



LIQUOR STORES N.A. LTD.

[FOR IMMEDIATE RELEASE]

**LIQUOR STORES N.A. LTD REPORTS 2011 FIRST QUARTER RESULTS
30% OPERATING MARGIN INCREASE AND STRONG SAME STORE SALES**

EDMONTON, ALBERTA, May 18, 2011 – Liquor Stores N.A. Ltd (the “Company”) (TSX: LIQ) today reported its results for the first quarter ended March 31, 2011.

HIGHLIGHTS

- Operating margin before non-recurring items increased by 30%
- Overall gross margin as a percentage of sales increased to 25.1% from 24.3% in first quarter 2010
- Same store sales in Alberta (the Company’s largest market) are up 4.8% overall
- Canadian same-store sales increased by 2.6%

Consolidated sales were \$116.0 million, an increase of 0.14% over the first quarter 2010, despite a \$1.5 million decrease in the Canadian dollar equivalent for US store sales (as a result of foreign exchange rate differences) and the Company’s strategic reduction of its lower margin wholesale business.

Canadian same-store sales increased 2.6% to \$75.8 million in the first quarter, compared with \$73.9 million in first quarter 2010. U.S. same store sales also increased slightly, improving 0.31% in the first quarter, from US\$28.3 million to US\$28.4 million.

Overall gross margin, as a percentage of sales, increased to 25.1% from 24.3% in the first quarter of last year. Operating margin, before non-recurring items, increased by 30% to \$5.2 million for the first quarter of 2011 from \$4.0 million in the first quarter of 2010.

Commenting on the first quarter results, Rick Crook, President and CEO of the Company said, “These positive first quarter results give us a solid footing for the year, and reinforce our expectation of a strengthening market. We continue to enhance customer convenience with extended hours and more product selection and are pleased with the excellent feedback received from our customers respecting these new initiatives.”

QUARTER ENDED MARCH 31, 2011

FIRST QUARTER SALES

Sales for the three months ended March 31, 2011 and 2010 were \$116.0 million and \$115.8 million, respectively.

Same Store Sales

- Canadian same store sales increased by \$1.9 million, up 2.6%
- US same store sales were US\$28.4 million, up from US\$28.3 million.

FIRST QUARTER MARGINS

Gross margin was \$29.2 million, up 3.7 % from \$28.1 million last year due to stronger merchandising, buying and pricing strategies implemented in the first quarter of 2011 and the impact on the prior year related to the liquor wholesale price mark-up increase that is no longer applicable.

Operating margin before non-recurring items was \$5.2 million, representing a 30% increase over first quarter 2010 operating margin of \$4.0 million.

FIRST QUARTER CASH FLOW AND DIVIDENDS

Cash provided by operating activities before changes in working capital for the first quarter of 2011 was \$2.8 million compared to \$2.1 million for the same quarter in 2010. Cash flow per share excluding non-recurring items is \$0.15 (2010: \$0.09). Cash flow per share including non-recurring items is \$0.12 (2010: \$0.09).

During the quarter ended March 31, 2011, 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 recently implemented 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 please visit the Company's website located at www.liquorstoresna.ca.

FIRST QUARTER EARNINGS AND EARNINGS PER SHARE

Net earnings for the three months ended March 31, 2011 was \$145 thousand compared to a loss of \$8.6 million for the same period in 2010. The 2010 net loss has been re-stated as a result of the conversion to International Financial Reporting Standards and specifically the treatment of financing costs and income taxes. Adjusting for these factors the first quarter in 2010 net earnings were \$54 thousand.

Basic and diluted earnings per share were \$nil in the first quarter of 2011, compared with basic and diluted loss per share of \$0.47 a year earlier.

Liquor Stores Summary Financial Results, three months ended March 31, 2011 with comparisons to 2010

(expressed in thousands of Canadian dollars, except per share amounts)	Three months ended	
	March 31, 2011	March 31, 2010
Sales	\$ 115,967	\$ 115,798
Operating margin before non-recurring items	\$ 5,200	\$ 4,000
Operating margin	\$ 4,663	\$ 4,095
Net earnings (loss)	\$ 145	\$ (8,604)
Diluted earnings (loss) per share ⁽¹⁾	\$ 0.00	\$ (0.47)
Cash dividends per share ⁽¹⁾	\$ 0.27	\$ 0.41
Weighted average number of shares outstanding ⁽¹⁾ (000's)	22,589	18,515
Stores in operation at March 31	236	236

(1) Prior to December 31, 2010 the Company was an income trust. References to "share" and "dividend" above should be read as "unit" and "distribution" for such prior periods.

The Management's Discussion and Analysis (MD&A) as well as the complete financial statements and notes for the first quarter ended March 31, 2011 are available on the Company's website at this link: www.liquorstoresna.ca and on the SEDAR website at www.sedar.com.

Conference Call

Liquor Stores N.A Ltd. will conduct an investor conference call on Thursday, May 19, 2011 to discuss results for the first quarter ended March 31, 2011. The conference call will take place at 3 p.m. MT. Participants in the call include Rick Crook, President and CEO, Pat de Grace, Chief Financial Officer and Scott Morrow, Chief Operating Officer.

To take part in the call, please dial 416-340-9432, 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 27, 2011, by dialling 905-694-9451, or toll-free 1-800-408-3053. The required pass code is 3171185. An archived recording of the call will also be available on the Liquor N.A Ltd. website.

About Liquor Stores N.A. Ltd.

The Company currently operates 236 retail liquor stores in Alberta, British Columbia, Alaska and Kentucky. Management believes the Company is Alberta's largest operator of private liquor stores by both number of stores and sales revenue. The Company's common shares and 6.75% convertible subordinated debentures trade on the Toronto Stock Exchange under the symbols "LIQ" and "LIQ.DB", respectively.

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

NON-GAAP FINANCIAL MEASURES

Operating margin, operating margin as a percentage of sales, EBITDA, cash provided by operating activities before changes in working capital and non-recurring items, and same store sales are not measures recognized by GAAP and do not have a standardized meaning prescribed by GAAP. 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 and same store sales should not replace net earnings or loss (as determined in accordance with GAAP) 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 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 and same store sales may not be comparable to similar measures presented by other issuers.

EBITDA is defined 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 and the calculation of this measure and on the additional GAAP measure on a per share basis are all non-GAAP financial measures that do not have a standardized meaning prescribed by GAAP and therefore are 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 by the Company for expenses that are not part of on-going operations and that are not expected to recur.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements or information. All statements and information other than statements of historical fact contained in this press release are forward-looking statements, including, without limitation, statements regarding the future financial position and performance of the Company, the Company's assessment of key retail economic indicators, customer buyer habits and the economy, future business strategy and operational initiatives, monthly and annual dividend rates, and the future plans and objectives of or involving the Company. You can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues", "forecasts" or similar words or the negative thereof. There is no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur and such forward-looking statements included in this press release should not be unduly relied upon. Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed elsewhere in this press release. There is no assurance that such expectations will prove to be correct.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, but are not limited to, those discussed under "Risk Factors" in the Company's Annual Information Form dated March 15, 2011, and the Company's Annual Management Discussion and Analysis for the year-ended December 31, 2010, both of which are filed on SEDAR at www.sedar.com.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as expressly required by applicable securities law. New factors emerge from time to time, and it is not possible for the Company to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

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