Liquor Stores N.A. Ltd.

[FOR IMMEDIATE RELEASE]

LIQUOR STORES N.A. LTD. REPORTS FOURTH QUARTER AND FULL YEAR RESULTS FOR 2012

REVENUE UP 6.5% , 10 NEW STORES ADDED
SUCCESSFULLY OPENED THREE LARGE-FORMAT STORES IN CANADA AND THE UNITED STATES

EDMONTON, ALBERTA, March 5, 2013 – Liquor Stores N.A. Ltd (the "Company") (TSX: LIQ), North America's largest publicly traded liquor retailer today reported its results for the fourth quarter and year ended December 31, 2012.

HIGHLIGHTS

Three months ended December 31, 2012

- Opened or acquired 5 convenience-focused stores in Canada (2011 – 4) and opened 1 large-format store in Kentucky (2011 - 1)
- Consolidated sales increased 6.6% to $179.4 million (2011 - $168.2 million)
- Same-store sales increased by 0.3% ($0.4 million) in Canada and decreased by 1.5% ($0.6 million) in the US
- Gross margin increased to 25.4% (2011 – 24.9%)
- Adjusted operating margin was $14.4 million (2011 - $15.7 million)

Year ended December 31, 2012

- Opened 2 new concept/large-format stores in Alberta ("Wine and Beyond"), opened or acquired 6 convenience-focused stores in Canada (2011 – 4), opened 1 large-format store in Kentucky (2011-1), and acquired 1 convenience-focused store in Kentucky
- Consolidated sales increased 6.5% to $630.1 million (2011 - $591.5 million)
- Same-store sales increased by 3.0% in Canada and 1.1% in the US
- Gross margin increased to 25.3% (2011 – 24.8%)
- Adjusted operating margin increased by 4.9% to $49.2 million (2011 - $46.9 million)

"We are pleased with our fiscal 2012 results and with the execution of our strategic growth plan. During the year we added a total of ten new stores, including one large-format store in the United States and the introduction of two new concept/large-format stores in Canada, branded as Wine and Beyond." said Jim

Dinning, Chairman of the Board of Directors and Interim Chief Executive Officer. "Wine and Beyond, which has the largest selection of wine, beer and spirits in Canada, has exceeded our expectations and has been well received by our customers. These destination-type stores differentiate us from our competitors and are a cornerstone of our plan to drive sales, improve profitability and deliver shareholder value."

The 6.5% sales increase for the year ended December 31, 2012 compared to 2011 was attributable to same-store sales increases in both Canada and the United States, and growth in the Company's store count. Gross margin as a percentage of sales in 2012 increased to 25.4% from 24.9% in 2011. The 'quarter over quarter' increase in gross margin percentage represents the fifth consecutive quarterly increase.

The Company added a total of ten (10) new stores in Alberta, British Columbia and Kentucky in 2012 and has added fifteen (15) new stores since the beginning of Q4 2011. This significant increase in store count as compared to recent prior years (2011 – net 2 new stores; 2010 – net 1 new store) is the result of the successful execution of the Company's new growth strategy.

The ten (10) new stores in 2012 included one (1) large-format Liquor Barn store in Kentucky that was opened in December 2012 and two (2) new concept/large-format liquor stores in Alberta branded as "Wine and Beyond" (each in excess of 17,000 square feet) that were opened during the last week of September 2012. Wine and Beyond are upscale stores that have a strong focus on wine and customer service. Management believes that these stores carry the largest selection of wines, spirits and beers in Canada. Fashioned similar to our large-format stores in the US, these destination-type stores complement the Company's convenience-focused Liquor Depot and Liquor Barn stores in Alberta. The financial results for the Wine and Beyond stores in the fourth quarter exceeded Management's expectations.

UPDATE ON THE SEARCH FOR A NEW CHIEF EXECUTIVE OFFICER

The Company's Board of Directors is presently completing a formal search for a new Chief Executive Officer and anticipates a successful conclusion of this search in the second quarter of 2013. Until a candidate has been appointed by the Board, Jim Dinning, current Chairman of the Board (and Board member since 2004), will continue to serve as Interim Chief Executive Officer.

