



## News Release

For Immediate Release

# Liquidation World Announces First Quarter Results

## Results reflect improvement from previous 3 quarters

Brantford, ON, February 14, 2008 – Liquidation World Inc. (LQW – TSX) today announces the results of the first quarter of the 2008 fiscal year representing the 13-week period ended January 6, 2008.

Revenue from continuing operations in Q1 2008 decreased 9.2% to \$52.8 million from \$58.2 million in Q1 2007. Net earnings from continuing operations decreased in Q1 2008 to \$1.2 million from \$2.5 million in Q1 2007.

As previously reported, the Company completed the wind-down of its US retail operations in the first quarter, closing 15 of 18 stores there. The shuttered stores are now classified as discontinued operations. During Q1 2008, the Company recorded a loss of \$1.0 million from discontinued operations versus a loss of \$0.7 million from discontinued operations in Q1 2007.

On a consolidated basis, net earnings for Q1 2008 totalled \$0.1 million (\$0.01 per share), compared with \$1.8 million (\$0.21 per share) in Q1 2007.

Additional details are provided in the financial statements below.

Jonathan Hill, President & CEO commented:

“Same store sales and overall sales performance underperformed the first quarter of last year. At that time we acquired the largest single inventory deal in the Company’s history, held 10 grand opening sales in new locations, experienced strong same store sales growth in Canada of 6.4% and ultimately recorded record quarterly revenue. However, these latest results do represent improvement over recent quarters in terms of gross margin, average expense per outlet, and average basket.

While we continue to be mindful of expenses we have initiatives underway to increase sales. Our merchandising strategy gives priority to deal inventory over closeout inventory. As has been previously described, our US based purchasing resources are now fully dedicated to sourcing liquidations for our Canadian outlets. Early indications are that this focus is having a favourable impact as our BC stores, which benefited most directly from this deal flow during the quarter, outperformed stores in other areas of the country. Also, late in the second quarter, the Company will introduce a new multi-channel brand marketing campaign intended to reinforce the brand message, attract new customers and build traffic in the stores.

Moving forward we will continue to focus on buying great merchandise, managing markdowns and margin, controlling expenses and telling our story to new and existing customers.”

The Company also announced today that board members Herb Lukofsky, CA, Charles (Chad) Murray, and Robert Thomson, QC will not be standing for re-election at the Annual General Meeting scheduled for February 15, 2008.

## **About Liquidation World**

Liquidation World liquidates consumer merchandise in Canada through 101 retail outlets. The Company solves asset recovery problems in a professional manner for the financial services industry, insurance companies, manufacturers, wholesalers and other organizations. Liquidation World is based in Brantford, Ontario and maintains a number of regional buying offices in Canada and the United States. The Company opened its first retail outlet in Calgary, Alberta in 1986 and today, with more than 1,600 employees, is Canada's largest liquidator.

## **Forward-Looking Statements**

This release includes forward-looking statements and potential future circumstances and developments. Forward-looking statements regarding future performance are subject to risks and uncertainties, and actual results may differ materially. Due to fluctuations in gross margins and other expenses, an increase in revenue does not directly correlate to an increase in net earnings.

Liquidation World has scheduled a conference call to begin promptly at 1:00 p.m. EST on Thursday, February 14, 2008.

**Conference call dial in number is 1-888-789-9572 or 1-416-695-7806, Passcode 3252257**

A replay of the conference call will be accessible on Liquidation World's website within twenty-four hours at [www.liquidationworld.com](http://www.liquidationworld.com) by selecting "Investor Info", "News Releases", and "Annual Conference Call".

