



News Release

For Immediate Release

Liquidation World Announces Fiscal 2009 Results

BRANTFORD, Ontario, December 31, 2009 - Liquidation World Inc. (LQW – TSX) today announces the results of the 2009 fiscal year, representing the 52-week period ended October 4, 2009.

Revenue from continuing operations decreased 13.5% to \$157.8 million from \$182.4 million in the prior year. Same store sales in fiscal 2009 decreased 7.1% as compared to fiscal 2008. In 2009, the Company recorded a net loss from continuing operations of \$17.6 million (\$1.32 per share) compared to a net loss from continuing operations of \$9.9 million (\$1.20 per share) in the prior year. Including the results of discontinued operations, the Company recorded a net loss and comprehensive loss of \$11.3 million (\$1.37 per share) in fiscal 2008.

	2009 (\$ millions)	2008 (\$ millions)	Change (\$millions)
Annual revenue	\$157.8	\$182.4	(\$24.6)
Gross margin - \$	\$47.8	\$63.6	(\$15.8)
Gross margin - %	30.3%	34.9%	(4.6%)
Annual net loss from continuing operations	(\$17.6)	(\$9.9)	(\$7.7)
Annual net loss and comprehensive loss	(\$17.6)	(\$11.3)	(\$6.3)

In the fourth quarter, revenue from continuing operations declined 18.4% to \$35.6 million from \$43.6 million in the prior year, primarily as a result of the impact of historically low inventory values on sales and a smaller store count. Fourth quarter same store sales decreased 11.4% versus prior year. In fourth quarter the Company recorded a net loss from continuing operations of \$3.4 million (\$0.21 per share) compared to a net loss from continuing operations of \$2.7 million (\$0.33 per share) in the prior year.

	2009 (\$ millions)	2008 (\$ millions)	Change (\$ millions)
Q4 revenue	\$35.6	\$43.6	(\$8.0)
Gross margin - \$	\$13.0	\$15.5	(\$2.5)
Gross margin - %	36.6%	35.6%	1.0%
Q4 net loss from continuing operations	(\$3.4)	(\$2.7)	(\$0.7)
Q4 net loss and comprehensive loss	(\$3.4)	(\$2.7)	(\$0.7)

Additional details are provided in the financial statements below.

Seth Marks, President & CEO commented:

In February 2009, when I was appointed as Chief Executive Officer of Liquidation World - or "LW" as we now commonly call Liquidation World - our collective objective was to implement a clear vision and strategy in order for LW to realize its potential. Setting the goals of unequivocally restoring the business to profitability and laying the foundation for future growth required many difficult decisions to be made.

New infrastructure needed to be built, new initiatives needed to be executed and a new attitude needed to be instilled. A revitalized and new management team was installed and empowered. This management team wholeheartedly believes in the great potential that lies ahead for Liquidation World.

As with most turnarounds, 2009 was a "discover, test and execute year." We worked relentlessly to materially improve our store presentation standards, quality of merchandise, inventory and inventory control.

We have done a comprehensive review our business and identified areas where we can improve our operating margins with a program that focuses on margin enhancing and cost savings opportunities that are sustainable and will not impact our ability to execute our short term and long term plans. We have developed a new marketing strategy that will elevate the LW brand perception, strengthen consumer awareness, and deepen the relationship with our consumers.

We are pleased with the strong performance of our five new store openings that occurred in the first quarter of fiscal 2010, and with the store renovations that occurred over this past year. In addition, we will continue to critically assess the performance of all of our stores, to ensure they are performing acceptably.

As we move forward, we continue to believe we have made substantial progress in the turnaround of this business.

The board of directors, senior management and I would like to express our sincere gratitude to every Liquidation World associate for their hard work and continued commitment throughout a transformational year and to our valued suppliers and investors for their continued support.

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.

About Liquidation World

Liquidation World liquidates consumer merchandise through 96 stores in Canada and one in 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. The Company opened its first store in Calgary, Alberta in 1986 and today, with more than 1,500 employees, is Canada's largest liquidator.

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LIQUIDATION WORLD INC.**Consolidated Balance Sheets**As at October 4, 2009 and October 5, 2008
(In thousands of Canadian dollars)

	2009	2008
	audited	audited
Assets		
Current assets		
Accounts receivable	\$ 1,554	\$ 119
Deposits	113	-
Inventory	33,941	44,178
Prepaid expenses	1,622	1,645
	<u>37,230</u>	<u>45,942</u>
Lease deposits	247	73
Property and equipment	8,613	10,459
Intangibles	653	-
	<u>\$ 46,743</u>	<u>\$ 56,474</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	\$ 8,758	\$ 11,426
Accounts payable and accrued liabilities	16,974	12,687
Current portion of obligations under capital leases	710	1,588
Current liabilities of discontinued operations	434	434
	<u>26,876</u>	<u>26,135</u>
Obligations under capital leases	145	470
Deferred lease inducements	2,321	551
Shareholders' equity		
Share capital	22,330	15,518
Contributed surplus	1,554	1,407
Retained earnings(deficit)	(6,483)	12,393
	<u>17,401</u>	<u>29,318</u>
	<u>\$ 46,743</u>	<u>\$ 56,474</u>

LIQUIDATION WORLD INC.