SUMMARY FINANCIAL RESULTS AND ANALYSIS

	Three months ended		**Year ended**	
(expressed in thousands of Canadian dollars) except per share amounts)	**December 31, 2012**	**December 31, 2011**	**December 31, 2012**	**December 31, 2011**
Sales	$ 179,358	$ 168,244	$ 630,106	$ 591,502
Operating margin	$ 14,015	$ 15,662	$ 45,671	$ 45,899
Adjusted operating margin	$ 14,358	$ 15,662	$ 49,239	$ 46,928
Net earnings ***(note 1)***	$ 5,403	$ 7,904	$ 19,056	$ 24,802
Adjusted net earnings ***(note 1)***	$ 7,666	$ 7,904	$ 23,555	$ 22,291
Diluted earnings per share ***(note 1)***	$ 0.23	$ 0.35	$ 0.82	$ 1.08
Adjusted diluted earnings per share ***(note 1)***	$ 0.33	$ 0.35	$ 1.02	$ 0.96
Cash dividends per share	$ 0.27	$ 0.27	$ 1.08	$ 1.08
Weighted average number of shares outstanding – diluted (000's)	22,911	22,651	22,816	22,614
Stores in operation as at December 31	249	239	249	239

Note 1 –The decrease in net earnings and diluted earnings per share from 2011 to 2012 relates primarily to adjusting items that arose in 2012 and 2011. The adjusting items include a $4.9 million one-time recovery from a lawsuit recorded in Q3 2011, $2.0 million paid in Q3 2012 to the Company's former President and Chief Executive Officer upon his departure effective August 31, 2012, $1.3 million expensed in Q2 2012 for costs associated with a store investment (with a prospective partner) that was not completed, a $2.5 million non-cash impairment loss related to indefinite life intangible assets, and other miscellaneous adjusting items as identified in the Management, Discussion and Analysis (MD&A), less the income tax effect of these adjusting items.

Adjusting items, adjusted net earnings and adjusted diluted earnings per share are non-IFRS measures. Refer to the Non-IFRS Measures section of the Company's MD&A for the year ended December 31, 2012 for further discussion. Adjusted net earnings has been calculated as net earnings less the adjusting items and related tax effect. Adjusted diluted earnings per share has been calculated as adjusted net earnings divided by the diluted weighted average number of shares outstanding.

The MD&A as well as the consolidated financial statements and notes for the years ended December 31, 2012 and 2011 are available on the Company's website at this link: www.liquorstoresna.com and on the SEDAR website at www.sedar.com.

SALES

Sales for the three months ended December 31, 2012 increased by $11.1 million or 6.6% to $179.4 million (2011 - $168.2 million). The increase is primarily the result of new store expansion in Canada and the United States (10 new stores opened in 2012), offset by a $1.3 million decrease in the Canadian currency equivalent for US sales as a result of foreign exchange rate differences.

Same-Store Sales

- Canadian same-store sales increased by $0.4 million or 0.3%.
    - Same-store sales for the three months ended December 31, 2012 compared to 2011 were negatively impacted by the success of the two Wine and Beyond stores opened in the greater Edmonton region during the last week of September 2012. In addition to drawing customers away from our competitors, these destination-type stores also drew customers away from our convenience-focused stores during the fourth quarter due to their uniqueness in the marketplace and for seasonal holiday shopping as a result of their larger selection of product. Management believes that Canadian same-store sales were impacted in Q4 2012 as compared to 2011 by approximately $2.0 million to $2.5 million as a result of opening Wine and Beyond, which was more than offset by the sales recorded in Wine and Beyond.
    - Canadian same-store sales were, to a lesser extent, impacted by: (i) the unfavourable calendar shift experienced for the Christmas and New Year's Eve holiday season (mid-week in 2012 vs. on weekends in 2011), (ii) the delayed start of the 2012-2013 National Hockey League season and (iii) the impact of Alberta's new impaired driving legislation.
- US same store sales decreased by $0.6 million or 1.5%.
    - Same-store sales in the United States, down 1.5% or $0.6 million, have continued to be negatively impacted by certain counties in Kentucky going from 'dry' to 'wet' throughout 2012 (i.e. certain counties in close proximity to the Company's stores that did not previously permit retail package liquor sales are now permitting these sales). To counteract the impact of 'dry' to 'wet', the Company has been actively sourcing potential acquisitions or opportunities to develop new stores in counties that have gone 'wet' or in counties where

we do not yet have a presence; late in the fourth quarter of 2012 the Company opened one large-format store in Bowling Green, Kentucky.

  - To a lesser extent, the decline was due to: (i) the unfavourable calendar shift experienced for the Christmas and New Year's Eve holiday season and (ii) unfavourable weather experienced in Kentucky during November 2012.

Other Sales

- Sales for the other Canadian and US stores (new stores) were $14.2 million for the year ended December 31, 2012 (2011: $1.8 million) as a result of the ten (10) new stores opened in 2012, including the two Wine and Beyond stores opened in Canada during the last week of September 2012, and the five stores that were opened in the fourth quarter of 2011. Sales for these new stores in the fourth quarter of 2012 exceeded expectations.

Sales for the year ended December 31, 2012 increased by $38.6 million or 6.5% to $630.1 million (2011 - $591.5 million). The increase is primarily the result of new store expansion, same-store sales growth in both Canada and the U.S., and a $1.1 million increase in the Canadian currency equivalent for US sales as a result of foreign exchange rate differences.

