

Liquor Stores N.A. Ltd.

Condensed Interim Consolidated Financial Statements

September 30, 2012 and 2011

(Unaudited, expressed in thousands of Canadian Dollars)

Liquor Stores N.A. Ltd.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

| | September 30, 2012 \$ | December 31, 2011 \$ |
|---|-----------------------------|----------------------------|
| Assets | | |
| Current assets | | |
| Cash | 1,825 | 1,707 |
| Accounts receivable | 994 | 845 |
| Inventory | 141,220 | 129,842 |
| Prepaid expenses and deposits | 4,218 | 3,921 |
| | 148,257 | 136,315 |
| Deferred income tax | 1,922 | 1,610 |
| Property and equipment | 40,474 | 38,772 |
| Intangible assets | 46,591 | 46,145 |
| Goodwill | 279,685 | 280,305 |
| | 516,929 | 503,147 |
| Liabilities | | |
| Current liabilities | | |
| Bank indebtedness | - | 40,424 |
| Accounts payable and accrued liabilities | 25,950 | 24,478 |
| Dividends payable to shareholders | 2,061 | 2,040 |
| Fair value of interest rate swap | 110 | 390 |
| Current portion of long-term debt (note 3) | - | 55,681 |
| | 28,121 | 123,013 |
| Long-term debt (note 3) | 150,702 | 46,469 |
| Deferred income tax | 20,780 | 16,465 |
| | 199,603 | 185,947 |
| Shareholders' Equity | | |
| Equity attributable to shareholders | 317,300 | 317,115 |
| Equity attributable to non-controlling interest | 26 | 85 |
| | 317,326 | 317,200 |
| | 516,929 | 503,147 |

Liquor Stores N.A. Ltd.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

| | Attributable to shareholders of the Company | | | | | Total | Non-controlling interest | Total shareholders' equity |
|--|---|--|---------------------|--|----------|----------|--------------------------|----------------------------|
| | Share capital | Equity component of convertible debentures | Contributed surplus | Accumulated other comprehensive income | Deficit | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | (note 8) | | | | | | | |
| Opening balance – | | | | | | | | |
| January 1, 2011 | 180,000 | 37 | 174,632 | (4,342) | (36,425) | 313,902 | 285 | 314,187 |
| Net earnings for the period | - | - | - | - | 16,752 | 16,752 | 146 | 16,898 |
| Foreign currency translation adjustment | - | - | - | 3,068 | - | 3,068 | - | 3,068 |
| Comprehensive income for the period | - | - | - | 3,068 | 16,752 | 19,820 | 146 | 19,966 |
| Vested long-term incentive plan units | 197 | - | (197) | - | - | - | - | - |
| Stock-based compensation | - | - | 260 | - | - | 260 | - | 260 |
| Dividends declared | - | - | - | - | (18,309) | (18,309) | - | (18,309) |
| Dividend reinvestment plan issuance | 646 | - | - | - | - | 646 | - | 646 |
| Equity impact of acquisition | - | - | - | - | 537 | 537 | (215) | 322 |
| Dividends declared by subsidiaries | - | - | - | - | (42) | (42) | (231) | (273) |
| Transactions with shareholders | 843 | - | 63 | - | (17,814) | (16,908) | (446) | (17,354) |
| Balance – | | | | | | | | |
| September 30, 2011 | 180,843 | 37 | 174,695 | (1,274) | (37,487) | 316,814 | (15) | 316,799 |
| Opening balance – | | | | | | | | |
| January 1, 2012 | 181,272 | 37 | 174,867 | (3,174) | (35,887) | 317,115 | 85 | 317,200 |
| Net earnings for the period | - | - | - | - | 13,463 | 13,463 | 190 | 13,653 |
| Foreign currency translation adjustment | - | - | - | (2,031) | - | (2,031) | - | (2,031) |
| Comprehensive income for the period | - | - | - | (2,031) | 13,463 | 11,432 | 190 | 11,622 |
| Stock-based compensation | - | - | 146 | - | - | 146 | - | 146 |
| Exercise of stock options | 2,439 | - | (194) | - | - | 2,245 | - | 2,245 |
| Issuance of debentures (note 3) | - | 3,328 | - | - | - | 3,328 | - | 3,328 |
| Redemption of debentures (note 3) | 30 | (37) | 37 | - | - | 30 | - | 30 |
| Dividends declared (note 7) | - | - | - | - | (18,466) | (18,466) | - | (18,466) |
| Dividend reinvestment plan issuance (note 7) | 1,470 | - | - | - | - | 1,470 | - | 1,470 |
| Dividends declared by subsidiaries | - | - | - | - | - | - | (249) | (249) |
| Transactions with shareholders | 3,939 | 3,291 | (11) | - | (18,466) | (11,247) | (249) | (11,496) |
| Balance – | | | | | | | | |
| September 30, 2012 | 185,211 | 3,328 | 174,856 | (5,205) | (40,890) | 317,300 | 26 | 317,326 |