Consolidated Statements of Loss and Comprehensive Loss and Retained Earnings(Deficit)

For the periods ended October 4, 2009 and October 5, 2008

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

	13 weeks ended October 4, 2009 unaudited	13 weeks ended October 5, 2008 unaudited	52 weeks ended October 4, 2009 audited	52 weeks ended October 5, 2008 audited
Revenue	\$ 35,564	\$ 43,560	\$ 157,809	\$ 182,359
Cost of sales	22,552	28,040	109,965	118,809
Gross margin	13,012	15,520	47,844	63,550
Expenses				
Selling, general and administrative	15,037	17,022	60,877	68,430
Depreciation and amortization	851	956	3,345	3,997
Goodwill impairment charge	233	-	233	-
Interest				
Short term	177	292	582	902
Long term	12	33	74	180
Foreign exchange loss (gain)	90	(76)	314	(48)
	16,400	18,227	65,425	73,461
			-	
Loss before income taxes	(3,388)	(2,707)	(17,580)	(9,911)
Income taxes (recovery)			-	
Current	-	-	-	-
Future	-	-	-	-
	-	-	-	-
Net loss from continuing operations	(3,388)	(2,707)	(17,581)	(9,911)
Net loss from discontinued operations	-	-	-	(1,428)
Net loss and comprehensive loss	(3,388)	(2,707)	(17,581)	(11,339)
Retained earnings, beginning of period	(3,095)	15,100	11,098	23,732
Retained earnings(deficit), end of period	\$ (6,483)	\$ 12,393	\$ (6,483)	\$ 12,393
Basic and diluted net loss per share				
From continuing operations	\$ (0.21)	\$ (0.33)	\$ (1.32)	\$ (1.20)
From discontinued operations	\$ -	\$ -	\$ -	\$ (0.17)
	\$ (0.21)	\$ (0.33)	\$ (1.32)	\$ (1.37)

LIQUIDATION WORLD INC.

Consolidated Statements of Cash Flows

For the periods ended October 4, 2009 and October 5, 2008

(In thousands of Canadian dollars)

	13 weeks ended October 4, 2009 unaudited	13 weeks ended October 5, 2008 unaudited	52 weeks ended October 4, 2009 audited	52 weeks ended October 5, 2008 audited
Cash provided by (used in):				
Operating activities				
Net loss from continuing operations	\$ (3,388)	\$ (2,707)	\$ (17,581)	\$ (9,911)
Add (deduct) non-cash items:				
Depreciation and amortization	851	956	3,345	3,997
Goodwill impairment charge	233	-	233	-
Leasehold inducements	(53)	(15)	132	(49)
Loss (gain) on disposal of capital assets	(2)	490	89	117
Stock based compensation	(42)	(26)	147	248
Change in non-cash working capital items	(4,589)	(1,625)	15,655	5,085
	(6,990)	(2,927)	2,020	(513)
Investment activities				
Purchase of capital assets	(802)	(443)	(1,546)	(1,520)
Business acquisition	(140)	-	(140)	-
Proceeds on disposal of capital assets	-	(2)	5	-
Change in non-cash working capital items	(171)	-	(1,006)	-
	(1,113)	(445)	(2,687)	(1,520)
Financing activities				
Increase(decrease) in bank indebtedness	7,950	3,721	(2,668)	3,822
Repayment of capital leases	(297)	(349)	(1,203)	(1,474)
Deposits	(50)	-	(174)	-
Lease inducement	500	-	750	150
Fees for issue of common shares	-	-	(788)	-
Proceeds on issuance of common shares for cash	-	-	4,750	-
	8,103	3,372	667	2,498
Cash applied to discontinued operations	-	-	-	(465)
Increase(decrease) in cash	0	-	0	-
Cash, beginning of period	-	-	-	-
Cash, end of period	\$ 0	\$ -	\$ 0	\$ -
Supplemental disclosure of cash paid (received) for:				
Income taxes - net	\$ -	\$ (2,381)	\$ 5	\$ (2,160)
Interest paid	180	233	648	1,002
	\$ 180	\$ (2,148)	\$ 653	\$ (1,158)