LIQUOR STORES N.A. LTD.

[FOR IMMEDIATE RELEASE]

LIQUOR STORES N.A. LTD REPORTS RECORD FIRST QUARTER RESULTS FOR 2012

REVENUE UP 9.2%, OPERATING MARGIN UP 32.9%, SAME STORE SALES UP 7.3% IN CANADA, UP 5.0% IN UNITED STATES

EDMONTON, ALBERTA, May 14, 2012 – Liquor Stores N.A. Ltd (the "Company") (TSX: LIQ), Canada's largest private liquor retailer (based upon number of stores and revenue) today reported its results for the first quarter ended March 31, 2012.

HIGHLIGHTS

Three Months Ended March 31, 2012

- Consolidated sales were $126.6 million (2011 - $116.0), an increase of 9.2%, the Company's highest recorded sales for a first quarter;
- Same-store sales increased by 7.3% in Canada and 5.0% in the US;
- Gross margin was 25.6% (2011 - 25.1%);
- Operating margin before non-recurring items increased by 32.9% to $6.9 million (2011 - $5.2 million);
- Net earnings were $2.4 million (2011 - $0.1 million).

Our financial performance in the first quarter was highlighted by strong same-store sales growth in Canada and the US of 7.3% and 5.0%, respectively, as compared to the first quarter of the prior year.

In addition to increasing sales, the Company was successful in increasing gross margin percentage from 25.1% to 25.6% and increasing operating margin before non-recurring items by 32.9% to $6.9 million.

Management attributes these positive results to our sustained focus on operations, improved merchandising techniques, category management, and purchasing strategies, as well as success with the expanded store hours program, and strong cost control. Sales also benefited from favourable weather conditions in Western Canada in the early part of the quarter and an extra day in the quarter (as a result of 2012 being a leap year) compared to the prior comparative period.

"Our core business in Canada is thriving with 7.3% comparative same-store sales growth. That's the sixth consecutive quarterly increase recorded by the Company." said Rick Crook, President & Chief Executive Officer.

FIRST QUARTER 2012 OPERATING RESULTS COMPARED TO FIRST QUARTER 2011 OPERATING RESULTS

SALES

Total sales grew by $10.6 million or 9.2% to $126.6 million in the first quarter of 2012 (2011 - $116.0 million), representing the Company's highest sales in a first quarter. The increase is primarily the result of new store expansion, same-store sales growth in both Canada and the U.S, favourable weather for the early part of the quarter in Canada, and an additional day in the quarter as a result of the leap year. The increase also includes a $0.4 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 $6.0 million or 7.3%.
  - The increase in Canadian same-store sales represents the sixth consecutive quarter over quarter increase.
  - The positive results in Canada are attributable, in part, to the continued success of the Company's expanded store hours program (with stores in selected markets open until 2am) and continued management focus on the execution of operational initiatives related to merchandising techniques, category management, and purchasing strategies.
  - Canadian same-store sales in the first quarter of 2012 also benefited from strong economic conditions particularly in resource communities where sales growth was in excess of 10%, favourable weather in the early part of the quarter and an additional day in the quarter as a result of the leap year. Management believes that approximately 1.5% of the 7.3% increase in Canadian same-store sales was attributable to the additional day in the quarter.
- US same store sales increased by $1.4 million or 5.0%.
  - The increase in US same-store sales was led by Alaska where same-store sales increased by approximately 6.9%. Management believes this increase is attributable primarily to the enhanced customer experience at the Alaska stores, arising as a result of store renovations and certain in-store merchandising initiatives.
  - Management believes that approximately 1.5% of the 5.0% increase in US same-store sales in the first quarter of 2012 was attributable to the additional day in the quarter as a result of the leap year.

MARGINS

For the three months ended March 31, 2012, gross margin was $32.4 million, up 11.3% from $29.2 million for the same period last year. Gross margin as a percentage of sales is up 0.5% to 25.6% from 25.1% 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.

Operating margin was $6.9 million for the quarter ended March 31, 2012, up 48.2% from $4.7 million in 2011. As a percentage of sales, operating margin was 5.5%, up 1.5% from a year earlier primarily due to an improvement in gross margin percentage, cost control and an increase in same-store sales. Operating margin before non-recurring items was up 32.9% from $5.2 million.

Operating margin before non-recurring items for Canadian stores for the first quarter of 2012 was $5.5 million or 5.9% as a percentage of sales compared with $4.0 million and 4.6% as a percentage of sales for 2011.

The US operating margin before non-recurring items for the first quarter of 2012 was $1.4 million or 4.3% as a percentage of sales compared with $1.2 million and 4.2% as a percentage of sales for the first quarter of 2011.