Liquor Stores N.A. Ltd.

Consolidated Statements of Earnings and Comprehensive Income For the three and nine months ended September 30, 2012 and 2011

(in thousands of Canadian dollars, except for per share amounts)

| | Three Months ended | | Nine Months ended | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | September 30, 2012 \$ | September 30, 2011 \$ | September 30, 2012 \$ | September 30, 2011 \$ |
| Sales | 164,490 | 157,080 | 450,747 | 423,258 |
| Cost of sales | 122,574 | 118,328 | 336,740 | 318,572 |
| Gross margin | 41,916 | 38,752 | 114,007 | 104,686 |
| Operating and administrative expenses (note 4) | 29,281 | 25,454 | 82,351 | 74,485 |
| | 12,635 | 13,298 | 31,656 | 30,201 |
| Amortization | | | | |
| Property and equipment | 1,723 | 1,691 | 5,153 | 4,789 |
| Intangible assets | 81 | 332 | 310 | 1,188 |
| | 10,831 | 11,275 | 26,193 | 24,224 |
| Litigation settlement | - | (4,920) | - | (4,920) |
| Finance costs (note 5) | 1,995 | 2,273 | 7,787 | 7,629 |
| Earnings before income taxes | 8,836 | 13,922 | 18,406 | 21,515 |
| Income tax expense (note 6) | 2,355 | 2,952 | 4,753 | 4,617 |
| Net earnings for the period | 6,481 | 10,970 | 13,653 | 16,898 |
| Other comprehensive income (loss) | | | | |
| Currency translation difference on foreign subsidiaries | (2,091) | 4,792 | (2,031) | 3,089 |
| Comprehensive income for the period | 4,390 | 15,762 | 11,622 | 19,987 |
| Net earnings attributable to | | | | |
| Owners of the parent | 6,459 | 10,961 | 13,463 | 16,752 |
| Non-controlling interest | 22 | 9 | 190 | 146 |
| | 6,481 | 10,970 | 13,653 | 16,898 |
| Comprehensive income attributable to | | | | |
| Owners of the parent | 4,368 | 15,753 | 11,432 | 19,841 |
| Non-controlling interest | 22 | 9 | 190 | 146 |
| | 4,390 | 15,762 | 11,622 | 19,987 |
| Earnings per share (note 9) | | | | |
| Basic | 0.28 | 0.48 | 0.59 | 0.74 |
| Diluted | 0.28 | 0.48 | 0.59 | 0.74 |

Liquor Stores N.A. Ltd.

Consolidated Statements of Cash Flow

For the three and nine months ended September 30, 2012 and 2011

(in thousands of Canadian dollars)

