



## News Release

For Immediate Release

December 12, 2003 – Calgary, Alberta

### **Liquidation World Announces Annual Results**

Liquidation World Inc. (LQW – TSX) announces the results of operations for the 52 weeks ended October 5, 2003. Revenue decreased nominally to \$173,675,000 from \$174,520,000 during the 52 weeks ended October 6, 2002. Net earnings decreased 65% to \$769,000 (\$0.09 per share) during fiscal 2003 from \$2,205,000 (\$0.26 per share) during the 2002 fiscal year.

During the final quarter, the thirteen weeks ended October 5, 2003, revenue increased 1% to \$42,823,000 from \$42,551,000 during the thirteen weeks ended October 6, 2002. Net earnings in the fourth quarter of 2003 increased 581% to \$2,237,000 (\$0.26 per share) compared to \$385,000 (\$0.05 per share) in the fourth quarter of 2002.

“Included in the fourth quarter results is a larger than usual positive inventory adjustment to reflect the actual value of inventory on hand as a result of the physical inventory count”, said Andrew Searby, Chief Financial Officer. “In part, the declining US dollar manifested itself in stronger gross margins than we had estimated earlier in the year, which led to there being a higher dollar value of inventory on hand than we had reflected in our records.”

“The Office of the CEO is not entirely satisfied with the final results of fiscal 2003, but is encouraged that, through its first full quarter of existence, it has made progress toward enhancing the value of our core business,” said Darren Gillespie, Senior Executive Vice President and Co-C.E.O.

“Much of that value is generated through the buying group, which while primarily opportunistic in the past, has identified high volume categories in which it wishes to purchase in a more proactive manner. Better exploiting these low cost, high margin lines is fundamental to returning to the turns and profits that historically defined our firm,” he said.

“This invigorated and entrepreneurial approach has already led to the acquisition of greater inventories. We expect to efficiently process and effectively sell this merchandise through Outlets that are capable of contributing materially to the bottom line in 2004 and beyond.”

“In that vein,” he continued, “we are announcing the closure of two Outlets in Canada and one in the U.S. that have not met this criterion.” “However, we will continue to take advantage of

opportunities for expansion, and would also like to announce that three new Canadian Outlets are slated to open in 2004,” he said.

“Finally, the Company has also initiated its ‘Brilliance in the Basics’ campaign, which focuses on those strategic and operational efficiencies that will manifest themselves in the competitive pricing that is reflective of the Company’s position as a leading North American liquidator,” Gillespie concluded.

### **About Liquidation World**

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, consulting, and retail liquidations of consumer merchandise through 98 outlets across Canada and the United States . 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.

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 Statements of Earnings and  
Retained Earnings

For the periods ended October 5, 2003 and  
October 6, 2002

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

	13 weeks ended October 5, 2003	13 weeks ended October 6, 2002	52 weeks ended October 5, 2003	52 weeks ended October 6, 2002
Revenue	\$ 42,823	\$ 42,551	\$ 173,675	\$ 174,520
Cost of sales	22,312	25,723	102,337	106,592
Expenses	20,511	16,828	71,338	67,928
Selling and store operations	13,026	13,112	54,630	54,224
General and administrative	3,208	2,681	13,193	8,279
Depreciation and amortization	319	381	1,442	1,460
Interest	-	-	-	7
	16,553	16,174	69,265	63,970
Earnings before income taxes	3,958	654	2,073	3,958
Income taxes	1,721	269	1,304	1,753
Net earnings	2,237	385	769	2,205
Retained earnings, beginning of period	37,463	38,663	38,931	36,890
Excess of repurchase amount over stated capital of repurchased shares	-	(117)	-	(164)
Retained earnings, end of period	\$ 39,700	\$ 38,931	\$ 39,700	\$ 38,931
Earnings per share				
Basic	\$ 0.26	\$ 0.05	\$ 0.09	\$ 0.26
Diluted	\$ 0.26	\$ 0.04	\$ 0.09	\$ 0.25

# LIQUIDATION WORLD INC.

## Consolidated Statements of Cash Flows

For the periods ended October 5, 2003 and

October 6, 2002

(unaudited) (In thousands of Canadian dollars)

	13 weeks ended October 5, 2003	13 weeks ended October 6, 2002	52 weeks ended October 5, 2003	52 weeks ended October 6, 2002
Cash provided by (used in):				
Operations				
Net earnings	\$ 2,237	\$ 385	\$ 769	\$ 2,205
Add (deduct) non-cash items:				
Depreciation and amortization	319	381	1,442	1,460
Loss on disposal of capital asset	102	-	102	-
Equity in income of affiliate	(25)	3	(105)	(105)
	2,633	769	2,208	3,560
Changes in non-cash operating working capital				
Accounts receivable	120	1,114	472	174
Inventory	(3,943)	3,001	(4,154)	5,101
Prepaid expenses	(857)	317	(680)	(556)
Accounts payable and accrued liabilities	(533)	(1,054)	1,570	3,054
Income taxes recoverable	1,822	(603)	1,427	(3,907)
	(758)	3,544	843	7,426
Investments				
Purchase of capital assets	(300)	(1,375)	(1,337)	(2,545)
Proceeds on disposal of capital assets	340	-	340	-
Business acquisition	-	-	-	(104)
	40	(1,375)	(997)	(2,649)
Financing				
Proceeds on issuance of common shares	-	-	19	405
Repurchase of common shares	-	(171)	-	(237)
	-	(171)	19	168
Increase (decrease) in cash and equivalents	(718)	1,998	(135)	4,945
Cash and equivalents, beginning of period	6,030	3,449	5,447	502
Cash and equivalents, end of period	\$ 5,312	\$ 5,447	\$ 5,312	\$ 5,447

# LIQUIDATION WORLD INC.

Consolidated Balance Sheets  
(unaudited) (In thousands of Canadian dollars)

	October 5 2003	October 6 2002
<b>Assets</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 5,312	\$ 5,447
Accounts receivable	579	1,051
Income taxes receivable	1,571	2,998
Inventory	48,831	44,677
Prepaid expenses	2,610	1,930
	58,903	56,103
<b>Capital assets</b>		
Investment in affiliate	692	587
Goodwill	278	278
	\$ 65,075	\$ 62,717
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 9,385	\$ 7,815
<b>Shareholders' equity</b>		
Share capital	15,990	15,971
Retained earnings	39,700	38,931
	55,690	54,902
	\$ 65,075	\$ 62,717