



News Release

For Immediate Release

Liquidation World Announces Q3 Results

BRANTFORD, ON, August 14, 2008 - Liquidation World Inc. (LQW – TSX) today announces the results of the third quarter of the 2008 fiscal year, representing the 13-week period ended July 6, 2008.

Revenue from continuing operations in Q3 2008 increased 5.1% to \$43.8 million from \$41.7 million in Q3 2007. Same store sales during the quarter increased 3.3%. During Q3 2008, the Company recorded a net loss from continuing operations of \$3.8 million (\$0.46 per share) versus a net loss from continuing operations of \$2.1 million (\$0.25 per share) during Q3 2007. Including the results of discontinued operations, the Company recorded a net loss and comprehensive loss of \$3.8 million (\$0.46 per share) in Q3 2008 versus a net loss and comprehensive loss of \$2.9 million (\$0.35 per share) in Q3 2007.

	2008 (millions)	2007 (millions)	Change (millions)
Q3 revenue	\$43.8	\$41.7	+\$2.1
Q3 net loss from continuing operations	(\$3.8)	(\$2.1)	-\$1.7
Q3 net loss and comprehensive loss	(\$3.8)	(\$2.9)	-\$0.9

In the first three quarters of fiscal 2008, revenue from continuing operations totaled \$138.8 million, down 2.1% from \$141.8 million during the same period last year. Same store sales for the first three quarters decreased 5.4%. During the first three quarters of fiscal 2008, the Company recorded a net loss from continuing operations of \$7.6 million (\$0.92 per share) versus a net loss from continuing operations of \$2.3 million (\$0.28 per share) during the first three quarters of fiscal 2007. Including the results of discontinued operations, the Company recorded a net loss and comprehensive loss of \$8.6 million (\$1.05 per share) during the first three quarters of fiscal 2008 versus a net loss and comprehensive loss of \$4.1 million (\$0.50 per share) during the same period in fiscal 2007.

	2008 (millions)	2007 (millions)	Change (millions)
YTD revenue	\$138.8	\$141.8	-\$3.0
YTD net loss from continuing operations	(\$7.6)	(\$2.3)	-\$5.3
YTD net loss and comprehensive loss	(\$8.6)	(\$4.1)	-\$4.5

Additional details are provided in the financial statements below.

Jonathan Hill, President & CEO commented:

“After posting disappointing results in our second quarter, we made it clear that we would take immediate action to reduce costs and simplify our business. And during the third quarter, that’s exactly what we did.

- Our buying team and buying processes were revamped to focus on procuring more unique and exciting inventory.
- We revised our markdown policies to aggressively manage old stock on an ongoing basis and launched a major clearance of aged and under-performing merchandise.
- We lowered non-store costs by eliminating a number of positions and thoroughly reviewing all other non-store expenses
- We initiated the closure of 7 outlets in order to rationalize our investment in inventory, improve cash flow and lower overall costs.

Our results do not yet reflect the impact of the changes we have made. However, I believe that we have created a more nimble organization that will benefit our financial performance moving forward. We are particularly pleased that our revamped buying team has recently been able to land several strong deals that we expect will help to improve our gross margin in the fourth quarter.”

About Liquidation World

Liquidation World liquidates consumer merchandise through 105 stores in Canada and the United States. 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 store 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 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 August 14, 2008 at 1:00 p.m. EST

Conference call dial in number is 1-888-789-9572 or 1-416-695-7806

Passcode: 3267454#

A replay of the conference call will be accessible on Liquidation World’s website within forty-eight hours at www.liquidationworld.com by selecting “*Investor Info*”, “*News Releases*”, and “*Q3 Conference Call*”.

For further information, please contact:

Jonathan Hill, President and CEO
416-587-0688 phone
866-237-3778 fax
jonathanh@liquidationworld.com

Ken Wightman, Senior VP Finance and CFO
519-758-8878 ext. 2553
866-237-3778 fax
kenw@liquidationworld.com

LIQUIDATION WORLD INC.Consolidated Balance Sheets
As At July 6, 2008 and October 7, 2007
Unaudited

(In thousands of Canadian dollars)

	July 6, 2008	October 7, 2007 Restated
Assets		
Current assets		
Cash and equivalents	\$ 199	\$ 216
Accounts receivable	557	293
Inventory	45,140	48,816
Prepaid expenses	1,407	1,719
Income taxes recoverable	270	2,221
Current assets of discontinued operations	-	1,237
	47,573	54,502
Property and equipment	11,213	12,542
Long-term assets of discontinued operations	-	172
	\$ 58,786	\$ 67,216
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	\$ 7,904	\$ 7,820
Accounts payable and accrued liabilities	15,989	14,954
Current portion of obligations under capital leases	1,843	1,256
Current liabilities of discontinued operations	434	1,265
	26,171	25,295
Obligations under capital leases	564	1,512
Shareholders' equity		
Share capital	15,518	15,518
Contributed surplus	1,433	1,159
Retained earnings	15,100	23,732
	32,051	40,409
	\$ 58,786	\$ 67,216

LIQUIDATION WORLD INC.