| | Three Months ended | | Nine Months ended | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | September 30, 2012 \$ | September 30, 2011 \$ | September 30, 2012 \$ | September 30, 2011 \$ |
| Cash provided by (used in) | | | | |
| Operating activities | | | | |
| Net earnings for the period | 6,481 | 10,970 | 13,653 | 16,898 |
| Items not affecting cash | | | | |
| Amortization | 1,804 | 2,023 | 5,463 | 5,977 |
| Amortization of financing charges | 82 | 61 | 277 | 460 |
| Non-cash interest on convertible debentures | 260 | 432 | 2,270 | 1,212 |
| Gain on settlement | - | (920) | - | (920) |
| Fair value adjustment on interest rate swap | (65) | - | (280) | - |
| Deferred income tax | 2,535 | 2,936 | 2,846 | 4,569 |
| Unrealized gain (loss) on foreign currency | (4) | 140 | (4) | 29 |
| Share-based compensation | (47) | 140 | 146 | 260 |
| Cash provided by operating activities before changes in non-cash working capital | 11,046 | 15,782 | 24,371 | 28,485 |
| Net change in non-cash working capital items | (13,893) | 60 | (11,945) | (5,089) |
| | (2,847) | 15,842 | 12,426 | 23,396 |
| Financing activities | | | | |
| Repayment of bank indebtedness | (96) | (8,127) | (40,424) | (2,185) |
| Proceeds from long-term debt | 14,606 | - | 43,272 | - |
| Redemption of convertible unsecured subordinated debentures (note 3) | - | - | (57,500) | - |
| Issuance of convertible unsecured subordinated debentures (note 3) | - | - | 64,349 | - |
| Dividends paid (note 7) | (5,672) | (5,710) | (16,975) | (18,675) |
| Proceeds from share issuance | 35 | - | 2,277 | - |
| Dividends paid to non-controlling interest by subsidiaries | (66) | (71) | (249) | (268) |
| | 8,807 | (13,908) | (5,250) | (21,128) |
| Investing activities | | | | |
| Business acquisitions | - | (779) | (24) | (779) |
| Purchase of property and equipment | (3,739) | (1,666) | (6,030) | (2,860) |
| Purchase of intangible assets | (1,111) | (304) | (1,184) | (490) |
| | (4,850) | (2,749) | (7,238) | (4,129) |
| Foreign exchange gain (loss) on cash held in foreign currency | (50) | 152 | 180 | (59) |
| Increase (decrease) in cash and cash equivalents | 1,060 | (663) | 118 | (1,920) |
| Cash – Beginning of period | 765 | 1,558 | 1,707 | 2,815 |
| Cash – End of period | 1,825 | 895 | 1,825 | 895 |

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements September 30, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except for share amounts)

1 Nature of operations and organization

Liquor Stores N.A. Ltd. (the "Company") was incorporated under the Federal laws of Canada on November 8, 2010 and is the successor entity to Liquor Stores Income Fund. The address of the Company's registered office is 300, 10508 – 82 Avenue, Edmonton, Alberta. The Company's common shares and convertible unsecured subordinated debentures trade on the Toronto Stock Exchange (the "TSX") under the symbols "LIQ" and "LIQ.DB.A".

The Company's principal activity is the retailing of wines, beers and spirits. As at September 30, 2012, the Company operated 244 (2011 - 236) retail liquor stores, of which 178 (2011 - 172) were in Alberta, 35 (2011 - 35) were in British Columbia, 20 (2011 - 20) were in Alaska and 11 (2011 - 9) were in Kentucky. Of the stores operated, 206 (2011 - 206) were acquired by the Company and 38 (2011 - 30) were developed by the Company.

These unaudited condensed interim consolidated financial statements ("interim financial statements") have been approved and authorized for issue by the Board of Directors on November 6, 2012.

2 Basis of preparation and significant accounting policies

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting and do not include all of the information required for full annual financial statements.

The preparation of interim financial statements requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2011.

The Company's operations are seasonal in nature. Accordingly, sales will vary based on consumer spending behaviour, which tends to result in relatively higher sales in the third and fourth quarters. The Company is able to adjust certain variable costs in response to seasonal revenue patterns; however, costs such as occupancy are fixed, causing the Company to report a higher level of earnings in the third and fourth quarters. This business seasonality results in quarterly performance that is not necessarily indicative of the year's performance.

