



News Release

For Immediate Release

Liquidation World Announces Third Quarter Results

Brantford, ON, August 19, 2009 – Liquidation World Inc. (LQW-TSX) today announces results of the third quarter of fiscal 2009, representing the 13-week period ended July 5, 2009.

Revenue in Q3 2009 decreased 15.4% to \$37.0 million from \$43.8 million in Q3 2008. Same store sales in the quarter decreased 9.3% from Q3 2008. At the end of Q3 2009, the Company was operating 8 fewer stores than at the end of Q3 2008.

During Q3 2009, the Company recorded a net loss from continuing operations of \$5.5 million (\$0.34 per share) versus a net loss from continuing operations of \$3.8 million (\$0.46 per share) during Q3 2008. A significant part of the Q3, 2009 losses relate to the Company's restructuring activities as well as its mandate to reposition stores. Management estimates that one-time or unusual costs incurred in the quarter totaled in excess of \$1.7 million and included, among other things, provisions for lot inventory write-downs, re-modeling costs, and severance costs. These actions reflect management's vision to achieve long term profitability, ultimately enhancing shareholder value.

On a fiscal year-to-date basis, revenue declined by 11.9% to \$122.2 million from \$138.8 million during the same period in fiscal 2008, and same store sales declined 5.2%. During the first three quarters of the fiscal year, the Company recorded a net loss from continuing operations of \$14.2 million (\$1.14 per share) versus a net loss from continuing operations of \$7.2 million (\$0.87 per share) during the same period last year.

Additional details are provided in the financial statements below.

At July 5, 2009, the Company was in breach of the tangible net worth covenant in the asset-based lending facility with its bank. Subsequent to the end of the quarter, the Company reached an agreement with its lender, which had the effect of waiving the lender's rights under the breach, and provided certain amendments to the lending facility. Management believes that it will be in compliance with these revised debt covenants and terms of its lending agreement through the balance of fiscal 2009 and fiscal 2010.

Seth Marks, President & CEO commented, "These results reflect actions we are taking to re-position the business for longer-term success. Revenue and margin were impacted in the quarter by markdowns taken to clear remaining lot inventory and aged inventory and were a necessary part of our strategy. In a similar manner, store expenses as a percentage of sales were up over last year as our associates worked to clean up, re-lay and re-merchandise the majority of our outlets to a brighter, cleaner and more shopable standard.

The good news is that the foundation needed to support a profitable business is almost built. The cleanup and re-merchandising initiative will be completed in all stores before the end of August. As we have liquidated aged inventory, we have curtailed markdowns and are seeing margin improvement on our more recent buys. We have started to replenish our inventory with fresh, new merchandise, and are attracting more top tier brands in our stores, particularly in the apparel and consumables categories.

Although average basket is down year over year as a result of lower inventory levels of high-ticket furniture and markdowns taken to clear aged and lot inventory, year-to-date transaction counts are now outpacing last year on a same store basis. As we continue to rebuild our inventory and improve the selection of branded merchandise in our stores, we will ramp up our advertising activities to convey our value message and further build traffic, basket size and overall revenue.

We are instilling a higher level of accountability throughout the organization via our Truck-to-Till philosophy, which emphasizes the responsibility that each individual has to ensure merchandise flows as quickly as possible through our possession. Truck-to-Till increases the speed at which we turn inventory into cash and improves our ability to manage and forecast gross margin. Truck-to-Till means pre-planned markdowns to ensure each deal delivers the required margin and turnover. It means pre-processing goods where appropriate for quick and effective merchandising in the stores. Truck-to-Till calls for established timelines and processes to get goods to the sales floor and increased advertising support to draw in customers and move the goods through our tills. Truck-to-Till is now the mantra that we live by every day.

At the end of the quarter we were operating 8 fewer stores than during the same period last year. In addition, during the quarter, we initiated the closure of 5 underperforming outlets, which closed subsequent to quarter end. We are taking steps to replace revenue lost to store closures while increasing the average performance of the store portfolio. Subsequent to quarter end we signed leases on two new, higher volume locations, including Keswick, Ontario, previously a strong market for Liquidation World, which we exited reluctantly in 2008 after losing our lease. The new stores are scheduled to open in the first quarter of fiscal 2010. Negotiations are underway for at least one additional location that will further raise the average performance of the chain.

We are pleased and appreciative of our lenders for their patience and foresight. We view their support as an endorsement of the strategy we are pursuing to turn the business around.

As we work hard to restore Liquidation World to profitability, we are gaining ground. By this fall, we will be in position with better inventory, better stores, better processes and a reinvigorated team excited by the future of the business.

I would like to extend my sincere thanks to our store associates, vendors and investors who have responded enthusiastically to the changes we are making at Liquidation World. Your continued support is critical to restoring Liquidation World to profitability and is greatly appreciated.”

