



LIQUOR STORES INCOME FUND

FOR IMMEDIATE RELEASE

LIQUOR STORES INCOME FUND REPORTS 2009 SECOND QUARTER RESULTS

EDMONTON, ALBERTA, August 11, 2009 – Liquor Stores Income Fund (“Liquor Stores” or the “Fund”) (TSX: LIQ.UN) today reported its 2009 second quarter and first half results.

HIGHLIGHTS:

Second quarter 2009 compared with second quarter 2008

- Distributable cash before non-recurring items up 46.2% to \$13.6 million from \$9.3 million.
- Distributable cash per unit before non-recurring items up 46.3% to \$0.60 per unit from \$0.41.
- Total sales increased 15.4% to \$140.3 million.
- Adjusted gross margin up 25.6% to \$36.8 million from \$29.3 million.
- Operating margin up 45.1% to \$14.8 million from \$10.2 million.

Six months ended June 30, 2009 compared with six months ended June 30, 2008

- Distributable cash before non-recurring items up 29.4% to \$17.6 million from \$13.6 million.
- Distributable cash per unit before non-recurring items up 30.0% to \$0.78 per unit from \$0.60 per unit.
- Total sales increased 14.2% to \$246.6 million.
- Adjusted gross margin up 20.9% to \$63.7 million from \$52.7 million.
- Operating margin up 31.8% to \$19.9 million from \$15.1 million.

Rick Crook, President and CEO of LSGP, stated, “Results for the second quarter were positive. Distributable cash per unit before non-recurring items was \$0.60, up \$0.19 from \$0.41 per unit for the same period in 2008 and overall sales were up 15.4%. With the renewal of the Fund’s credit facility in June, we are in an excellent position to execute on our growth strategy and are well positioned to take advantage of acquisition opportunities as they arise both in Canada and the US.”

Mr. Crook also said, “When considered in the context of the current Canadian retail climate, we are pleased with the Fund’s same store sales results for the second quarter of 2009. The unseasonably cold spring and late arriving summer in Alberta have impacted the Fund’s same store sales. Poor weather conditions, which resulted in decreased sales over the May long weekend and the days leading up to Canada Day, more than offset the increase that was expected from Easter falling in the second quarter. Customer traffic was down in the second quarter following the Government of Alberta’s increase in liquor mark-up effective April 7, 2009. Gross margins were up over 2% primarily due to inventory holding gains, but as retail prices are lowered in response to the Government rescinding the mark-up effective July 7, management expects earlier margin gains will reverse in the third quarter.”

THREE MONTHS ENDED JUNE 30, 2009

SALES AND MARGINS

Sales for the existing 224 stores totalled \$140.3 million, up 15.4% from \$121.6 million for 204 stores a year earlier.

Same store sales were down \$1.7 million, or 1.7%, for the three months ended June 30, 2009. Same store sales were impacted by unseasonably cool temperatures and increased precipitation in Alberta during the quarter, specifically during the May long weekend and Canada Day. On April 7, 2009, just prior to the Easter long weekend, the Alberta government imposed a liquor mark-up increase on alcoholic beverages which resulted in reduced customer traffic for the second quarter. The mark-up increase was rescinded in July. Economic conditions continue to impact resource industries in Alberta and British Columbia including oil and gas exploration, mining and forestry.

Operating margin was \$14.8 million for the second quarter of 2009, up 45.1% from \$10.2 million in 2008. The 2009 operating margin is up due to the increase in number of stores compared with 2008, including 19 Brown Jug stores in Alaska, and holding gains realized on inventory resulting from the Alberta Government liquor mark-up increase that took effect in early April.

Operating margin before non-recurring items for the three months ended June 30, 2009 was \$15.1 million, up from \$10.4 for the same period last year due to the same factors as discussed above. Non-recurring items for the second quarter of 2009 and 2008 include professional and consulting fees for litigation matters relating to the 2007 acquisition of Liquor Barn Income Fund.

DISTRIBUTABLE CASH AND DISTRIBUTIONS

For the second quarter of 2009 distributable cash excluding non-recurring items was \$13.6 million compared with \$9.3 million for the second quarter of 2008. Distributable cash including non-recurring items was \$13.4 million for the three months ended June 30, 2009, up 47.3% from \$9.1 for the same period in 2008.

Distributable cash per unit before non-recurring items was \$0.60 for the second quarter of 2009, up from \$0.41 for the second quarter of 2008. On a weighted average basis, distributable cash including non-recurring items for the three months ended June 30, 2009 was \$0.59 per unit, up \$0.18 from \$0.41 in 2008.

For the second 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 second quarter of 2009, before non-controlling interest and before a non-cash income tax charge, were \$10.7 million compared with \$6.0 million a year earlier.

The Fund's net earnings before non-controlling interest were \$10.1 million, up \$4.6 million from net earnings before non-controlling interest of \$5.5 million a year earlier. There was a non-cash future income tax expense in Q2 2009 of \$0.6 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 \$0.5 million, on a restated basis.

