ROCKY MOUNTAIN LIQUOR INC

Ticker: "RUM"

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 24, 2012

ROCKY MOUNTAIN LIQUOR INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis is dated April 24, 2012.

The following is a discussion of the consolidated financial condition and operations of Rocky Mountain Liquor Inc ("RML" or the "Company") for the periods indicated and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. This discussion and analysis should be read in conjunction with the audited consolidated financial statements and accompanying notes of the Company for the year ended December 31, 2011. The Company owns 100% of Andersons Liquor Inc. ("Andersons") headquartered in Edmonton Alberta, which owns and operates private liquor stores in that province.

The Company's audited financial statements and the notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. References to notes are to notes of the financial statements unless otherwise stated.

FORWARD LOOKING INFORMATION AND STATEMENTS ADVISORY

This management discussion and analysis contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "might" and similar expressions is intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this management discussion and analysis contains forward-looking information and statements pertaining to the following: (i) the stability of retail liquor sales; (ii) the ability to acquire additional liquor stores and/or locations; (iii) increased revenues and margins due to tax increase, (iv) the ability to purchase inventory at a discount, (v) ongoing impact from price inflation, (vi) potential exercise of warrants, (vii) equity issuance and (viii) other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. All statements other than statements of historical fact contained in this management's discussion and analysis are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed or recent acquisitions and the benefits to be derived there from, and plans and objectives of or involving the Company.

The forward-looking information and statements contained in this management discussion and analysis reflect several material factors, expectations and assumptions including, without limitation: (i) demand for adult beverages; (ii) the ability to acquire additional liquor stores and/or locations; (iii) the Company's ability to secure financing to suit its growth strategy; (iv) the integration risk and requirements for the purchase or development of liquor stores; (v) the Company's future operating and financial results; (vi) treatment under governmental regulatory regimes, tax, and other laws; and (vii) the ability to attract and retain employees for the Company.

The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. Such information and statements involve known and

unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information or statements including, without limitation: (i) impact of economic events affecting discretionary consumer spending; (ii) ability to obtain required financing to continue growth strategy; (iii) changes in Government regulation of the retail liquor industry; (iv) impact from competition in the market's where the Company operates; (v) ability to source locations and acquisitions for growth strategy; (vi) actions by governmental or regulatory authorities including changes in income tax laws and excise taxes; (vii) the ability of the Company to retain key personnel; (viii) the Company's ability to adapt to changes in competition; (ix) the impact of supplier disruption or delays; (xi) the maintenance of management information systems; (xii) the impact of increases in labour costs, shortages or labour relations; (xiii) the impact of weather on its affect on consumer demand, (ix) the ability to raise capital, and (x) the ability to complete construction projects.

The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward looking information and statements contained in this discussion and analysis speak only as of the date of this management discussion and analysis, and the Company assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Throughout this management discussion and analysis references are made to "EBITDA", "operating margin", "operating margin before non-recurring items", "operating margin as a percentage of sales", and other "Non-IFRS Measures". A description of these measures and their limitations are discussed below under "Non-IFRS Measures". See also "Risk Factors" discussed below.

Additional information relating to the Company, including all other public filings is available on SEDAR (www.sedar.com) and on the Company's website www.ruminvestor.com.

KEY HIGHLIGHTS FOR THE FOURTH QUARTER

The Company completed the acquisition of one store in Millet, Alberta.

The Company consolidated its Wetaskiwin warehouse into the operations at its Centre 149 store in Edmonton.

Key Operating Highlights, year over year 3 month comparison:

- Sales were $13,273,647(2010 - $12,833,981) , an increase of 3.46%;
- Gross margin was 22.01% (2010 - 20.81%);
- EBITDA was $288,386 (2010 – 310,381), a decrease of 7.09%;
- Operating margin was $334,363 (2010 – $340,563) a decrease of 1.82%;
- Net loss $539,410 (2010 - $122,624).

Key Operational Highlights, year over year 12 month comparison:

- Sales were $52,817,810 (2010 - $47,635,244) , an increase of 10.88%;
- Gross margin was 21.81% (2010 - 21.13%)
- EBITDA was $2,618,119 (2010 - $2,308,469), an increase of 13.41%;
- Operating margin was $2,623,547 (2010 - $2,342,503), an increase of 12.00% ;

- Net loss $451,428 (2010 – net income of $101,249).

RECENT DEVELOPMENTS SINCE PERIOD ENDED DECEMBER 31, 2011

The Company acquired a store in Beaumont, Alberta on January 11, 2012 and sold a store in Edmonton, Alberta on January 25, 2012.

OUTLOOK

Management is pleased with the increase in margins, operating earnings and store growth over the past year. At the end of 2010 we operated 32 stores and we had 40 in operation at the end of 2011. Compared to Fiscal 2010 overall margins increased from 21.1% to 21.8% and operating income increased from $2.34 million to $2.62 million in Fiscal 2011.

Currently we operate 40 stores having sold one store and purchased one other in this current year (2012). The store sold in Edmonton was primarily focused on commercial sales. We have curtailed focus in this area, thereby reducing the number of accounts we service. We consolidated the remaining commercial business at a new location in Edmonton opened in March 2011. This decision was taken due to competitive and credit risks. We experienced credit losses in both 2010 and 2011. There is no credit exposure associated with our retail sales.

Business acquisitions and capital investments in 2011 were $3.64 million. Additionally we reduced our long term bank debt and promissory notes by $7.4 million and short term debt by $2.2 million through the proceeds of the issuance of a $9.2 million convertible debenture. In retiring some long term debt we were able to payoff $3 million subordinated debt with a 9.9% coupon rate and quarterly fees with the net proceeds of the convertible debenture valued at $8.5 million. This results in a reduction of $1.1 million of overall debt, and net savings between November 25, 2011 and September 15, 2014 of $748,427 in finance fees.

In addition we reduced our maximum non-syndicated, senior secured, committed facility from $25 million to $20 million. We have approximately $15.5 million of committed funding available under our senior facility which management feels is currently sufficient to execute on all proposed developments and acquisitions, and to execute on our further growth strategy in Alberta. We continue to evaluate liquor store opportunities in British Columbia.

We anticipate improvements in the Western Canadian economy and in consumer demand for the Company's products. There are strong indications of an economic recovery in Alberta that could have a positive impact on the Company's business which is mainly located in rural areas of Alberta.

The return of the current Progressive Conservative government is not likely to have any impact on liquor tax mark-up's in the short term as the government has said publicly that any tax increases will be a part of a long range plan expected in 2013 or later.

