LIQUOR STORES N.A. LTD.

[FOR IMMEDIATE RELEASE]

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

REVENUE UP 4.7%, OPERATING MARGIN UP 7%

EDMONTON, ALBERTA, November 6, 2012 – Liquor Stores N.A. Ltd (the "Company") (TSX: LIQ), North America's largest publicly traded liquor retailer today reported its results for the third quarter ended September 30, 2012.

HIGHLIGHTS

Three months ended September 30, 2012

- Opened two large-format, service-oriented liquor stores in Alberta (each in excess of 17,000 square feet), branded as "Wine & Beyond";
- Consolidated sales increased 4.7% to $164.5 million (2011 - $157.1 million);
- Same-store sales increased by 2.5% in Canada and decreased by 0.4% ($0.1 million) in the US;
- Gross margin increased to 25.5% (2011 – 24.8%);
- Operating margin before non-recurring items increased by 7.0% to $14.6 million (2011 - $13.6 million); and
- Net earnings were $6.5 million (2011: $11.0 million). The decrease relates primarily to last year's $4.9 million one-time recovery from a lawsuit.

Nine months ended September 30, 2012

- Consolidated sales increased 6.5% to $450.7 million (2011 - $423.3 million);
- Same-store sales increased by 4.1% in Canada and 2.1% in the US;
- Gross margin increased to 25.3% (2011 – 24.7%);
- Operating margin before non-recurring items increased by 11.9% to $34.9 million (2011 - $31.2 million); and
- Net earnings were $13.7 million (2011: $16.9 million). The decrease relates primarily to last year's $4.9 million one-time recovery from a lawsuit.

"Our results reflect a continuation of the strong performance we've been driving across all regions. We've achieved significant margin improvements in both our Canadian and US segments." said Jim Dinning, Chair of the Board of Directors and Interim Chief Executive Officer. "Along with our continued strong financial results, our team 'raised the bar' when we opened two new large-format stores in Alberta in September. The initial customer response has been overwhelmingly positive."

Our financial performance in the third quarter was highlighted by strong increases in gross margin and operating margin percentages. Consolidated gross margin increased from 24.8% to 25.5%, which represents the fourth consecutive quarter that the gross margin has increased over the comparative quarter. Operating margin before non-recurring items increased by 7.0% to $14.6 million, which represents the seventh consecutive quarter that operating margin percentage before non-recurring items has increased over the comparative quarter. The third quarter same-store sales increase in Canada was the eighth consecutive quarterly increase recorded by the Company. US same-store sales experienced a $0.1 million 'quarter over quarter' decline, however, both gross margin and operating margin in the US increased from the comparative period.

Management attributes these positive results primarily to our focus on improved merchandising, category management and purchasing strategies along with our expanded store hours program (with selected stores open until 2 am), and a strong emphasis on cost control.

During the last week of September 2012, the Company opened two (2) large-format Alberta liquor stores (each in excess of 17,000 square feet), branded as "Wine & Beyond", with a strong focus on wine and customer service. Management believes that these upscale Wine & Beyond stores carry the largest selection of wines, spirits and beers in Western Canada. Fashioned similar to our large-format stores located in the US, these destination stores will complement the Company's convenience-focused Liquor Depot/Liquor Barn stores in Alberta.

Third Quarter 2012 Operating Results Compared to Third Quarter 2011 Operating Results

Sales

Total sales increased by $7.4 million or 4.7% to $164.5 million in the third quarter of 2012 (2011 - $157.1 million). The increase is primarily the result of new store expansion, same-store sales growth in Canada, and a $0.5 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 $2.9 million or 2.5%.
  - The increase in Canadian same-store sales represents the eighth 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 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 decreased by $0.1 million or 0.4%, which was more than offset by an increase in operating margin.
  - Management believes the decrease in US same store sales is attributable primarily to unfavourable weather conditions in Kentucky during the month of September 2012 and downward pressure on sales due to certain counties in Kentucky (in proximity to certain of the Company's stores) going from 'dry' to 'wet' throughout 2012 (i.e. certain counties that did not previously permit retail package liquor sales are now permitting these sales).