Same-Store Sales

- Canadian same-store sales increased by $12.8 million or 3.0%.
  - The increases in same-store sales were primarily realized during the first three quarters of 2012. Management attributes these increases primarily to the continued success of the Company's expanded store hours program (with stores in selected markets open until 2 am) and continued management focus on the execution of operational initiatives related to merchandising techniques, category management and purchasing strategies.
- US same store sales increased by $1.5 million or 1.1%.
  - Both regions in the US had positive results during 2012, which Management believes were attributable primarily to continued focus on the execution of operational initiatives related to merchandising techniques, category management, purchasing strategies and the enhanced customer experience at the Alaska stores arising as a result of store renovations.
  - However same-store sales in the United States have continued to be negatively impacted by certain counties in Kentucky going from 'dry' to 'wet' throughout 2012 (i.e. certain counties in close proximity to the Company's stores that did not previously permit retail package liquor sales are now permitting these sales). To a lesser extent, US same-store sales were also negatively impacted by unfavourable weather conditions in Kentucky during the months of September and November 2012.

Other Sales

- Sales for the other Canadian and US stores (new stores added after December 31, 2010) were $25.1 million for the three months ended December 31, 2012 (2011: $2.4 million) as a result of the ten (10) new stores opened in 2012, including the two Wine and Beyond stores opened in Canada during the last week of September 2012, and the five stores that were opened in the fourth quarter of 2011. Sales for these new stores in 2012 exceeded expectations.

MARGINS

For the three months ended December 31, 2012, gross margin was $45.5 million, up 8.8% from $41.8 million for the same period last year. Gross margin as a percentage of sales increased to 25.4% from 24.9% in 2011. The 'quarter over quarter' increase in gross margin percentage represents the fifth consecutive quarterly increase. For the year ended December 31, 2012, gross margin was $159.5 million, up 8.9% from $146.5 million for the same period last year. Gross margin as a percentage of sales increased to 25.3% from 24.8% in 2011. Gross margin as a percentage of sales has increased primarily as a result of continued focus on merchandising techniques, category management and purchasing strategies, including expanding our selection and marketing of control brands/private label and exclusive products.

Adjusted operating margin for the three months ended December 31, 2012 was $14.4 million, a decrease of 8.3% from $15.7 million in 2011. As a percentage of total sales, adjusted operating margin for the fourth quarter 2012 was 8.0%, down from 9.3%. Adjusted operating margin for the year ended December 31, 2012 was $49.2 million, up 4.9% from $46.9 million in 2011. As a percentage of total sales, adjusted operating margin for the year ended December 31, 2012 was 7.8%, down from 7.9% a year earlier primarily due to the additional expenditures for the new stores opened during the year. The decrease in adjusted operating margin as a percentage of sales for the three months and the year ended December 31, 2012 was primarily due to the following matters that arose in the fourth quarter of 2012: a decline in US same-store sales and the relatively flat increase in Canadian same-store sales, inflation of operating expenses, investments being made to the Company's information technology infrastructure and head office staffing complement to support the Company's growth strategy, and pre-opening costs associated with new stores.

CASH FLOW AND DIVIDENDS

For the three months ended December 31, 2012, cash provided by operating activities before changes in non-cash working capital and adjusting items was $12.4 million ($0.54 per share), a decrease of $1.6 million compared to $13.9 million ($0.62 per share) for the same quarter in 2011. The decrease was attributable to a decline in US same-store sales and the relatively flat increase in Canadian same-store sales, inflation of operating expenses, investments being made to the Company's information technology infrastructure and head office staffing complement to support the Company's growth strategy, and pre-opening costs associated with new stores. Before adjusting items, cash provided by operating activities before changes in non-cash working capital for the three months ended December 31, 2012 is $0.52 per share compared to $0.62 per share in the same period last year.

During the three months and year ended December 31, 2012, the Company declared dividends of $0.27 and $1.08 per share, respectively. The Company's current annual dividend is $1.08. The Company has declared a monthly dividend consecutively since going public in 2004.

The Company has a dividend reinvestment plan (the "DRIP") to provide eligible shareholders with a convenient means of reinvesting monthly dividends into additional common shares. For further information about the DRIP and DRIP enrolment please visit the Company's website located at www.liquorstoresna.com.