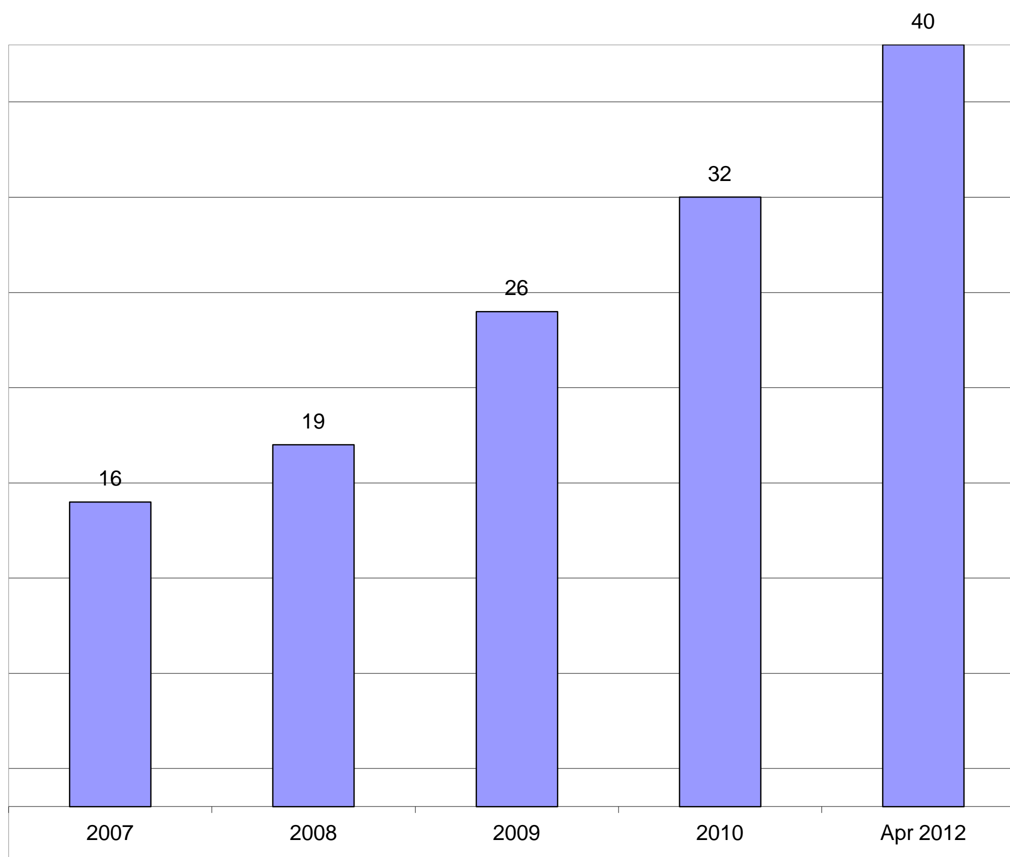
Bill 26, the Alberta Traffic Safety Amendment Act, was passed on December 6, 2011. The new penalties do not include criminal offence convictions or fines for drivers who register blood alcohol levels between .05 and .08; rather it results in suspensions of license and vehicle seizure of varying lengths. This new drinking and driving legislation could have an impact on liquor sales. Management will continue to monitor its impact.

OVERVIEW OF ROCKY MOUNTAIN LIQUOR INC

The Company is an incorporated Company established under the laws of the Business Corporations Act (Canada) with its common shares ("shares") trading on the TSX Venture Exchange under the symbol ("RUM").

Andersons, headquartered in Edmonton, Alberta, owns and operates private liquor stores in that province. Alberta is the only province in Canada that has a fully privatized retail distribution system for adult beverages. The product mix generally offered by Andersons at its retail stores includes beer, spirits, wine and ready to drink liquor products, as well as ancillary items such as juice, ice, mix and giftware. Andersons has focused on store operations while pursuing an active acquisition strategy to acquire additional stores within the Alberta market, focusing largely outside of the major urban centres. To date, Andersons has been successful in improving the performance of its acquisitions through effective integration with its existing operations.

As of April 24, 2012 Andersons operated and owned 40 stores.