About Liquidation World

Liquidation World liquidates consumer merchandise through 92 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. The Company opened its first store in Calgary, Alberta in 1986 and today, with more than 1,400 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.

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LIQUIDATION WORLD INC.

Consolidated Balance Sheets
As at July 5, 2009 and October 5, 2008
Unaudited

(In thousands of Canadian dollars)

	July 5, 2009	October 5, 2008
Assets		
Current assets		
Accounts receivable	\$ 1,135	\$ 119
Inventory	24,372	44,178
Prepaid expenses	1,948	1,718
	27,455	46,015
Property and equipment	8,618	10,459
Goodwill and intangibles	793	-
	\$ 36,866	\$ 56,474
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	\$ 808	\$ 11,426
Accounts payable and accrued liabilities	12,109	12,687
Current portion of obligations under capital leases	936	1,588
Current liabilities of discontinued operations	434	434
	14,287	26,135
Obligations under capital leases	216	470
Deferred lease inducements	1,532	551
Shareholders' equity		
Share capital	22,330	15,518
Contributed surplus	1,596	1,407
Retained earnings(deficit)	(3,095)	12,393
	20,831	29,318
	\$ 36,866	\$ 56,474

LIQUIDATION WORLD INC.

Consolidated Statements of Loss and Comprehensive Loss and Retained Earnings(Deficit)
For the periods ended July 5, 2009 and July 6, 2008
Unaudited

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

	13 weeks ended July 5, 2009	13 weeks ended July 6, 2008	39 weeks ended July 5, 2009	39 weeks ended July 6, 2008
Revenue	\$ 37,044	\$ 43,765	\$ 122,245	\$ 138,799
Cost of sales	26,288	29,048	87,413	90,769
	10,756	14,717	34,832	48,030
Expenses				
Selling, general and administrative	15,103	17,179	45,840	51,408
Depreciation and amortization	776	1,008	2,494	3,041
Interest				
Short term	84	169	405	610
Long term	11	61	62	147
Foreign exchange loss	239	83	223	28
	16,213	18,500	49,024	55,234
Net loss from continuing operations	(5,457)	(3,783)	(14,192)	(7,204)
Discontinued operations	-	-	-	(1,428)
Net loss and comprehensive loss	(5,457)	(3,783)	(14,192)	(8,632)
Retained earnings, beginning of period	2,362	18,883	11,097	23,732
Retained earnings(deficit), end of period	\$ (3,095)	\$ 15,100	\$ (3,095)	\$ 15,100
Basic and diluted loss per share				
From continuing operations	\$ (0.34)	\$ (0.46)	\$ (1.14)	\$ (0.87)
From discontinued operations	\$ -	\$ -	\$ -	\$ (0.18)
	\$ (0.34)	\$ (0.46)	\$ (1.14)	\$ (1.05)

LIQUIDATION WORLD INC.

Consolidated Statements of Cash Flows
For the periods ended July 5, 2009 and July 6, 2008
Unaudited

(In thousands of Canadian dollars)

	13 weeks ended July 5, 2009	13 weeks ended July 6, 2008	39 weeks ended July 5, 2009	39 weeks ended July 6, 2008
Cash provided (used) in:				
Operating activities				
Net loss from continuing operations	\$ (5,457)	\$ (3,783)	\$ (14,192)	\$ (7,204)
Add non-cash items:				
Depreciation and amortization	776	1,008	2,494	3,041
Leasehold inducements	49	(13)	49	(34)
Loss (gain) on disposal of capital assets	63	-	88	(373)
Stock based compensation	99	91	189	274
Changes in non-cash working capital items	7,950	9,527	20,259	6,710
	3,480	6,830	8,887	2,414
Investment activities				
Purchase of capital assets	(263)	(95)	(745)	(1,077)
Proceeds on disposal of capital assets	5	-	5	2
Changes in non-cash working capital items	(835)	-	(835)	-
	(1,093)	(95)	(1,575)	(1,075)
Financing activities				
Increase(decrease) in bank indebtedness	(2,343)	(6,387)	(10,618)	101
Repayment of capital leases	(294)	(348)	(906)	(1,125)
Lease inducement	250	-	250	150
Fees for issue of common shares	-	-	(788)	-
Proceeds on issuance of common shares for cash	-	-	4,750	-
	(2,387)	(6,735)	(7,312)	(874)
Cash applied to discontinued operations	-	-	-	(465)
Increase(decrease) in cash	-	-	-	-
Cash, beginning of period	-	-	-	-
Cash, end of period	\$ -	\$ -	\$ -	\$ -
Supplemental disclosure of cash paid for:				
Income taxes	\$ -	\$ 26	\$ 5	\$ 221
Interest	91	229	463	769
	\$ 91	\$ 255	\$ 468	\$ 990