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2011. Accordingly, these interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto, for the year ended December 31, 2011.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements September 30, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except for share amounts)

3 Long-term debt

On April 23, 2012, the Company issued \$67,500,000 aggregate principal amount of convertible unsecured subordinated debentures due April 30, 2018 (the "2012 Debentures") at a price of \$1,000 per 2012 Debenture. The 2012 Debentures are subordinated, unsecured obligations of the Company and bear interest at a rate of 5.85% per annum, payable semi-annually in arrears on April 30 and October 31 of each year, commencing October 31, 2012. The 2012 Debentures are convertible at any time at the option of the holders into common shares of the Company at a conversion price (the "Conversion Price") of \$24.90 per share.

The 2012 Debentures will not be redeemable prior to April 30, 2015. On and after April 30, 2015 and prior to April 30, 2017, the 2012 Debentures may be redeemed by the Company, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the volume-weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending five trading days prior to the date on which notice of redemption is provided is at least 125% of the Conversion Price. On or after April 30, 2017 and prior to the maturity date, the Company may, at its option, redeem the 2012 Debentures by way of cash payment or through the issuance of common shares, in whole or in part, from time to time at par plus accrued and unpaid interest.

The value of the conversion feature, which was determined to be \$4,437,000, net of \$207,096 in transaction costs, has been recorded as equity with the remaining \$59,912,432 (net of \$2,943,471 in transaction costs) recorded as long-term debt. A deferred income tax liability of \$1,109,000 related to the conversion feature was recorded directly to the carrying amount of the equity component. The debentures are being accreted such that the liability at maturity will be equal to the face value of \$67,500,000.

On May 28, 2012, the Company also redeemed the outstanding 6.75% convertible unsecured subordinated debentures (the "2007 Debentures") with a maturity date of December 31, 2012, a principal amount of \$57,500,000, and accrued interest of \$1,458,614. When redeemed, the 2007 Debentures had a carrying value of \$56,393,285 and accordingly an additional \$1,106,715 was charged to interest expense in the second quarter.

4 Operating and administrative expenses

Operating and administrative expenses include a \$1,242,556 charge recognized in the second quarter 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. This expense has been included in the US operating segment (note 12). See note 10(b) for discussion of expenses related to key management compensation recorded in operating and administrative expenses for the three months ended September 30, 2012.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements September 30, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except for share amounts)

5 Finance costs

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|------------|-----------------------------------|------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| Interest expense | | | | |
| Bank indebtedness | 64 | 520 | 428 | 2,092 |
| Long-term debt | 753 | 464 | 2,092 | 1,516 |
| Convertible debentures | 1,247 | 1,400 | 5,541 | 4,116 |
| Fair value adjustment on interest rate swap | (65) | - | (280) | - |
| Net (gain) loss on foreign exchange from financing activities | (4) | (111) | 6 | (95) |
| | 1,995 | 2,273 | 7,787 | 7,629 |

6 Income taxes

Income tax is recognized based on management's estimate of the weighted average annual effective tax rate expected for the full financial year. The estimated average annual effective tax rate for 2012 is 25% (the effective tax rate for the year ended December 31, 2011 was 23%). The increase in the rate is primarily related to an expected change in the relative proportions of income earned in the various tax jurisdictions that the Company operates in compared to the prior year.

7 Dividends

Dividends are determined in accordance with the Board of Directors periodic review of Company performance.

| Date dividends declared | Declared \$ | Paid | |
|-------------------------|----------------|--------------|------------|
| | | Shares \$ | Cash \$ |
| December 15, 2011 | - | 145 | 1,895 |
| January 13, 2012 | 2,040 | 148 | 1,892 |
| February 15, 2012 | 2,041 | 160 | 1,881 |
| March 15, 2012 | 2,046 | 172 | 1,874 |
| April 13, 2012 | 2,047 | 169 | 1,878 |
| May 15, 2012 | 2,054 | 171 | 1,883 |
| June 15, 2012 | 2,058 | 174 | 1,884 |
| July 13, 2012 | 2,059 | 176 | 1,883 |
| August 15, 2012 | 2,060 | 155 | 1,905 |
| September 14, 2012 | 2,061 | | |
| | 18,466 | 1,470 | 16,975 |

Dividends paid in shares are pursuant to the Company's dividend reinvestment plan. Dividends are paid mid-month following the month of declaration.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements September 30, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except for share amounts)

7 Dividends (continued)

Monthly dividends of \$0.09 per share have been proposed from October 2012 to December 2012. As these dividends have not yet been declared as of September 30, 2012, they have not been recognized as a distribution for the three and nine months ended September 30, 2012.