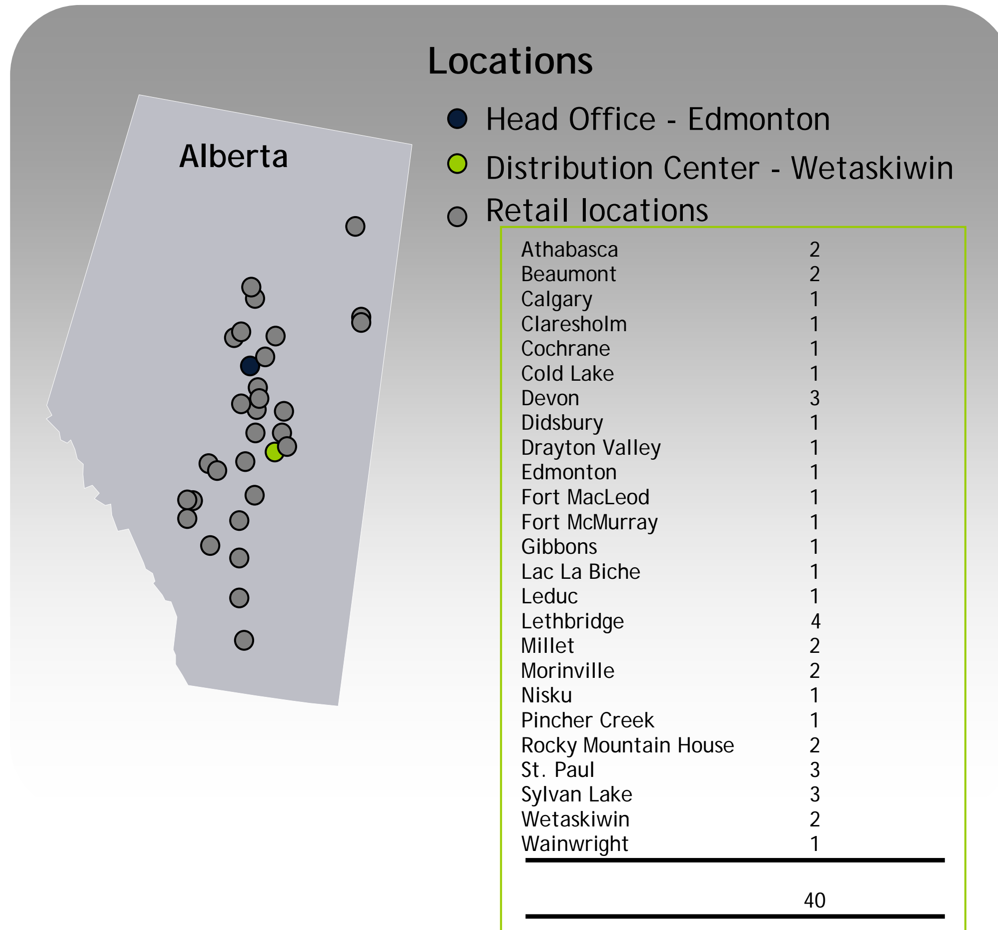


COMPETITIVE ENVIRONMENT

Andersons operates 40 liquor stores in Alberta where there are approximately 1,279 liquor stores and 97 agency stores as at January 2012 [Source: Alberta Gaming and Liquor Commission]. The primary drivers of liquor store sales are location, convenience, and range of product selection. Management of the Company believes that price and service also play a role in the competitive market, but to a lesser degree than convenience, location and selection. The Company has therefore pursued an acquisition strategy that closely analyzes the location of retail operations, including the location of any competition. The Company has focused on locations largely outside

of the major urban centers (Edmonton and Calgary) and on specific sites with maximum traffic and minimal competition. In addition, the Company has integrated inventory and warehousing systems into its retail operations, allowing it to take advantage of procurement opportunities.

Andersons operates 11 stores in Northern Alberta, 19 stores in Central Alberta and 10 stores in Southern Alberta.



AWARDS FOR GROWTH

Fast Growth 50 – 3-year growth in Alberta

The company was one of 50 of Alberta's leading growth companies awarded the "Fast Growth 50" award in February 2012 based on the Company's 2010 results. The tenth annual event was hosted by Ruth Kelly, publisher of Alberta Venture Magazine. Rocky Mountain Liquor was ranked 18th overall. Ms. Kelly explained how the magazine, with the assistance of KPMG Chartered Accountants, evaluated 1100 Alberta companies before selecting the Fast Growth 50 winners. The Fast Growth 50 are judged annually on sales increases and capital asset increases over the past 3 years as well as employee growth, R&D expenditures, marketing programs, and capital investments. This is the second consecutive year the Company has been ranked in the Fast Growth 50.

Profit 200 – 5-year growth in Canada

The Company was ranked in the 23rd annual PROFIT 200 ranking of Canada's Fastest-Growing Companies by PROFIT Magazine in June 2011 based on 2010 results. The Company ranked 168th overall for 5 year growth of 250%. The award was evaluated on the five-year growth of Andersons Liquor Inc., the wholly owned subsidiary of the Company. The rankings were published in the Summer issue of PROFIT and online at PROFITguide.com. The PROFIT 200 is Canada's largest annual celebration of entrepreneurial achievement.

BUSINESS STRATEGY

Growth - New Stores

The Company's strategy is to grow by increasing the number of customer transactions as well as through new store development and acquisitions. Andersons is actively exploring opportunities to acquire and/or develop stores in Alberta, and evaluate growth opportunities in British Columbia. Management will continue to assess potential acquisitions and store development opportunities for their ability to add accretive cash flow and shareholder value.

Differentiation: Product, Operations, and Management Information Systems

Through the use of the Andersons warehousing and distribution capability, management will continue to focus on product optimization by providing more product choices for its customers. Through the use of management information systems, Andersons will derive efficiencies and continue its efforts in providing operational effectiveness.

In Q4 of 2011 Andersons consolidated its current Wetaskiwin location into the new Edmonton location at Centre 149. This will result in operational efficiencies and expense reductions by consolidating operations into on location. A new warehouse management software system with enterprise resource planning capabilities has been installed at Centre 149. References to "Enterprise Fulfillment" or "Enterprise Fulfillment Centre" will now refer to Centre 149 located on 149 Street in the City of Edmonton.

Technology

The Company utilizes a combination of third party and custom designed applications for point of sale, reconciliation, accounting, business intelligence and reporting. We maintain our own internal Information Technologies support staff and programmers. Hardware at store locations is serviced by a contract with an external supplier we have been using since 2004. Their contract now includes all of our locations; however onsite work is co-supervised by our support staff.

All our applications run on Windows operating systems both at the store and enterprise level. Laptop and remote services, like scanning tools, use a combination of virtual private network and terminal services to interface from outside our enterprise security perimeter. To increase certainty and scalability, and to allow for future growth of stores, management has outsourced our enterprise servers and installed software based, automated data replication servers at each store location. These replication servers require no additional investment in computer hardware. We have installed an enterprise data-container capable of containing and reporting on two billion transactions in an SQL data container.

We are concentrating on producing a robotic data environment where automation software is used to push spreadsheet-based reporting output on a regular and timely basis to store level, operations level and enterprise level. There are a variety of key performance indicators such as return on capital metrics and operational exceptions that are provided in near real time to our front line managers and their supervisors.

Time and attendance systems utilize web-based solutions, which integrate seamlessly with web-based payroll solutions provided by an industry leading supplier. All our employees receive their pay records online in a secure, self-service environment. The efficiencies we realize from integrating and automating these world-class technologies through software robotics allows us to reduce and manage administrative and overhead costs.

Our custom designed and outsourced software drives efficiencies in our warehouse and enterprise distribution systems. This approach is a custom form of Enterprise Resource Planning (ERP). We use ERP to automate forecasting replenishment and receiving of inventories, providing efficient and lower cost distribution and transportation management, as well as reduce administration costs and latency. Our goal is to have the right products, in sustainable quantities, with service levels consistently over 95%, on our shelves at the right time.

At store level we have multiple redundancies that allow our point of sale systems to operate in a non-network or non-enterprise dependent manner. Our stores are able to continue operations autonomously. Our redundant infrastructure has provided us with uptime of almost 100% since the wholly owned subsidiary Andersons Liquor Inc. began operations in 2001. Notwithstanding the lack of downtime, the system is designed so that any one liquor store experiencing connectivity constraint will not affect any other liquor store in the enterprise.

The Company has achieved rapid store growth and has had continued success integrating its store acquisitions into its existing retail system, thereby validating management's strong belief in the efficiency and effectiveness of the Company’s operational systems. An important element of the Company's operational support is its Enterprise Fulfillment Centre (“EFC”) which is now integrated in our Centre 149 retail store in Edmonton. Suppliers tend to provide retailers with large bundles of product, rather than single items. In addition, supplier service levels can be lower than our 95% minimum acceptable service levels. The EFC enables the Company to break down bundles into individual pieces in order to better meet the demands of individual stores. This in turn improves the inventory flexibility, provides increased selection in individual stores, while producing an industry leading gross margin return on inventory investment as measured by gross profit divided by average inventory. A second advantage of the EFC at Centre 149 is it allows the Company to take advantage of inventory purchasing at opportune stages, such as Limited Time Offers (“LTO’s”). LTO’s are discounts offered by liquor distributors and are typically offered one to four times per year.

