



News Release

For Immediate Release

Liquidation World Announces Q1 2007 Results

10 new stores added during the quarter while same store sales increase 3.7%

CALGARY, February 8, 2007- Liquidation World Inc. (LQW – TSX) today announced results for the first quarter of fiscal 2007, representing 13 weeks of operations ending December 31, 2006.

Revenue for the quarter increased 13.2% to \$64.7 million from \$57.1 million, and set a new Q1 record. Same store sales increased 2.9% over prior year in Canadian currency and 3.7% before converting US revenue to Canadian currency.

Net earnings were \$1.8 million (\$0.21 per share), compared to a \$1.9 million (\$0.23 per share) during Q1 last year.

Further detail is provided in the financial statements below.

Liquidation World will hold its 2006 Annual General and Special Meeting on February 8, 2007 at the Calgary Chamber of Commerce, Robert Brown Jr. Room #205, 100 – 6 Avenue SW, Calgary, AB at 3:00 pm.

The Company will also host a lunch and presentation on February 13, 2007 in Toronto. Investors interested in attending the Toronto presentation are invited to contact Diane Caswell at 403-717-4702 or dianec@liquidationworld.com for further details.

Liquidation World's President and Chief Executive Officer, Jonathan Hill, said:

It has been a busy quarter as we continued to execute our strategy to increase same store sales and open more new stores. During the quarter we recorded same store sales growth of 3.7% and added net 10 new stores, keeping us on track toward our goal of having 125 locations in operation by the end of the fiscal year.

In the first quarter, gross margin increased to 38.8% from 38.3% in the same quarter last year. We are pleased that our margin performance has recovered so quickly from our performance in the fourth quarter of last year. The Q1 margin calculation was validated through a supplementary physical inventory count conducted at the end of the quarter.

While I am satisfied with our revenue performance in recent quarters and our ability to add new stores, we must remain mindful of both the size and quality of our store portfolio, and ensure that the number of stores does not take priority over the quality of our stores. Looking back on 2006 for example, we closed 13 stores and opened 15. In the process, however, we replaced \$15 million in annual sales with an

estimated \$30 million. We will continue to look for similar opportunities to improve the efficiency of the store network and make adjustments where warranted.

Except for the cost of the supplementary inventory count conducted at the end of the quarter, our expenses in the quarter were in line with expectations and reflect the planned additions of executive, merchant, operations and administrative personnel over the past year, and the expenses incurred to get our new outlets up and running. However, to improve profitability, we must be vigilant that we are effectively leveraging our overhead expenses, and through the balance of the year will continue to refine our plans toward that goal.

About Liquidation World

Liquidation World liquidates consumer merchandise through 115 outlets across North America and also provides store-closure sales management. It 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 1,800 employees in outlets and offices across Canada and the United States.

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.

Liquidation World has scheduled a conference call to begin promptly at 11:00 a.m. Calgary time (1:00 p.m. EST) on Thursday, February 8, 2007.

Conference call dial in number is 1-877-888-7019 or 416-695-6130

A replay of the conference call will be accessible on Liquidation World's website within twenty-four hours at www.liquidationworld.com by selecting "Investor Info", "News Releases", and "Q1 Conference Call".

For more information, please contact:

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LIQUIDATION WORLD INC.

Consolidated Balance Sheets (unaudited)

(In thousands of Canadian dollars)

	December 31 2006	October 1 2006
Assets		
Current assets		
Cash and equivalents	\$ 220	\$ 184
Accounts receivable	146	309
Inventory	62,186	55,184
Prepaid expenses	782	2,121
	<u>63,334</u>	<u>57,798</u>
Property and equipment	13,286	12,710
	<u>\$ 76,620</u>	<u>\$ 70,508</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	\$ 3,758	\$ 5,397
Accounts payable and accrued liabilities	13,827	8,398
Income taxes payable	1,057	332
Current portion of obligations under capital leases	1,270	979
	<u>19,912</u>	<u>15,106</u>
Obligations under capital leases	2,322	2,898
Future income taxes	755	754
Shareholders' equity		
Share capital	15,507	15,507
Contributed surplus	886	800
Retained earnings	37,238	35,443
	<u>53,631</u>	<u>51,750</u>
	<u>\$ 76,620</u>	<u>\$ 70,508</u>

LIQUIDATION WORLD INC.

Consolidated Statements of Earnings and Retained Earnings (unaudited)

For the thirteen weeks ended December 31, 2006 and January 1, 2006

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

	13 weeks ended December 31, 2006	13 weeks ended January 1, 2006
Revenue	\$ 64,671	\$ 57,146
Cost of sales	39,549	35,270
	25,122	21,876
Expenses		
Selling, general and administrative	21,003	18,111
Depreciation and amortization	915	746
Stock based compensation	86	53
Interest	196	50
Foreign exchange (gain) loss	118	(20)
	22,318	18,940
Earnings before income taxes	2,804	2,936
Income taxes		
Current	1,008	923
Future	1	67
	1,009	990
Net earnings	1,795	1,946
Retained earnings, beginning of period	35,443	34,393
Retained earnings, end of period	\$ 37,238	\$ 36,339
Earnings per share		
Basic	\$ 0.22	\$ 0.23
Diluted	\$ 0.21	\$ 0.23
Weighted average shares outstanding	8,246,242	8,382,942
Diluted shares outstanding	8,356,627	8,382,942

Segmented Information

(In thousands of Canadian dollars)

	13 weeks ended December 31, 2006	13 weeks ended January 1, 2006
Revenue		
Canada	\$ 56,798	\$ 48,661
United States	7,873	8,485
Total	\$ 64,671	\$ 57,146
Property and equipment	As at December 31, 2006	As at October 1, 2006
Canada	\$ 12,448	\$ 11,902
United States	838	808
Total	\$ 13,286	\$ 12,710

LIQUIDATION WORLD INC.

Consolidated Statements of Cash Flows (unaudited)
For the thirteen weeks ended December 31, 2006 and January 1, 2006
(In thousands of Canadian dollars)

	13 weeks ended December 31, 2006	13 weeks ended January 1, 2006
Operating Activities		
Net earnings	\$ 1,795	\$ 1,946
Add non-cash items:		
Depreciation and amortization	915	746
Stock based compensation	86	53
Future income taxes	1	67
	<u>2,797</u>	<u>2,812</u>
Changes in non-cash operating working capital related to operations		
Accounts receivable	163	346
Inventory	(7,002)	(416)
Prepaid expenses	1,339	428
Accounts payable and accrued liabilities	5,429	1,604
Income taxes payable	725	915
	<u>3,451</u>	<u>5,689</u>
Investing Activities		
Purchase of property and equipment	(1,491)	(645)
	<u>(1,491)</u>	<u>(645)</u>
Financing		
Decrease in bank indebtedness	(1,639)	(2,265)
Repayment of capital leases	(285)	-
	<u>(1,924)</u>	<u>(2,265)</u>
Increase in cash	36	2,779
Cash and cash equivalents, beginning of period	184	177
Cash and cash equivalents, end of period	<u>\$ 220</u>	<u>\$ 2,956</u>
Supplemental disclosure of cash paid for:		
Income taxes	\$ 285	7
Interest	137	50