For more information, please contact:

Jonathan Hill, President and CEO  
416-587-0688 phone  
866-237-3778 fax  
[jonathanh@liquidationworld.com](mailto:jonathanh@liquidationworld.com)

Andrew Searby, CA, Executive VP and CFO  
403-250-1222 phone  
866-484-4504 fax  
[andrews@liquidationworld.com](mailto:andrews@liquidationworld.com)

# LIQUIDATION WORLD INC.

Consolidated Balance Sheets  
As at January 6, 2008 and October 7, 2007  
Unaudited  
(In thousands of Canadian dollars)

	January 6, 2008	Restated (see note 5) October 7, 2007
<b>Assets</b>		
Current assets		
Cash and equivalents	\$ 205	\$ 216
Accounts receivable	222	293
Inventory	53,704	48,816
Prepaid expenses	1,415	1,719
Income taxes recoverable	2,246	2,221
Current assets of discontinued operations	-	1,237
	<u>57,792</u>	<u>54,502</u>
Property and equipment	12,877	12,542
Long-term assets of discontinued operations	-	172
	<u>\$ 70,669</u>	<u>\$ 67,216</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Bank indebtedness	\$ 8,336	\$ 7,820
Accounts payable and accrued liabilities	18,184	14,954
Current portion of obligations under capital leases	1,344	1,256
Current liabilities of discontinued operations	434	1,265
	<u>28,298</u>	<u>25,295</u>
Obligations under capital leases	1,759	1,512
Shareholders' equity		
Share capital	15,518	15,518
Contributed surplus	1,250	1,159
Retained earnings	23,844	23,732
	<u>40,612</u>	<u>40,409</u>
	<u>\$ 70,669</u>	<u>\$ 67,216</u>

## LIQUIDATION WORLD INC.

Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss) and Retained Earnings  
For the thirteen weeks ended January 6, 2008 and December 31, 2006

Unaudited

(In thousands of Canadian dollars, except per share amounts)

	2008		Restated (see note 5) 2007	
Revenue	\$	52,812	\$	58,171
Cost of sales		33,155		35,008
		19,657		23,163
Expenses				
Selling, general and administrative		17,230		18,448
Depreciation and amortization		1,027		858
Stock based compensation		91		86
Interest				
Short Term		199		122
Long Term		41		49
Foreign exchange		(86)		118
		18,502		19,681
Earnings before income taxes		1,155		3,482
Income taxes				
Current		-		1,008
Future		-		1
		-		1,009
Net earnings from continuing operations		1,155		2,473
Loss from discontinued operations		(1,043)		(677)
Net earnings and comprehensive income		112		1,796
Retained earnings, beginning of period		23,732		35,443
Retained earnings, end of period	\$	23,844	\$	37,239
Basic and diluted earnings (loss) per share				
From continuing operations	\$	0.14	\$	0.30
From discontinued operations		(0.13)		(0.09)
	\$	0.01	\$	0.21

# LIQUIDATION WORLD INC.

Consolidated Statements of Cash Flows

For the thirteen weeks ended January 6, 2008 and December 31, 2006

Unaudited

(In thousands of Canadian dollars)

	2008	Restated (see note 5) 2007
Operating activities		
Net earnings from continuing operations	\$ 1,155	\$ 2,473
Add (deduct) non-cash items:		
Depreciation and amortization	1,027	858
Stock based compensation	91	86
Future income taxes	-	1
	<u>2,273</u>	<u>3,418</u>
Changes in non-cash operating working capital		
Accounts receivable	71	67
Inventory	(4,888)	(6,496)
Prepaid expenses	304	1,379
Accounts payable and accrued liabilities	3,230	5,053
Income taxes recoverable / payable	(25)	725
	<u>965</u>	<u>4,146</u>
Investing activities		
Purchase of capital assets	(627)	(1,463)
Proceeds on disposal of capital assets	2	-
	<u>(625)</u>	<u>(1,463)</u>
Financing activities		
Increase in (repayment of) bank indebtedness	516	(1,639)
Repayment of capital lease	(402)	(285)
	<u>114</u>	<u>(1,924)</u>
Cash applied to discontinued operations	(465)	(723)
Increase (decrease) in cash	(11)	36
Cash and cash equivalents, beginning of period	216	184
Cash and cash equivalents, end of period	<u>\$ 205</u>	<u>\$ 220</u>
Supplemental disclosure of cash paid for:		
Income taxes	\$ 27	\$ 285
Interest	240	137
	<u>\$ 267</u>	<u>\$ 422</u>

See accompanying notes.