The EFC efficiently manages the temporary influx of inventory that can result from increased purchasing at these times. Moreover, having a centralized warehouse that can service retail stores effectively has reduced the need to lease larger retail store spaces to incorporate warehousing functions, which traditionally have high rent and utility consumption. Management of the Company believes the cost to run the EFC is less than the costs to lease larger stores with on-site warehousing capabilities.

The Company’s approach to risk planning for its information technology systems encompasses risk assessment, risk mitigation, periodic evaluation and assessment as well as daily automated logging and reporting of system performance. In this way our technology investment remains aligned with operational goals. Our key operational leaders and our support staff have regular

reviews on a weekly basis. This direct collaboration and timely accountability results in both improvements in existing technologies and ideas for new automated processes.

We believe we have an industry leading technology base that has consistently and safely achieved gains in our integrated capabilities.

Stable Business

Andersons operates in a stable business environment. The business is largely cash-based with alcohol-based products accounting for approximately 99% of total sales as of December 31, 2011.

Financing

The Company has financed its growth with the issuance of shares, the issuance of convertible debentures and through available credit facilities.

FINANCIAL MEASURES

Maintenance Capital Expenditures

In order to maintain its productive capacity, the Company incurs expenses for routine maintenance, invests and upgrades information systems and replaces assets as required. In 2011 repairs and maintenance costs were $79,319.

Net Change in Non-cash Working Capital

The Company has closely analyzed the product mix at all stores and modified available inventory at stores to meet the needs of the customers. This, along with our ability to integrate our ordering system with our suppliers, has resulted in minimal inventory requirements.

Long-Term Incentive Plans

The Company has used stock option grants with vesting periods for its Long-Term Incentive Plan. These grants were used as both an incentive and a reward for performance of key employees. In 2011, the Company implemented a share purchase plan for which employees are able to purchase shares of Rocky Mountain Liquor, and the Company will match 50% of those contributions.

MANAGEMENT TEAM

Peter Byrne, President, CEO	Mr. Byrne is the President, Chief Executive Officer and co-founder of Andersons and previously has been Chief Executive Officer and Chairman of the Board of Channel Drugs Limited, a private company that owned and operated the PharmaCare franchise until its sale in 2004.
Allison Byrne, COO	Ms. Byrne is the Chief Operating Officer of Andersons and prior to joining Andersons, she worked at Deloitte & Touche LLP from September 2002 until June 2007, receiving her Chartered Accountant designation in 2005.
Sarah Stelmack, CFO	Ms. Stelmack articled at Deloitte & Touche LLP from September 2005 until September 2008, receiving her Chartered Accountant designation in 2008. Ms. Stelmack previously held the position of Controller with Rocky Mountain Liquor Inc.

OPERATING RESULTS - 3 Months ending December 31, 2011

Basis of Comparison

The retail liquor industry is subject to seasonal variations with respect to sales. Sales are typically lowest early in the year and increase in the latter half.

It is key to note that given the rapid expansion of the Company, historical performance does not reflect the annualized performance from recently acquired liquor stores.

The following table shows the operating results of the Company for the 3-month period ending December 31, 2011 and 2010.

Period	3 months ending Dec 2011		3 months ending Dec 2010	
(Expressed in Canadian dollars)	$	%	$	%
Sales	13,273,647	100.00%	12,833,981	100.00%
Gross margin	2,922,186	22.01%	2,670,631	20.81%
Operating and administrative expense	2,587,823	19.50%	2,330,068	18.16%
Operating Margin (1)	334,363	2.52%	340,563	2.65%
Non-recurring Items (1)	8,226	0.06%	2,904	0.02%
Operating Margin before non-Recurring Items (1)	342,589	2.58%	343,467	2.68%
Annual Incentives (2)	168,918	1.27%	237,471	1.85%
Operating Margin before non-Recurring Items (1) and Annual Incentives (2)	511,507	3.85%	580,938	4.53%
Stores at Period End	40		32	

Notes:

1. *Operating Margin and Operating Margin before non-recurring expenses has been calculated as described under "Non-IFRS Measures"*
2. *Annual Incentives include bonuses paid to management and executives, and employee share savings plan benefits*

Sales

Sales represent the combination of adult beverages including spirits, beer, and wine, with other ancillary products such as ice, juice, and mix.

Total sales for the 3-month period ended December 31, 2011 were $13.27 million. Sales are higher than Q4 2010, mainly due to acquisitions completed and four new stores constructed in 2011.

Cost of Goods Sold and Gross Margin

Margins have improved from 20.81% to 22.01% as compared to this quarter last year for an increase of $252,000. This is a result of new forecasting technologies that reduces the need to take mark downs by matching available Limited Time Offers to consumer demand.

Improvements in the economy are also expected to provide the Company with margin advancement opportunities.

Operating and Administrative Expenses

The major expenses included in operating and administrative expenses are salaries, rents, and location costs such as utilities, property taxes, and insurance. Total operating and administrative expenses for the 3 month period ended December 31, 2011 was $2.59 million. The increase in operating and administrative expenses as a percentage of sales from 2010 to 2011 is due to the increase in salaries, insurance, property tax, and utility costs due to the increased number of stores in operation. Rent expense increased as a percentage of sales as a result of lease renewal rates.

Operating Margin

Operating margin was 2.52% or $334,000 for the 3 months ending December 31, 2011 and 2.65% or $341,000 December 31, 2010. The decrease is mainly due to increased rent and utility costs due to the increased number of stores in operation, and also due to increased lease renewal rates.

One Time Costs

Net income in for the 3 months ending December 31, 2011 has decreased to a loss of $539,000 from a loss of $123,000 in 2010 as a result of higher interest costs and transaction costs associated to the convertible debenture issued in 2011, as well due to our voluntary payment of Sub-Debt Financing in Q4 2011. Payment of Sub-Debt Financing in full in 2011will reduce interest expense in 2012 and will result in savings of $89,250 quarterly, until September 15, 2014.

OPERATING RESULTS - 12 Months ending December 31, 2011

Basis of Comparison

The retail liquor industry is subject to seasonal variations with respect to sales. Sales are typically lowest early in the year and increase in the latter half.

It is key to note, that given the rapid expansion of the Company, historical performance does not reflect the annualized performance from recently acquired liquor stores.

The following table shows the operating results of the Company for the year ended December 31, 2011 and 2010.

