquor Depot stores were opened within close proximity to existing stores.

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

Operating margin and operating margin as a percentage of sales are not measures recognized by GAAP and do not have a standardized meaning prescribed by GAAP. Investors are cautioned that operating margin and operating margin as a percentage of sales 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 and operating margin as a percentage of sales may differ from the methods used by other issuers. Therefore, the Fund's operating margin and operating margin as a percentage of sales 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, sales, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving the Fund or Liquor Stores Limited Partnership. Specific forward-looking statements contained in this news release include, among others, statements regarding the anticipated future operational and financial performance of the business acquired pursuant to the Brown Jug acquisition. 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" in the First Quarter 2009 Management's Discussion and Analysis. Specific forward-looking statements contained in this press release include, among others, that Easter sales will occur in the second quarter of 2009.

The information contained in this press release, including the information set forth under "Risk Factors" in the First Quarter 2009 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:

Rick Crook	Patrick de Grace, CA
President and CEO	Vice President Finance and Chief Financial Officer
Liquor Stores GP Inc.	Liquor Stores GP Inc.
(780) 497-3271	(780) 917-4179