EARNINGS AND EARNINGS PER SHARE

Net earnings for the three months ended December 31, 2012 were $5.4 million compared to $7.9 million for the same period in 2011. The decrease in net earnings is primarily the result of the $2.5 million non-cash impairment loss related to indefinite life intangible assets (relates to a change in Management's forecasted sales and profitability for five stores on Vancouver Island, British Columbia), a decline in US same-store sales and the relatively flat Canadian same-store sales, inflation of operating expenses, adjusting items associated with the Company's search for a new Chief Executive Officer, investments being made to the Company's information technology infrastructure and head office staffing complement to support the Company's growth strategy, and pre-opening costs associated with new stores, offset by lower financing costs and income tax expense.

Net earnings for the year ended December 31, 2012 was $19.1 million compared to $24.8 million for the same period in 2011. The decrease in net earnings is primarily the result of the 2011 adjusting items, which included proceeds from a litigation settlement of $4.9 million, expenses in 2012 of $2.0 million related to the departure of the Company's former President and Chief Executive Officer, $1.3 million of costs associated with a store investment not completed in Q2 2012, the $2.5 million impairment loss related to indefinite life intangible assets, inflation of operating expenses, investments being made to the Company's information technology infrastructure and head office staffing complement to support the Company's growth strategy, and pre-opening costs associated with new stores, offset by higher gross margin from same-stores and new stores, and lower financing costs and income tax expense.

Basic and diluted earnings per share for the three months and year ended December 31, 2012 were $0.23 and $0.82 per share respectively (2011: $0.35 and $1.08). Basic and diluted earnings per share decreased as a result of the same factors that impacted net earnings, as noted above. Adjusted diluted earnings per share was $0.33 for the three months ended December 31, 2012 (2011 - $0.35) and $1.02 for the year ended December 31, 2012 (2011 - $0.96).

CONFERENCE CALL

As previously announced, Liquor Stores N.A Ltd. will conduct an investor conference call on Wednesday March 6, 2013 to discuss results for the three months and year ended December 31, 2012. The conference call will take place at 9:00 a.m. MST. Participants in the call include Jim Dinning, Chairman of the Board of Directors and Interim Chief Executive Officer, Pat de Grace, Senior Vice President and Chief Financial Officer, Scott Morrow, Chief Operating Officer, and Craig Corbett, Senior Vice President, Business Development and General Counsel.

To take part in the call, please dial toll-free 1-877-240-9772. An archived recording of the conference call will be available approximately one hour after the completion of the call until March 14, 2013, by dialling 1-905-694-9451 or toll-free 1-800-408-3053. The required pass code is 6751954.

ABOUT LIQUOR STORES N.A. LTD.

The Company currently operates 247 retail liquor stores in Alberta, British Columbia, Alaska and Kentucky. The Company's common shares and convertible subordinated debentures trade on the Toronto Stock Exchange under the symbols "LIQ" and "LIQ.DB.A", respectively.

Additional information about Liquor Stores N.A. Ltd. is available at www.sedar.com and the Company's website at www.liquorstoresna.com.

NON-IFRS FINANCIAL MEASURES

Operating margin, operating margin as a percentage of sales, adjusted operating margin, adjusted net earnings, adjusted earnings per share, adjusting items, cash provided by operating activities before changes in working capital and adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items on a per share basis, and same-store sales 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, adjusted operating margin, adjusted net earnings, adjusted earnings per share, adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items on a per share basis, and same-store sales should not replace net earnings 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, adjusted operating margin, adjusted net earnings, adjusted earnings per share, adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items on a per share basis, and same-store sales may differ from the methods used by other issuers. Therefore, the Company's operating margin, operating margin as a percentage of sales, adjusted operating margin, adjusted net earnings, adjusted earnings per share, adjusting items, cash provided by operating activities before changes in non-cash working capital and adjusting items, cash provided by operating activities before changes in working capital and adjusting items on a per share basis, and same-store sales may not be comparable to similar measures presented by other issuers.

Operating margin for purposes of disclosure 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.

Adjusted operating margin represents operating margin adjusted for unusual, non-recurring or non-operating factors on both a consolidated and segmented basis. These factors, referred to as adjusting items, are reconciled and discussed in the *Highlights* and *Analysis of Financial Results* sections of the MD&A for the three months and year ended December 31, 2012. Adjusted net earnings is calculated as net earnings less the tax effected adjusting items. The tax effect of the adjusting items is calculated by multiplying the adjusting items by the statutory rate of income tax of the applicable jurisdiction. Adjusted basic and diluted earnings per share is calculated as adjusted net earnings divided by basic or diluted weighted average number of common shares outstanding. Management believes the presentation of adjusted operating margin, adjusted net earnings, and adjusted basic and diluted earnings per share provides for useful information to investors and shareholders as it provides increased transparency and predictive value. Management uses adjusted operating margin to set targets and assess performance of the Company.

Cash provided by operating activities before changes in non-cash working capital and adjusting items is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other issuers. Investors are cautioned that this should not be construed as an alternative measure of profitability.

For further information, please contact:

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