Period	12 months ending Dec 31 2011		12 months ending Dec 31 2010	
(Expressed in Canadian dollars)	$	%	$	%
Sales	52,817,810	100.00%	47,635,244	100.00%
Gross margin	11,518,587	21.81%	10,064,981	21.13%
Operating and administrative expense	8,895,040	16.84%	7,722,478	16.21%
Operating Margin (1)	2,623,547	4.97%	2,342,503	4.92%
Non-recurring Items (1)	26,307	0.05%	8,712	0.02%
Operating Margin before non-Recurring Items (1)	2,649,854	5.02%	2,351,215	4.94%
Annual Incentives (2)	251,833	0.48%	258,100	0.54%
Operating Margin before non-Recurring Items (1) and Annual Incentives (2)	2,901,687	5.49%	2,609,315	5.48%
Stores at Period End	40		32	

Notes:
(1) *Operating Margin and Operating Margin before non-recurring expenses has been calculated as described under "Non-IFRS Measures"*
(2) *Annual Incentives include bonuses paid to management and executives, and employee share savings plan benefits*

Sales

Sales represent the combination of adult beverages including spirits, beer, and wine, with other ancillary products such as ice, juice, and mix.

Total sales for the 12 month period ended December 31, 2011 have increased 10.88% to $52.82 million. Sales are higher than 2010, mainly due to the acquisition of four stores and the completed construction of four stores in 2011.

Cost of Goods Sold and Gross Margin

Margins have improved from 21.13% to 21.81% for the year ended December 31, 2011. This is a result of new forecasting technologies that reduce the need to take mark downs by matching available Limited Time Offers to consumer demand. Improvements in the economy are also expected to provide the Company with margin advancement opportunities.

Operating and Administrative Expenses

The major expenses included in operating and administrative expenses are salaries, rents, and location costs such as utilities, property taxes, and insurance. Total operating and administrative expenses for the year ended December 31, 2011 was $8.90 million. Operating and administrative expenses as a percentage of sales have increased to 16.84% for 2011, as compared to 16.21% for 2010 as a result of increased advertising and campaigns for marketing greenfield grand openings. The increase is also attributed to an increase in rent and utilities as a result of the increased number of locations and an increase in lease renewal rates. At the same time we have seen a savings in repairs and maintenance due to preventative maintenance.

Operating Margin

Operating margin was 4.97% or $2.62 million for the 12 months ending December 31, 2011 and 4.92% or $2.34 million December 31, 2010. The increase in dollar value is mainly due to an increase in revenue while the decrease in percentage is a result of increased operating and admin expenses.

One Time Costs

Net income in for the 12 months ending December 31, 2011 has decreased to a loss of $451,428 from a profit of $101,249 in 2010 as a result of higher interest costs and transaction costs associated to the convertible debenture issued in 2011, as well due to our voluntary payment of Sub-Debt Financing in Q4 2011. Payment of this debt in full in 2011 reduces interest expense and will result in savings of $357,000 in 2012.

CONDENSED QUARTERLY INFORMATION

Expressed in thousands of dollars								
	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
# stores, end of period	40	39	36	34	32	32	30	29
Total revenue	13,274	15,139	14,366	10,039	12,834	13,547	12,524	8,730
Profit (loss) from continuing operations	(539)	70	163	(145)	(122)	64	220	(61)
Basic earnings (loss) per share	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Diluted earnings (loss) per share	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

CONDENSED ANNUAL INFORMATION

Expressed in thousands of dollars			
	2011	**2010**	**2009***
# stores, end of period	40	32	26
Total revenue	52,818	47,635	32,717
Profit (loss) from continuing operations	(451)	101	804
Total assets	22,411	23,581	24,205
Total long term financial liablities	13,737	12,540	5,779
Basic earnings (loss) per share	(0.01)	0.00	0.00
Diluted earnings (loss) per share	(0.01)	0.00	0.00

*2009 comparatives are as per Canadian GAAP and have not been restated for IFRS.

LIQUIDITY AND CAPITAL RESOURCES AS OF DECEMBER 31, 2011

Shareholders' Equity

Authorized: Unlimited number of common shares

Issued and outstanding: 57,797,788 common shares

Warrants

The following tables summarize information about warrants outstanding:

Expiry date	Exercise price $	Number of warrants outstanding – December 31, 2011	Number of warrants exercisable – December 31, 2011
November 24, 2014	0.3675	1,000,000	1,000,000
Outstanding, end of period		**1,000,000**	**1,000,000**

Options

The following tables summarize information about options outstanding:

Expiry Date	Participant	Exercise Price $	Number of Options Outstanding - December 31, 2011	Number of Options Exercisable - December 31,
April 21, 2013	Stock Option Plan (Pre-RTO)	0.20	357,137	357,137
May 15, 2012	Stock Option Plan (Executive)	0.29	150,000	150,000
June 2, 2013	Stock Option Plan (Executive)	0.50	180,000	180,000
June 29, 2012	Stock Option Plan (Directors)	0.32	300,000	300,000
August 24, 2013	Stock Option Plan (Directors)	0.30 to 0.39	300,000	300,000
October 13, 2014	(Directors)	0.18 to 0.22	150,000	150,000
Outstanding, December 31, 2011			**1,437,137**	**1,437,137**

Convertible Debenture

On June 16, 2009, the Company issued an $809,140 unsecured convertible debenture maturing on June 16, 2014 and bearing an interest rate of 8.25% per annum, payable in arrears annually. The initial principal amount of the debenture is convertible, at the election of the holder, in whole or in part, into common shares at a conversion ratio of $0.315 per share, representing up to 2,568,968 shares.

On April 13, 2011 the Company completed a financing of $9,200,000 in convertible unsecured subordinated debentures resulting in net proceeds $8,662,365. The Debentures will bear interest at an annual rate of 7.75% payable semi-annually in arrears on April 30 and October 31 in each year, commencing October 31, 2011. The maturity date of the Debentures is April 30, 2016. The Debentures will be convertible into common shares of the Company at a conversion price of $0.50 per Common Share.

Credit Facilities

On December 31, 2011 the Company had a $6 million Operating Line and a $14 million Acquisition Facility.

As of December 31, 2011, the Company had $1 million in cash on hand and had $39,426 drawn on its Operating Line. The $14 million Acquisition Facility was drawn at $4.5 million.

With total credit of $20 million less net utilization of $4.5 million, the Company had access to $15.5 million under its Operating Line and Acquisition Facility.

On November 25, 2011 the Company voluntarily paid off it Sub-Debt Financing in full. This will reduce interest expense in fiscal 2012. In addition, quarterly fees of $15,000 for the remaining 12 quarterly periods to the maturity date of the Sub-Debt facility will also be saved.

