



NEWS RELEASE

For Immediate Release

August 19, 2003 – Calgary, Alberta

Liquidation World Announces Third Quarter Results

Liquidation World Inc. (LQW – TSX) announces results for the third quarter, the thirteen weeks ended July 6, 2003. Revenue increased 1% to \$42,816,000 from \$42,356,000 during the corresponding period in 2002. Net losses totaled \$1,505,000 (\$0.17 per share) compared to a loss of \$501,000 or (\$0.06) per share during the third quarter of fiscal 2002. The net loss in Q3 2003 is the result of a charge of \$1,419,000 (net of \$907,000 income tax recovered) for a retirement allowance and life insurance obligations approved by the Board of Directors in accordance with the employment agreement of a senior executive and a foreign exchange loss of \$349,000 (net of \$136,000 income tax recovered).

On a cumulative basis, revenue for the first three quarters of 2003 totaled \$130,852,000, a 1% decrease from \$131,969,000 during the 39 weeks ended July 7, 2002. Net losses totaled \$1,468,000 (\$0.17 per share) during the three quarters of fiscal 2003 compared to net earnings of \$1,820,000 (\$0.21 per share) during the corresponding period of fiscal 2002. Additional details are provided in the financial statements below.

“While the Company saw a modest improvement in operations during the quarter versus last year, we continued to face a challenging retail environment as a result of a number of external forces” said Senior Executive Vice President and Co-C.E.O. Darren Gillespie. “The new leadership of the Company has begun work on a number of initiatives consistent with our key objectives of increased revenue generation and operational excellence. We are confident these will result in improved performance in the near term.”

On June 5, 2003, the Company announced Dale Gillespie would transfer the roll of C.E.O. to the newly created “Office of The Chief Executive”, consisting of Wayne Mantika (Calgary), as President and Co-C.E.O.; Jonathan Hill (Toronto) as Senior Executive Vice President and Co-C.E.O.; and Darren Gillespie (Vancouver) as Senior Executive Vice President and Co-C.E.O.

Liquidation World opened a new outlet in Quesnel, B.C. on August 14, 2003. The outlet extends market presence and brings the exciting bargain hunting shopping experience to a new market without significantly increasing operation costs.

Liquidation World Inc. offers a uniquely diversified menu of solutions for organizations with asset recovery issues. Services include auctions, reverse logistics and processing, store closure sales management, turnaround consulting, and retail liquidations of consumer merchandise through 98 outlets across North America. Liquidation World solves asset recovery problems, in a professional manner, for the financial services industry, insurance companies, manufacturers and other organizations. Liquidation World opened its first retail outlet in 1986 and is now the largest liquidator in Canada, with more than 1,600 employees in outlets and offices across Canada and the United States.

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LIQUIDATION WORLD INC.

Consolidated Statements of Earnings and Retained Earnings

For the periods ended July 6, 2003 and July 7, 2002

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

	13 weeks ended July 6, 2003		13 weeks ended July 7, 2002		39 weeks ended July 6, 2003		39 weeks ended July 7, 2002	
Revenue	\$	42,816	\$	42,356	\$	130,852	\$	131,969
Cost of sales		26,485		26,209		80,025		80,869
		16,331		16,147		50,827		51,100
Expenses								
Selling and store operations		13,490		14,113		41,604		41,112
General and administrative		4,796		2,322		9,985		5,598
Depreciation and amortization		377		385		1,123		1,079
Interest		-		-		-		7
		18,663		16,820		52,712		47,796
Earnings (loss) before income taxes		(2,332)		(673)		(1,885)		3,304
Income taxes		(827)		(172)		(417)		1,484
Net earnings (loss)		(1,505)		(501)		(1,468)		1,820
Retained earnings, beginning of period		38,968		39,211		38,931		36,890
Excess of repurchase amount over stated capital of repurchased shares		-		(47)		-		(47)
Retained earnings, end of period	\$	37,463	\$	38,663	\$	37,463	\$	38,663
Earnings (loss) per share								
Basic	\$	(0.17)	\$	(0.06)	\$	(0.17)	\$	0.21
Diluted	\$	(0.17)	\$	(0.06)	\$	(0.17)	\$	0.21
Shares outstanding at period end						8,542,756		8,567,856
Options outstanding at period end						466,125		640,830

Segmented Information

(unaudited) (In thousands of Canadian dollars)

	13 weeks ended July 6, 2003		13 weeks ended July 7, 2002		39 weeks ended July 6, 2003		39 weeks ended July 7, 2002	
Revenue								
Canada	\$	35,537	\$	33,652	\$	106,970	\$	104,151
United States		7,279		8,704		23,882		27,818
Total	\$	42,816	\$	42,356	\$	130,852	\$	131,969
Capital assets								
Canada					\$	5,130	\$	4,122
United States						533		593
Total					\$	5,663	\$	4,715

LIQUIDATION WORLD INC.

Consolidated Statements of Cash Flows

For the periods ended July 6, 2003 and July 7, 2002

(unaudited) (In thousands of Canadian dollars)

	13 weeks ended July 6, 2003	13 weeks ended July 7, 2002	39 weeks ended July 6, 2003	39 weeks ended July 7, 2002
Cash provided by (used in):				
Operations				
Net earnings (loss)	\$ (1,505)	\$ (501)	\$ (1,468)	\$ 1,820
Add (deduct) non-cash items:				
Depreciation and amortization	377	385	1,123	1,079
Equity in income of affiliate	(48)	(60)	(80)	(108)
	(1,176)	(176)	(425)	2,791
Changes in non-cash operating working capital				
Accounts receivable	128	482	352	(940)
Inventory	106	(1,007)	(211)	2,100
Prepaid expenses	(120)	(440)	177	(873)
Accounts payable and accrued liabilities	3,403	62	2,103	4,108
Income taxes	1,530	(1,447)	(395)	(3,304)
	3,871	(2,526)	1,601	3,882
Investments				
Purchase of capital assets	(199)	(318)	(1,037)	(1,170)
Business Acquisition	-	-	-	(104)
	(199)	(318)	(1,037)	(1,274)
Financing				
Proceeds on issuance of common shares	-	-	19	405
Repurchase of common shares	-	(66)	-	(66)
	-	(66)	19	339
Increase (decrease) in cash	3,672	(2,910)	583	2,947
Cash and equivalents, beginning of period	2,358	6,359	5,447	502
Cash and equivalents, end of period	\$ 6,030	\$ 3,449	\$ 6,030	\$ 3,449
Supplemental disclosure of cash paid for:				
Income taxes	\$ (2,376)	\$ 1,287	\$ (40)	\$ 4,768
Interest	-	-	-	8
	\$ (2,376)	\$ 1,287	\$ (40)	\$ 4,776

LIQUIDATION WORLD INC.

Consolidated Balance Sheets

(In thousands of Canadian dollars)

	July 6 2003	October 6 2002
	(unaudited)	
Assets		
Current assets		
Cash and equivalents	\$ 6,030	\$ 5,447
Accounts receivable	699	1,051
Inventory	44,888	44,677
Prepaid expenses	1,753	1,930
Income taxes recoverable	3,393	2,998
	<u>56,763</u>	<u>56,103</u>
Capital assets	5,663	5,749
Investment in affiliate	667	587
Goodwill	278	278
	<u>\$ 63,371</u>	<u>\$ 62,717</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,918	\$ 7,815
Shareholders' equity		
Share capital	15,990	15,971
Retained earnings	<u>37,463</u>	<u>38,931</u>
	<u>53,453</u>	<u>54,902</u>
	<u>\$ 63,371</u>	<u>\$ 62,717</u>