Other Sales

- Other Canadian stores include two large format stores ('Wine & Beyond') opened during the last week of September 2012, 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 June 30, 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 exceeded projections and management is encouraged that this will continue throughout the remainder of 2012.

MARGINS

For the three months ended September 30, 2012, gross margin was $41.9 million, up 8.2% from $38.8 million for the same period last year. Gross margin as a percentage of sales increased to 25.5% from 24.7% in 2011. The quarter over quarter increase in gross margin percentage represents the fourth 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 $14.6 million for the three months ended September 30, 2012, up 7.0% from $13.6 million in 2011. As a percentage of total sales, operating margin before non-recurring items was 8.9%, up from 8.7% a year earlier primarily due to an improvement in gross margin percentage. Operating margin decreased 4.9% from $13.3 million in the prior year, primarily as a result of non-recurring administrative expenses, which were offset by increases in sales and gross margin percentage.

Canadian operating margin before the $2.0 million in non-recurring expenses primarily related to payments made to the Company's former President and Chief Executive Officer upon his departure effective August 31, 2012, was $12.2 million or 9.5% as a percentage of Canadian sales. Operating margin for Canadian stores for the third quarter of 2012 was $10.2 million or 8.0% as a percentage of Canadian sales compared with $11.8 million and 9.6% as a percentage of Canadian sales for 2011.

The US operating margin for the third quarter of 2012 was $2.4 million or 6.6% as a percentage of US sales compared with $1.5 million and 4.3% as a percentage of US sales for 2011.

CASH FLOW AND DIVIDENDS

For the three months ended September 30, 2012, cash provided by operating activities before changes in non-cash working capital and non-recurring items was $13.0 million ($0.57 per share), an increase of $0.9 million compared to $12.1 million ($0.54 per share) for the same quarter in 2011. The increase results primarily from an increase in operating margin before non-recurring items for the three months ended September 30, 2012. Before adjusting for non-recurring items, cash provided by operating activities before changes in non-cash working capital for the three months ended September 30, 2012 is $0.48 per share compared to $0.70 per share in the same period last year.

During the three and nine months ended September 30, 2012, the Company declared dividends of $0.27 and $0.81 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 September 30, 2012 were $6.5 million compared to $11.0 million for the same period in 2011. The decrease in net earnings is primarily the result of non-recurring recoveries in 2011, which included proceeds from a litigation settlement of $4.9 million, and non-recurring expenses in 2012 of $1.9 million related to the departure of the Company's former President and Chief Executive Officer, which were offset by increases in gross margin and a decrease in income taxes.

Basic and diluted earnings per share for the three and nine months ended September 30, 2012 were $0.28 and $0.59 per share respectively (2011: $0.48 and $0.74).

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

	Three months ended		Nine months ended	
(expressed in thousands of Canadian dollars) except per share amounts)	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Sales	$ 164,490	$ 157,080	$ 450,747	$ 423,258
Operating margin before non-recurring items	$ 14,588	$ 13,648	$ 34,852	$ 31,230
Operating margin	$ 12,635	$ 13,298	$ 31,656	$ 30,201
Net earnings ***(note 1)***	$ 6,481	$ 10,970	$ 13,653	$ 16,898
Diluted earnings per share ***(note 1)***	$ 0.28	$ 0.48	$ 0.59	$ 0.74
Cash dividends per share	$ 0.27	$ 0.27	$ 0.81	$ 0.81
Weighted average number of shares outstanding – diluted (000's)	22,949	22,613	22,836	22,602
Stores in operation as at September 30	244	236	244	236

Note 1 – Note that the decrease in net earnings and diluted earnings per share from 2011 to 2012 relates primarily to a $4.9 million one-time recovery from a lawsuit recorded in 2011.

The Management's Discussion and Analysis (MD&A) as well as the interim consolidated financial statements and notes for the three and nine months ended September 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 Wednesday November 7, 2012 to discuss results for the three and nine months ended September 30, 2012. The conference call will take place at 9:00 a.m. MST. Participants in the call include Jim Dinning, Chair 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, Vice President Legal, General Counsel & Corporate Secretary.

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 November 15, 2012, by dialling 1-905-694-9451 or toll-free 1-800-408-3053. The required pass code is 6431970.

About Liquor Stores N.A. Ltd.

The Company currently operates 246 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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