One time make-whole fees were required to retire the Sub-Debt facility. A penalty plus the Net Present Value of all future fees for a total one time payment of $265,614 was paid on November 25, 2011 to retire in full the Sub-Debt Facility.

After payment of all fees the net savings between November 25, 2011 and September 15, 2014 will be $748,427.

The Company's indebtedness is subject to a number of external covenants. Under the terms of the Andersons credit facility, the following ratios are monitored: adjusted debt to EBITDA, and fixed coverage ratio. For the three and twelve months ended December 31, 2011, Andersons continues to be in compliance with all covenants.

Capital Expenditures

The Company will continue to pursue acquisition opportunities and opportunities to open new stores. Moderate capital investments that reduce energy consumption, and capital investments primarily in technology that will improve efficiencies by reducing salary and administration expenses are also planned.

Liquidity Risk

The Company uses a variety of sources of capital to fund acquisitions, new store development and ongoing operations, including cash provided by operations, bank indebtedness, and issuance of new equity or debt instruments or a combination thereof. The decision to utilize a specific alternative is dependent upon capital market conditions and interest rate levels. The degree to which the Company is leveraged may impact its ability to obtain additional financing for working capital or to finance acquisitions.

To manage liquidity risk, the Company is proactive with its review of the capital structure. Management believes the Company currently has the resources to meet obligations as they come due. The Company does not have any financing leases as defined by IFRS.

Credit Risk

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable.

The Company maintains its cash and cash equivalents with a major Canadian chartered bank and local Alberta credit unions.

The risk for accounts receivable is that a wholesale customer of Andersons might fail to meet its obligations under their credit terms. The Company, in its normal course of operations, is exposed to credit risk from its wholesale customers in Alberta whose purchases are expected to represent approximately15% of the Company's sales. Risk associated with respect to accounts receivable is mitigated by credit management policies. Historically, bad debts from these accounts have been immaterial. The Company is not subject to significant concentration of credit risk with respect to its customers; however, all trade receivables are due from organizations in the Alberta hospitality industries. $66,808 in bad debts were recorded for the year ended December 31, 2011 representing 0.13% of the last twelve months of revenue. In order to reduce credit risk, the Company has reduced the number of commercial accounts it services.

Interest Rate Risk

The Company manages its interest rate risk through credit facility negotiations and by identifying upcoming credit requirements based on strategic plans.

As a further part of their interest rate strategy, on April 6, 2010 Andersons contracted with a Canadian Chartered Bank to hedge interest rates for a 5-year period in the amount of $4.5 million at 3.35% plus applicable credit spread. This hedge matures April 6, 2015.

On April 13, 2011 the Company repaid $5.5 million in senior secured term debt. As a result the Company canceled the $5.5 million SWAP from February 12, 2009 resulting in a $14,700 gain.

We would note that in our financial statement reporting, our swap mark to market is measured on the basis of one month banker's acceptances. We are currently using three month banker's acceptances which could result in a non-material difference of our market to market valuations. For the $4.5 million remaining swap with our senior lender, any mark to market adjustment on a quarterly basis remains a non-cash impact to the Company unless the swap is not held to maturity.

As of April 24, 2012 Andersons has $4.5 million in hedges representing 22.5% of Andersons' available credit facilities.

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements as at December 31, 2011.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these interim consolidated financial statements, in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated statement of financial position are:

Inventory

Management has estimated the value of inventory based upon their assessment of the realizable amount less selling costs. No unsaleable merchandise has been identified by management.

Taxation

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that

at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Impairment of Goodwill

At each reporting date, the Company assesses whether there are any indicators of impairment for all non-financial assets. Other non-financial assets are tested for impairment if there are indicators that their carrying amounts may not be recoverable. An impairment review was performed December 31, 2011. No impairment indicators existed at that date.

Useful lives of property and equipment

Management has estimated the useful lives of property, plant and equipment as outlined in Note 2 based on their assessment of the time frame in which these assets will be used by the Company.

Business Combinations

The allocation of the purchase price for acquisitions involves determining the fair values assigned to the tangible and intangible assets acquired. Goodwill is calculated based on the purchase price less the fair value of the net tangible assets.

Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Detailed information with respect to key assumptions used in determining fair value of financial instruments is discussed in note 24.

Share Based Compensation

The fair value of options granted is estimated using the Black-Scholes option pricing model. The key factors involve, but are not limited to, the expected share price volatility and the contracted option life. These assumptions may differ from actual results due to changes in economic conditions.

CHANGES IN ACCOUNTING POLICIES

Explanation of Transition to IFRS

The December 31, 2011 consolidated financial statements are the Company's first annual consolidated financial statements to be presented in accordance with IFRS. As such, the Company's transition activities with respect to IFRS technical analysis, preparation of IFRS comparatives for 2010, transition training, and systems and controls reviews are now complete. The changes arising from the adoption of IFRS relate to accounting differences only.

Refer to note 3 of the Company's annual financial statements for a detailed discussion of the Company's compliance with IFRS.

Elections under IFRS 1, “First-time Adoption of IFRS Standards”

<u>Business Combinations</u>
The Company has made use of the exemption available under IFRS 1, business combinations, in which it elects to apply IFRS 3 prospectively to business combinations after the date of transition for which the initial carrying amount of assets and liabilities acquired in such business combinations is deemed to be equivalent to cost. The cost of goodwill arising on business combinations prior to Jan 1, 2010 is stated at the previous carrying amount under Canadian GAAP.

<u>Deemed Cost</u>
The Company elected under IFRS 1 to retain Canadian GAAP carrying values of freehold and leasehold property including revaluations as deemed cost at transition. The final election the Company made refers to borrowing costs. RML elects to capitalize its borrowing costs on the date of transition to IFRS and not retrospectively.

<u>Leases</u>
IFRS 1 permits a first-time adopter to determine whether an arrangement contains a lease in accordance with IFRIC 4, “Determining whether an Arrangement contains a Lease” (“IFRIC 4”), based on the facts and circumstances existing at the date of transition rather than at the date the arrangement was entered into. The Company has applied IFRIC 4 on a retrospective basis. There was no impact on the Company’s financial position or results of operations as a result of applying IFRIC 4 retrospectively, as there were no such arrangements. The Company has only operating leases. There are no financing leases on any property.

<u>Estimates</u>
The estimates used under IFRS are consistent with those made, for the same dates, in accordance with previous GAAP, except where they were impacted by a difference in accounting policy.

