LIQUOR STORES N.A. LTD.

[FOR IMMEDIATE RELEASE]

LIQUOR STORES N.A. LTD. REPORTS STRONG SECOND QUARTER RESULTS FOR 2012

REVENUE UP 6.3%, SAME STORE SALES INCREASES FOR THE 7th CONSECUTIVE QUARTER IN CANADA AND 6th CONSECUTIVE QUARTER IN THE US

EDMONTON, ALBERTA, August 8, 2012 – Liquor Stores N.A. Ltd (the "Company") (TSX: LIQ), North America's largest publicly traded liquor retailer (based upon number of stores and revenue) today reported its results for the second quarter ended June 30, 2012.

HIGHLIGHTS

Three months ended June 30, 2012

- Consolidated sales increased 6.3% to $159.6 million (2011 - $150.2 million);
- Same-store sales increased by 3.2% in Canada and 2.2% in the US;
- Gross margin was 24.8% (2011 – 24.5%);
- Operating margin before non-recurring items increased by 7.6% to $13.3 million (2011 - $12.4 million); and
- Net earnings were $4.8 million (2011 - $5.8 million).

Six months ended June 30, 2012

- Consolidated sales increased 7.5% to $286.3 million (2011 - $266.2 million);
- Same-store sales increased by 5.0% in Canada and 3.5% in the US;
- Gross margin was 25.2% (2011 – 24.8%);
- Operating margin before non-recurring items increased by 15.1% to $20.3 million (2011 - $17.6 million); and
- Net earnings were $7.2 million (2011 - $5.9 million).

Our financial performance in the second quarter was highlighted by strong same-store sales growth: up 3.2% in Canada and up 2.2% in the US, as compared to the second quarter of 2011.

The same-store sales increase in Canada was the seventh consecutive quarterly increase recorded by the Company, and increased despite Vancouver's early departure from the 2012 hockey playoffs (Vancouver's lengthy 2011 playoff success had a positive impact on the Company's sales in Q2 2011). Same-store sales in the US have also increased for six consecutive quarters.

In addition to increasing sales, the Company was successful in increasing gross margin percentage from 24.5% to 24.8% and operating margin before non-recurring items by 7.6% to $13.3 million. Q2 2012 represents the third consecutive quarter that gross margin percentage has increased from the comparative quarter.

Management attributes these positive results to our sustained focus on improved merchandising techniques, category management and purchasing strategies, continued success of the Company's expanded store hours program and a strong emphasis on cost control.

"We are pleased with both the operational and financial performance of the Company in the second quarter and year to date." said Rick Crook, President & Chief Executive Officer. "On a quarter over quarter basis, Q2 2012 represents seven consecutive quarters of same-store sales increases in Canada, six quarters of same-store sales in the US, and three consecutive quarters of gross margin percentage increases."

Second Quarter 2012 Operating Results Compared to Second Quarter 2011 Operating Results

Sales

Total sales grew by $9.4 million or 6.3% to $159.6 million in the second quarter of 2012 (2011 - $150.2 million). The increase is primarily the result of new store expansion, same-store sales growth in both Canada and the U.S., and a $1.5 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 $3.6 million or 3.2%.
  - The increase in Canadian same-store sales represents the seventh 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 and continued management focus on the execution of operational initiatives related to merchandising techniques, category management and purchasing strategies. As cited above, the increase in Canadian same-store sales occurred despite Vancouver's early departure from the 2012 hockey playoffs (Vancouver's lengthy 2011 playoff success had a positive impact on the Company's sales in Q2 2011).
- US same store sales increased by $0.8 million or 2.2%.
  - The increase in US same-store sales represents the sixth consecutive quarter over quarter increase.
  - Management believes this increase is attributable primarily to continued management 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.

Other Sales

- Sales for the Canadian wholesale operations, which include sales to both licensee and retail customers from stores included in this segment, were $6.3 million for the three months ended June 30, 2012, which is consistent with sales in the prior year (2011 - $6.3 million). Due to increased competition for low margin wholesale business, the Company decided in early 2011 to reduce its business in this area and as such, no increases in sales are expected for these stores as compared to the prior year or in the future.
- Other Canadian stores include one store that was acquired in the second quarter of 2012, four stores that were opened in the fourth quarter of 2011 and one store that closed subsequent to March 31, 2011; other US stores include one store that was acquired in the first quarter of 2012 and one store that was opened in the fourth quarter of 2011. Sales for all of the new stores have met management expectations and management is encouraged that this will continue throughout the remainder of 2012.

MARGINS

For the three months ended June 30, 2012, gross margin was $39.7 million, up 7.8% from $36.8 million for the same period last year. Gross margin as a percentage of sales increased to 24.8% from 24.5% in 2011. The quarter over quarter increase in gross margin percentage represents the third consecutive quarterly increase. 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.