Second quarter 2009 net earnings were \$8.1 million, up from net earnings of \$4.3 million in 2008. Basic and diluted earnings per unit for the second quarter of 2009 were \$0.44 compared with basic and diluted earnings per unit of \$0.24 a year earlier.

Other comprehensive income included \$2.4 million in currency translation losses from US operations.

SIX MONTHS ENDED JUNE 30, 2009

SALES AND MARGINS

Sales for the existing 224 stores totalled \$246.6 million, up 14.2% from \$216.0 million for 204 stores a year earlier.

Same store sales for the six months ended June 30, 2009 were \$162.4 million, down 4.8% from \$170.5 million for the comparable period in 2008.

Operating margin was up \$4.8 million or 31.8% to \$19.9 million in 2009 from \$15.1 million in 2008. The increase in the operating margin is mainly attributable to the increase in number of stores operated and to a lesser extent, the Alberta Government liquor mark-up increase discussed above.

Operating margin excluding non-recurring items was \$20.3 million, up \$4.5 million from \$15.8 million a year earlier. Non-recurring items for the first half of 2009 and 2008 include professional and consulting fees for litigation matters relating to the 2007 acquisition of Liquor Barn Income Fund. Non-recurring items for 2008 also include recruitment and relocation expenses.

DISTRIBUTABLE CASH AND DISTRIBUTIONS

For the first half of 2009 distributable cash excluding non-recurring items was \$17.6 million compared with \$13.6 million for the first half of 2008. Distributable cash including non-recurring items was \$17.2 million for the six months ended June 30, 2009, up \$4.3 from \$12.9 for the same period in 2008.

Distributable cash per unit before non-recurring items was \$0.78 for 2009, up from \$0.60 for 2008. On a weighted average basis, distributable cash including non-recurring items for the first half of 2009 was \$0.76 per unit, up \$0.19 from \$0.57 in 2008.

During the six months ended June 30, 2009, the Fund declared distributions of \$0.81 per unit, consistent with the same period 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 \$11.5 million compared with \$7.6 million a year earlier.

The Fund's net earnings before non-controlling interest were \$11.7 million, up \$7.1 million from net earnings before non-controlling interest of \$4.6 million a year earlier. There was a non-cash future income tax recovery in 2009 of \$0.2 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 \$3.0 million, on a restated basis.

Net earnings for the six months ended June 30, 2009 were \$9.6 million, up from net earnings of \$3.1 million in 2008. Basic earnings per unit for the first half of 2009 were \$0.52 compared with basic earnings per unit of \$0.17 a year earlier. Diluted earnings per unit in 2009 were \$0.51, up \$0.34 from diluted earnings per unit of \$0.17 in 2008.

Other comprehensive income included \$1.3 million in currency translation losses from US operations.

Liquor Stores Summary Financial Results, three and six months ended June 30, 2009 with comparisons to 2008

(000) except per unit amounts	Three months ended		Six months ended	
	June 30, 2009	June 30, 2008 (restated – note 1)	June 30, 2009	June 30, 2008 (restated – note 1)
Sales	\$ 140,253	\$ 121,567	\$ 246,605	\$ 215,989
Operating margin before non-recurring items	\$ 15,084	\$ 10,376	\$ 20,340	\$ 15,841
Operating margin	\$ 14,842	\$ 10,171	\$ 19,903	\$ 15,136
Earnings before non-controlling interest (and before non-cash tax charge)	\$ 10,667	\$ 5,986	\$ 11,519	\$ 7,569
Earnings before non-controlling interest	\$ 10,091	\$ 5,493	\$ 11,746	\$ 4,577
Earnings	\$ 8,072	\$ 4,310	\$ 9,558	\$ 3,052
Diluted earnings per unit	\$ 0.44	\$ 0.24	\$ 0.51	\$ 0.17
Distributable cash (before non-recurring items)	\$ 13,608	\$ 9,347	\$ 17,623	\$ 13,610
Distributable cash (after non-recurring items)	\$ 13,366	\$ 9,142	\$ 17,186	\$ 12,905
Distributable cash per unit (before non-recurring items)	\$ 0.60	\$ 0.41	\$ 0.78	\$ 0.60
Distributable cash per unit (after non-recurring items)	\$ 0.59	\$ 0.41	\$ 0.76	\$ 0.57
Cash distributions per unit	\$ 0.41	\$ 0.41	\$ 0.81	\$ 0.81
Diluted average units outstanding	22,523	18,346	22,548	18,338
Stores in operation at June 30	224	204	224	204

(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 second quarter of 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, August 12, 2009 to discuss results for the quarter ended June 30, 2009. The conference call will take place at 9 a.m. MDT. Participants in the call include Rick Crook, President and CEO, and Pat de Grace, Vice-President, Finance and Chief Financial 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 August 19, 2009, by dialling 416-695-5800, or toll-free 1-800-408-3053. The required passcode is 5814580. 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 82.1% 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 225 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. 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 three existing Liquor Depot stores for the three months ended June 30, 2009 and five stores for the six months ended June 30, 2009 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 Second Quarter 2009 Management's Discussion and Analysis.

The information contained in this press release, including the information set forth under "Risk Factors" in the Second 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