ACCOUNTING STANDARDS ISSUED BUT NOT YET IN EFFECT

Presentation of Financial Instruments
The IASB has issued an amendment to IAS 1, “*Presentation of Financial Statements*” (“IAS 1 amendment”), requiring companies preparing financial statements in accordance with IFRSs to group together items within other comprehensive income (“OCI”) that may be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The Company will apply the amendment at the beginning of its 2012 financial year and does not expect the implementation to have a significant impact on the Company’s disclosures.

Financial Instruments – Disclosures
The IASB has issued an amendment to IFRS 7, “Financial Instruments: Disclosures” (“IFRS 7 amendment”), requiring incremental disclosures regarding transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011. The Company will apply the amendment at the beginning of its 2012 financial year and does not expect the implementation to have a significant impact on the Company’s disclosures.

Financial Instruments
The IASB has issued a new standard, IFRS 9, “Financial Instruments” (“IFRS 9”), which will ultimately replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). The replacement of IAS 39 is a multi-phase project with the objective of improving and

simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase. The Company has yet to assess the impact of the new standard on its results of operations, financial position and disclosures.

Consolidated Financial Statements
The IASB has issued a new standard, IFRS 10, “Consolidated Financial Statements” (“IFRS 10”), which defines control for the purposes of determining which arrangements should be consolidated, including guidance on participating rights.

Deferred Taxes – Recovery of Underlying Assets
The IASB has issued an amendment to IAS 12, “Income Taxes” (“IAS 12 amendment”), which introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The IAS 12 amendment is effective for annual periods beginning on or after January 1, 2012. The Company will apply the amendment at the beginning of its 2012 financial year. The Company has yet to assess the impact of the IAS 12 amendment on its results of operations, financial position and disclosures.

Fair Value Measurement
The IASB has issued a new standard, IFRS 13, “Fair Value Measurement” (“IFRS 3”), which sets out a single IFRS framework for measuring fair value, and establishes disclosure requirements for fair value measurements.

The above standards are effective for annual periods commencing on or after Jan 1, 2012, which earlier adoption permitted. The Company is currently evaluating the impact the new standards will have on its financial reporting.

FINANCIAL INSTRUMENTS

For the Company, fair value is equal to carrying value for all of its financial instruments.

For cash and cash equivalents, accounts receivables, due from related parties, bank indebtedness, short-term debt, promissory note, accounts payable and accrued liabilities, wages payable and due to (from) shareholders the carrying value approximates fair value due to the short-term nature of the instruments.

The interest rate swap has a fair value equivalent to the carrying value and is calculated on a mark to market basis.

The fair value of the convertible debenture is equivalent to its carrying value and is assessed at each period.

Bank indebtedness and long term debt have fair values which approximate their carrying value as the interest rate is at a variable market rate.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company paid rents in respect to of a retail liquor store of $19,440 for the year ended December 31, 2011 (December 2010 - $19,440) to Byrne Alberta, a privately held Company in which Peter J. Byrne, CEO of RML is a significant shareholder. The rent is at market value.

On January 28, 2011, the Company engaged in a related party transaction in which it obtained an assignment of a contract for software development from Channel Drugs Limited, an incorporated, privately held Company in which Peter J. Byrne is a significant shareholder. Consideration paid was fair market value of $92,789, (2010 - $nil). The transaction was approved by the Board of Directors.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws and include controls and procedures designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure.

Disclosure Controls and Procedures

There have been no changes in the design of the Company`s disclosure controls and procedures or internal control over financial reporting that occurred during year ended December 31, 2011 that have materially affected, or are a reasonably likely to materially affect the Company's disclosure controls and procedures or internal control over financial reporting.

a) The venture issuer is not required to certify the design and evaluation of the issuer's Disclosure Controls Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR") and has not completed such an evaluation; and

b) Inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR for the issuer may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Internal Control Over Financial Reporting

On January 1, 2010 the Company adopted IFRS as its standard for financial reporting. The transition to IFRS did not result in any significant changes to the Company's internal controls over financial reporting.

RISK FACTORS

The Company's results of operations, business prospects, financial condition, and the trading price of the Shares are subject to a number of risks. These risk factors include: risks relating to available financing; impact due to weaker economy; market volatility and unpredictable share price; impact from tax increases; regulated competitive environment; acquisition growth strategy and development risks; reliance on key personnel; importance of inventory and EFC distribution systems; labour costs and labour market; supply interruption or delay; and credit facility and financial instrument covenants.

Impact due to Economic Conditions

The Company's financial results for fiscal 2011 and future periods are subject to numerous uncertainties, such as changes in the economy which influence consumer spending and consumer confidence. Inflation and interest rates could impact disposable income and reduce spending in this sector.

Regulated Competitive Environment

The primary focus of the Company has been in rural markets, thus most of its competitors are local single store operators. Competition in these markets focus on product offering, location, and service.

Privatization of retail distribution in Alberta is highly competitive. In Alberta, the Company competes with other local single store operators, local and regional chain operators, and liquor stores associated with national grocery store chains. The current regulatory regime in Alberta has attempted to create a level playing field for operators. Any change in this regulatory regime could adversely affect the Company's business and operations.

Regulatory decisions by the AGLC can impact the operations of the Company. All liquor stores are currently operated pursuant to licenses issued by the AGLC, which must be re-applied for annually. The AGLC has discretion in the granting or revocation of a license to operate a liquor store.

The Company will also evaluate opportunities to enter into other Provincial markets. However, there is no assurance that the Company will be able to obtain all permits, licenses and other regulatory approvals necessary to be able to enter the market in the event that such an opportunity becomes available. Moreover, even if the Company is successful in entering the market, there is no assurance that the regulatory environment will not change in ways that could adversely affect the operations and financial results of the Company or its ability to participate in other provincial markets.

New entrants into local markets can affect the Company. Liquor stores in urban centers are subject to by-law restrictions limiting relocation opportunities. Rural communities where the Company primarily operates do not generally have these restrictions.

Reliance on Key Personnel

The continued success of the business of the Company will depend upon the abilities, experience and personal efforts of senior management of the Company, including their ability to attract and retain skilled employees. The loss of the services of such key personnel could have an adverse effect on the business, financial condition and future prospects of the Company.

Acquisition Growth Strategy and Development Risks

Acquisitions have been and will continue to be a key part of the Company's growth strategy. The Company expects to continue to selectively seek strategic acquisitions in Alberta and will evaluate acquisition opportunities in other provinces. Growth will be a factor of the number of available acquisition targets, the Company's resources and the Company's ability to obtain financing.