8 Share capital

| | # | \$ |
|---|-------------------|----------------|
| Balance – January 1, 2011 | 22,577,088 | 180,000 |
| Vested long-term incentive plan units | 13,015 | 197 |
| Shares issued under dividend reinvestment plan | 44,801 | 646 |
| Balance – September 30, 2011 | 22,634,904 | 180,843 |
| Balance – January 1, 2012 | 22,665,902 | 181,272 |
| Exercised stock options | 144,750 | 2,245 |
| Transfer from contributed surplus for stock options exercised | - | 194 |
| Shares issued under dividend reinvestment plan | 85,750 | 1,470 |
| Conversion of subordinated debentures | 1,052 | 30 |
| Balance – September 30, 2012 | 22,897,454 | 185,211 |

9 Earnings per share

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| Net income attributable to shareholders of the Company | 6,459 | 10,961 | 13,463 | 16,752 |
| Weighted average number of common shares outstanding - Basic | 22,883,412 | 22,613,328 | 22,783,555 | 22,601,954 |
| Dilutive effect of stock options | 65,108 | - | 52,772 | - |
| Weighted average number of common shares outstanding - Diluted | 22,948,520 | 22,613,328 | 22,836,327 | 22,601,954 |
| Basic earnings per share | 0.28 | 0.48 | 0.59 | 0.74 |
| Diluted earnings per share | 0.28 | 0.48 | 0.59 | 0.74 |

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements September 30, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except for share amounts)

10 Related party transactions

(a) Operating and administrative expenses:

| | Three months ended September 30, | | Nine months ended September 30, | |
|----------------------------------|-------------------------------------|------------|------------------------------------|------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| Professional fees ⁽ⁱ⁾ | 32 | 52 | 116 | 211 |
| Rent expense ⁽ⁱⁱ⁾ | 151 | 137 | 441 | 411 |
| Consulting fees ⁽ⁱⁱⁱ⁾ | - | 33 | - | 66 |
| | 183 | 222 | 557 | 688 |

(i) A Director of the Company is a partner in a law firm to which the Company incurred professional fees for legal services.

(ii) The Company paid rent to entities controlled by a Director of the Company.

(iii) In 2011, the Company paid consulting fees to an entity controlled by a Director of the Company for real estate services.

These operating and administrative expenses were incurred in the normal course of business at terms similar to those applicable to unrelated parties.

There was \$3,702 (December 31, 2011 - \$9,845) included in accounts payable and accrued liabilities relating to these transactions.

(b) Compensation of key management:

Included in operating and administrative expenses for the three and nine months ended September 30, 2012 are payments of \$2.3 million made to the Company's former President and Chief Executive Officer upon his departure from his position effective August 31, 2012. This expense has been included in the Canadian operating segment (note 12).

11 Supplementary disclosure of cash flow information

Interest and taxes paid are included in cash flows from operating activities in the statement of cash flows.

| | Three months ended September 30, | | Nine months ended September 30, | |
|-------------------|-------------------------------------|------------|------------------------------------|------------|
| | 2012 \$ | 2011 \$ | 2012 \$ | 2011 \$ |
| Interest paid | 1,012 | 924 | 6,680 | 3,148 |
| Income taxes paid | 11 | 60 | 25 | 181 |

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements September 30, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except for share amounts)

12 Operating segments

The Company has two reportable segments: Canadian Operations and US Operations. Segmentation is based on differences in the regulatory environments of Canada and the US and reflects the basis on which management measures performance and makes decisions regarding the allocation of resources. Both segments operate retail liquor stores in their respective jurisdictions.