Consolidated Statements of Loss and Comprehensive Loss and Retained Earnings
For the thirteen weeks ended July 6, 2008 and July 1, 2007
Unaudited

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

	13 weeks ended July 6, 2008	13 weeks ended July 1, 2007 <small>Restated</small>	39 weeks ended July 6, 2008	39 weeks ended July 1, 2007 <small>Restated</small>
Revenue	\$ 43,765	\$ 41,650	\$ 138,799	\$ 141,806
Cost of sales	29,048	27,278	90,769	90,094
Gross Margin	14,717	14,372	48,030	51,712
Expenses				
Selling, general and administrative	17,102	16,342	51,554	51,507
Depreciation and amortization	994	914	3,006	2,711
Stock-based compensation	91	94	274	291
Interest				
Short Term	169	198	610	433
Long Term	61	25	147	137
Foreign exchange	83	(134)	28	(92)
	18,501	17,439	55,620	54,987
Loss before income taxes	(3,783)	(3,067)	(7,589)	(3,275)
Income taxes (recovery)				
Current	-	(1,020)	-	(984)
Future	-	22	-	38
	-	(998)	-	(946)
Net loss from continuing operations	(3,783)	(2,069)	(7,589)	(2,329)
Loss from discontinued operations	-	(827)	(1,043)	(1,803)
Net loss and comprehensive loss	(3,783)	(2,896)	(8,632)	(4,132)
Retained earnings, beginning of period	18,883	34,207	23,732	35,443
Retained earnings, end of period	\$ 15,100	\$ 31,311	\$ 15,100	\$ 31,311
Basic and diluted loss per share				
From continuing operations	\$ (0.46)	\$ (0.25)	\$ (0.92)	\$ (0.28)
From discontinued operations	\$ -	\$ (0.10)	\$ (0.13)	\$ (0.22)
	\$ (0.46)	\$ (0.35)	\$ (1.05)	\$ (0.50)

LIQUIDATION WORLD INC.

Consolidated Statements of Cash Flows
For the thirteen weeks ended July 6, 2008 and July 1, 2007
Unaudited

(In thousands of Canadian dollars)

	13 weeks ended July 6, 2008	13 weeks ended July 1, 2007 <small>Restated</small>	39 weeks ended July 6, 2008	39 weeks ended July 1, 2007 <small>Restated</small>
Operating activities				
Net loss from continuing operations	\$ (3,783)	\$ (2,069)	\$ (7,589)	\$ (2,329)
Add (deduct) non-cash items:				
Depreciation and amortization	994	914	3,006	2,711
Loss (gain) on disposal of capital asset	-	-	12	(118)
Stock based compensation	91	94	274	291
Future income taxes	-	22	-	38
	(2,698)	(1,039)	(4,297)	593
Changes in non-cash operating working capital				
Accounts receivable	177	(75)	(264)	99
Inventory	4,010	1,170	3,676	(4,951)
Prepaid expenses	(140)	(510)	312	(345)
Accounts payable and accrued liabilities	3,340	653	1,035	3,665
Income taxes recoverable	2,140	(1,042)	1,951	(1,311)
	6,829	(843)	2,413	(2,250)
Investing activities				
Purchase of capital assets	(95)	(641)	(927)	(2,746)
Proceeds on disposal of capital assets	-	-	2	156
	(95)	(641)	(925)	(2,590)
Financing activities				
Increase (decrease) in bank indebtedness	(6,390)	845	84	7,476
Repayment of capital lease	(348)	(294)	(1,125)	(972)
Proceeds on issuance of common shares	-	8	-	8
	(6,738)	559	(1,041)	6,512
Cash provided by (applied to) discontinued operations	-	922	(465)	(1,643)
Increase (decrease) in cash	(3)	(3)	(17)	29
Cash and equivalents, beginning of period	202	216	216	184
Cash and equivalents, end of period	\$ 199	\$ 213	\$ 199	\$ 213
Supplemental disclosure of cash paid for:				
Income taxes	\$ 26	\$ 90	\$ 221	\$ 397
Interest	229	255	769	655
	\$ 255	\$ 345	\$ 990	\$ 1,052