CASH FLOW AND DIVIDENDS

For the three months ended March 31, 2012, cash provided by operating activities before changes in non-cash working capital and non-recurring items was $3.0 million, a decrease of $0.4 million compared to $3.4 million for the same quarter in 2011. For the three months ended March 31, 2012, cash flow per share before non-recurring items is $0.13 (2011: $0.15) and cash flow per share is $0.13 (2011: $0.12). The $0.4 million decrease in cash provided by operating activities before changes in non-cash working capital and non-recurring items results primarily from a $1.7 million increase in operating margin before non-recurring items offset by $2.2 million current income tax expense. This income tax recognition represents the first quarter since the Company's December 2010 adoption of a corporate structure that current income tax expense related to partnership income has been recognized (as previous quarters had the benefit from a deferral of partnership income).

During the three months ended March 31, 2012, the Company declared dividends of $0.27 per share. 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 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 March 31, 2012 were $2.4 million, compared to $0.1 million for the same period in 2011. Operating earnings before finance costs and income tax for the three months ended March 31, 2012 increased to $5.1 million from $2.7 million last year. Interest expense declined $0.2 million to $2.4 million for the three months ended March 31, 2012, and mark to market adjustments on the interest rate swap of $0.6 million resulted in an overall decrease in finance costs of $0.8 million to $1.8 million for the period. Income tax expense for the three months ended March 31, 2012 was $0.8 million compared to a recovery of $4 thousand in the same period last year, primarily as a result of increased earnings in the current period.

Basic and diluted earnings per share for the three months ended March 31, 2012 was $0.10 per share compared to $nil for both a year earlier.

Liquor Stores Summary Financial Results, three months ended March 31, 2012 with comparisons to 2011

(expressed in thousands of Canadian dollars)	Three months ended	
	March 31, 2012	March 31, 2011
Sales	$ 126,636	$ 115,967
Operating margin before non-recurring items	$ 6,934	$ 5,216
Operating margin	$ 6,934	$ 4,679
Net earnings	$ 2,406	$ 145
Diluted earnings per share	$ 0.10	$ 0.00
Cash dividends per share	$ 0.27	$ 0.27
Weighted average number of shares outstanding (000's)	22,682	22,589
Stores in operation as at March 31	240	236

The Management's Discussion and Analysis (MD&A) as well as the interim consolidated financial statements and notes for the three months ended March 31, 2012 are available on the Company's website at this link: www.liquorstoresna.com and on the SEDAR website at www.sedar.com.

Conference Call

As previously announced, Liquor Stores N.A Ltd. will conduct an investor conference call on Tuesday May 15, 2012 to discuss results for the three months ended March 31, 2012. The conference call will take place at 3:00 p.m. MT. Participants in the call include Rick Crook, President and Chief Executive Officer, Pat de Grace, Senior Vice President and Chief Financial Officer and Scott Morrow, Chief Operating Officer.

To take part in the call, please dial 416-340-8527, or 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 May 23, 2012, by dialling 905-694-9451, or toll-free 1-800-408-3053. The required pass code is 9135145. An archived recording of the call will also be available on the Liquor Stores N.A Ltd. website.

About Liquor Stores N.A. Ltd.

The Company currently operates 240 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", "LIQ.DB", and "LIQ.DB.A".

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, operating margin before non-recurring items, EBITDA, cash provided by operating activities before changes in working capital and non-recurring items, cash provided by operating activities before changes in working capital and non-recurring 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, EBITDA, cash provided by operating activities before changes in working capital and non-recurring items, cash provided by operating activities before changes in working capital and non-recurring 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, EBITDA, cash provided by operating activities before changes in working capital and non-recurring items, cash provided by operating activities before changes in working capital and non-recurring 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, EBITDA, cash provided by operating activities before changes in working capital and non-recurring items, cash provided by operating activities before changes in working capital and non-recurring items on a per share basis, and same store sales may not be comparable to similar measures presented by other issuers.

EBITDA, which is used only with reference to the calculation of covenants under the Company's credit facility, is defined under the amended and restated credit facility as the net income of the Company plus the following: interest expense, provision for income taxes, any portion of expense in respect of non-cash items including any long-term incentive plan amounts not to be settled in cash, depreciation, amortization, deferred taxes, and non-recurring losses to a maximum of $3.5 million in any fiscal year, write down of goodwill and other restructuring charges for store closures, and amortization of inventory fair value adjustments. EBITDA is also less any non-recurring extraordinary or one-time gains from any capital asset sales or certain foreign currency transactions.

Cash provided by operating activities before changes in working capital and non-recurring 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.

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 as described above.

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. Among others, these non-recurring items include professional fees paid in respect of lawsuits that originated following and arising from the Company’s acquisition of Liquor Barn Income Fund in 2007 and the proceeds received on settlement of these matters.

For further information, please contact:

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