Financial information regarding the results of each reportable segment is included below. Performance is measured based on operating margin, which is defined as earnings before amortization, finance costs and income tax expense (recovery), as included in the internal management reports that are reviewed regularly by the Company's Interim Chief Executive Officer (the Company's chief operating decision maker) and follow the organization, management and reporting structure of the Company. Operating margin is one of the primary benchmarks used by Management to evaluate the performance of its operating segments. A reconciliation of operating margin to earnings before income taxes, an earnings measure used in the Company's Consolidated Statement of Earnings and Comprehensive Income, has been included in the table below.

Operating margin is not an earnings measure recognized by International Financial Reporting Standards ("IFRS") and does not have a standardized meaning prescribed by IFRS. Therefore, operating margin may not be comparable to similar measures presented by other issuers. Investors are cautioned that operating margin should not be construed as an alternative to earnings before income tax as determined in accordance with IFRS, as an indicator of performance or as an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows.

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements September 30, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except for share amounts)

12 Operating segments (continued)

| | Three months ended September 30, 2012 | | |
|--|---------------------------------------|------------------------|--------------------|
| | Canadian Operations \$ | US Operations \$ | Consolidated \$ |
| Sales to external customers | 127,920 | 36,570 | 164,490 |
| Operating margin (note 4 & 10b) | 10,233 | 2,402 | 12,635 |
| Property and equipment amortization | | | 1,723 |
| Intangible asset amortization | | | 81 |
| Finance costs | | | 1,995 |
| Earnings before income taxes | | | 8,836 |
| Other information | | | |
| Expenditures for additions to | | | |
| Property and equipment | 3,307 | 432 | 3,739 |
| Intangible assets | 1,111 | - | 1,111 |
| Total assets at September 30, 2012 | 450,185 | 66,744 | 516,929 |
| | Three months ended September 30, 2011 | | |
| | Canadian Operations \$ | US Operations \$ | Consolidated \$ |
| Sales to external customers | 122,676 | 34,404 | 157,080 |
| Operating margin | 11,811 | 1,487 | 13,298 |
| Property and equipment amortization | | | 1,691 |
| Intangible asset amortization | | | 332 |
| Litigation settlement | | | (4,920) |
| Finance costs | | | 2,273 |
| Earnings before income taxes | | | 13,922 |
| Other information | | | |
| Expenditures for additions to | | | |
| Property and equipment | 755 | 911 | 1,666 |
| Intangibles | 931 | 293 | 1,224 |
| Total assets at December 31, 2011 | 430,388 | 72,759 | 503,147 |

Liquor Stores N.A. Ltd.

Notes to the Condensed Interim Consolidated Financial Statements September 30, 2012 and 2011

(Tabular amounts in thousands of Canadian dollars, except for share amounts)

12 Operating segments (continued)

| | Nine months ended September 30, 2012 | | |
|--|--------------------------------------|------------------------|--------------------|
| | Canadian Operations \$ | US Operations \$ | Consolidated \$ |
| Sales to external customers | 344,318 | 106,429 | 450,747 |
| Operating margin (note 4 & 10b) | 26,424 | 5,232 | 31,656 |
| Property and equipment amortization | | | 5,153 |
| Intangible asset amortization | | | 310 |
| Finance costs | | | 7,787 |
| Earnings before income taxes | | | 18,406 |
| Other information | | | |
| Expenditures for additions to | | | |
| Property and equipment | 4,894 | 1,136 | 6,030 |
| Intangible assets | 1,180 | 4 | 1,184 |
| Total assets at September 30, 2012 | 450,185 | 66,744 | 516,929 |
| | Nine months ended September 30, 2011 | | |
| | Canadian Operations \$ | US Operations \$ | Consolidated \$ |
| Sales to external customers | 326,497 | 96,761 | 423,258 |
| Operating margin | 25,482 | 4,719 | 30,201 |
| Property and equipment amortization | | | 4,789 |
| Intangible asset amortization | | | 1,188 |
| Litigation settlement | | | (4,920) |
| Finance costs | | | 7,629 |
| Earnings before income taxes | | | 21,515 |
| Other information | | | |
| Expenditures for additions to | | | |
| Property and equipment | 1,757 | 1,103 | 2,860 |
| Intangibles | 1,093 | 317 | 1,410 |
| Total assets at December 31, 2011 | 430,388 | 72,759 | 503,147 |