Operating margin before non-recurring items was $13.3 million for the three months ended June 30, 2012, up 7.6% from $12.4 million in 2011. As a percentage of total sales, operating margin before non-recurring items was 8.4%, up from 8.2% a year earlier primarily due to an improvement in gross margin percentage and cost control. Operating margin decreased 1.3% from $12.2 million in the prior year primarily as a result of a $1.2 million non-recurring charge for costs associated with a store investment (with a prospective partner) that was not completed, and which costs were determined by the Company not to be recoverable.

Operating margin for Canadian stores for the second quarter of 2012 was $10.6 million or 8.8% as a percentage of Canadian sales compared with $10.2 million and 8.7% as a percentage of Canadian sales for 2011.

The US operating margin for the second quarter of 2012 was $1.5 million or 3.8% as a percentage of US sales compared with $2.0 million and 6.0% as a percentage of US sales for 2011. US operating margin before the $1.2 million in non-recurring items referenced above, was $2.7 million or 7.0% as a percentage of US sales.

CASH FLOW AND DIVIDENDS

For the three months ended June 30, 2012, cash provided by operating activities before changes in non-cash working capital and non-recurring items was $11.6 million, an increase of $1.3 million compared to $10.3 million for the same quarter in 2011. For the three months ended June 30, 2012, cash flow per share before non-recurring items is $0.51 (2011: $0.46) and cash flow per share is $0.45 (2011: $0.45). The increase in cash provided by operating activities before changes in non-cash working capital and non-recurring items for the three months ended June 30, 2012 of $1.3 million results primarily from a $0.9 million increase in operating margin before non-recurring items for the three months ended June 30, 2012. The income tax expense for the three months ended March 31, 2012 and three months ended June 30, 2012 represents the first quarters 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 and six months ended June 30, 2012, the Company declared dividends of $0.27 and $0.54 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 June 30, 2012 were $4.8 million compared to $5.8 million for the same period in 2011. The decrease in net earnings is primarily the result of the $1.2 million non-recurring charge for costs associated with a store investment that was not completed, a $1.1 million increase in non-cash interest, an unrealized loss of $0.4 million being recognized as a result of the mark-to-market adjustment related to an interest rate swap and a $1.2 million increase in income tax expense, offset by a $2.9 million increase in gross margin.

Basic and diluted earnings per share for the three and six months ended June 30, 2012 were $0.21 and $0.31 per share respectively (2011: $0.25 and $0.26)

Liquor Stores Summary Financial Results, three and six months ended June 30, 2012 with comparisons to 2011

(expressed in thousands of Canadian dollars)	Three months ended		Six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Sales	$ 159,621	$ 150,210	$ 286,257	$ 266,177
Operating margin before non-recurring items	$ 13,330	$ 12,390	$ 20,264	$ 17,542
Operating margin	$ 12,087	$ 12,248	$ 19,021	$ 16,863
Net earnings	$ 4,766	$ 5,783	$ 7,172	$ 5,928
Diluted earnings per share	$ 0.21	$ 0.25	$ 0.31	$ 0.26
Cash dividends per share	$ 0.27	$ 0.27	$ 0.54	$ 0.54
Weighted average number of shares outstanding (000's)	22,784	22,599	22,733	22,594
Stores in operation as at June 30	242	236	242	236

The Management's Discussion and Analysis (MD&A) as well as the interim consolidated financial statements and notes for the three and six months ended June 30, 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 Thursday August 9, 2012 to discuss results for the three and six months ended June 30, 2012. The conference call will take place at 9:00 a.m. MST. Participants in the call include Rick Crook, President and Chief Executive Officer, Pat de Grace, Senior Vice President and Chief Financial Officer, Scott Morrow, Chief Operating Officer, and Craig Corbett, Vice President Legal, General Counsel & Corporate Secretary.

To take part in the call, please dial toll-free 1-800-747-9564. An archived recording of the conference call will be available approximately one hour after the completion of the call until August 15, 2012, by dialling 416-626-4100, or toll-free 1-800-558-5253. The required pass code is 21601351.

CEO Works from Home Office Temporarily

The Company's Chief Executive Officer, Mr. Rick Crook, is currently managing his work duties from his home office as he recovers from a non-life threatening health issue. The Chairman of the Board, Jim Dinning, commented, "Rick is in regular contact with his executive team on all key strategic and operational matters. We wish him a speedy recovery and look forward to his return to the office."

About Liquor Stores N.A. Ltd.

The Company currently operates 242 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".

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 costs associated with a store investment that was not completed, and 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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Liquor Stores N.A. Ltd.

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