Future acquisitions could result in the incurrence of additional debt, costs, and contingent liabilities. The Company may also incur costs for and divert management attention to potential

acquisitions that are never consummated. For acquisitions that are consummated, expected synergies may not materialize. The Company's failure to effectively address any of these issues could adversely affect its results of operations, financial condition and ability to service debt.

Additional risks associated with acquisitions may include:

- operational integrations,
- human resources,
- compliance with policies and procedures,
- retention of employees,
- conversion of IT systems,
- market intelligence,
- business efficiencies,
- possession and leasehold interest,
- administration capacity,
- liabilities from purchases of businesses and/or assets.

The development of new stores bears many of the same risks as acquisitions and includes costs to complete and possible project delays.

Additional risks associated with development of new stores may include:

- contractual risks,
- construction overruns,
- compliance with municipal regulations
- compliance with lease
- project delays
- receipt of required permits

The Company performs intensive due diligence and computer modeling of each potential acquisition or new store development. Our objective is to identify business targets that are easily converted to our business model. Management works with all parties involved to ensure that the risks above are mitigated where possible. The Company has an experienced acquisition and development team that includes internal and external advisors.

Labour Costs and Labour Market

The Company's business depends on a large number of both hourly and salaried employees. Changes in the general conditions of the employment market could affect the ability of the Company to hire or retain staff at current wage levels. With an improvement in economic conditions, risks could increase with reduced labour availability.

Weather

Weather conditions can impact consumer demand, especially in summer and winter months when customer counts are typically higher than other months. If weather deteriorates over a prolonged period during those months, it may have a material adverse effect on the Company's operating results.

Market Volatility and Unpredictable Share Price

The underlying value of the Company's business may not always be reflected in the share price. Nor can such trading price be predicted accurately. The share price could be influenced by a number of other factors including but not limited to general market conditions, quarterly

operating results, interest rates, availability of credit, a thin trading market, overall industry outlook, investor confidence, and others.

Supply Interruption or Delay

The majority of the alcohol based products are distributed through Connect Logistics Services Inc. and Brewers Distributor Ltd. Any significant disruption in the supply chain for either of these businesses could result in a material adverse effect on the operations of the Company.

The Company's EFC distribution system is capable of supplying the Company's stores with inventory product, which would lessen the impact from any disruption.

Impact from Provincial Tax Increases

Tax changes have an effect on sales earnings and results of operations as higher prices could impact consumer demand or behaviors. Going forward, the risk remains that the Government could increase tax on alcohol-based products.

Available Financing

The Company requires additional financing in order to make further investments, pursue acquisition opportunities or take advantage of unanticipated opportunities. In particular, the Company intends to continue to make investments to support business growth and may require additional funds to respond to business challenges, including the need to develop new services or enhance existing services, enhance operating infrastructure and acquire complementary businesses and technologies. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Furthermore, additional financing may not be available on favourable terms, if at all. If the Company is unable to obtain adequate financing or financing on satisfactory terms when required, its ability to continue to support business growth and to respond to business challenges could be significantly limited.

The Company had capital and unused credit facilities available for growth in the amount of approximately $15.5 million at December 31, 2011.

However, the ability of the Company to make acquisitions beyond the amount of its current excess capital and unused credit facilities depends on the Company being able to raise additional financing in the future through equity and/or debt capital markets. If the Company is unable to obtain equity and/or debt financing, either at all or on favourable terms, it may not be able to complete additional acquisitions, which could have an adverse effect on the future growth prospects of the Company.

Importance of Inventory, and EFC

The Company's integrated inventory, and distribution systems are important to the enhancement of operations. If the Company is unable to maintain its own inventory and distribution systems or fails to adequately upgrade these systems, the Company's margins could be affected by limiting the selection of product and deep discounts available. The Company has the ability to mitigate

this risk through conventional methods by using existing delivery system through AGLC. The Company's point of purchase system is capable of operating the supply chain through internal or external sources.

Credit Facility and Financial Instrument Covenants

The Company has terms and conditions which must remain in compliance under its credit facilities and Convertible Debenture.

The failure to comply with the terms of the Credit Facilities and convertible debenture would entitle the secured lenders to prevent the Company from further borrowing, or accelerate repayment.

Active Trading Market

There currently is not an active trading market for the Common Shares of the Company as a large number of shares are closely held. Without an active trading market for the Common Shares, the trading liquidity of the Common Shares is limited and the market value of the Common Shares may be reduced.

While the Convertible Debentures trade on the Toronto Stock Exchange, there is not currently an active trading market for the Debentures, and we cannot guarantee that an active trading market will develop. If an active trading market in the Convertible Debentures does not develop, the trading liquidity of the Convertible Debentures will remain limited and the market value of the Debentures may be adversely affected.

NON-IFRS MEASURES

Operating margin for purposes of disclosure under "Operating Results" has been derived by subtracting Operating and Administrative expenses from Gross Margin. Operating margin as a percentage of sales is calculated by dividing operating margin by sales.

Operating margin before non-recurring items has been derived by adding non-recurring items to operating margin. Non-recurring items include costs incurred and recoveries received by the Company that are not part of on-going operations and that are not expected to recur. Operating margin before non-recurring items as a percentage of sales is calculated by dividing operating margin before non-recurring items by sales.

Operating margin operating margin as a percentage of sales and operating margin before non-recurring items are calculated in tables under sections "Operating Results – 3 Months" and "Operating Results – 12 Months."

EBITDA is defined as the net income of the Company plus the following: interest expense, provision for income taxes, depreciation, amortization, mark to market adjustments on financial instruments, non-cash items such as stock based compensation expense and issue costs of securities, deferred taxes, write down of goodwill, and other restructuring charges for store closures. EBITDA is also less any non-recurring extraordinary or one-time gains from any capital asset sales. Management believes that, in addition to income or loss, EBITDA is a useful supplemental measure of performance.

Period	3 months ending Dec 2011	3 months ending Dec 2010	12 months ending Dec 2011	12 months ending Dec 2010
(Expressed in CDN $)			$	$
Net income	(539,410)	(122,624)	(451,428)	101,249
Income tax	(162,169)	36,016	(135,301)	155,784
Interest	217,468	273,786	1,436,835	815,430
Amortization	211,565	160,296	935,013	699,607
Early Payment Penalty	487,769	-	487,769	-
Loss (Gain) on Interest Rate Swap	(26,092)	(167,260)	121,040	289,189
Stock Based Compensation	27,777	83,145	82,166	197,590
Issue Costs of Securities	56,267	946	126,814	946
Store Closure Expenses	9,783	-	9,783	-
Loss on Disposal of Capital Assets	5,428	46,076	5,428	48,674
EBITDA	288,386	310,381	2,618,119	2,308,469

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