



News Release

For Immediate Release

Liquidation World Announces Q2 Results

BRANTFORD, ON, May 21, 2008 - Liquidation World Inc. (LQW – TSX) today announces the results of the second quarter of the 2008 fiscal year, representing the 13-week period ended April 6, 2008.

Revenue from continuing operations in Q2 2008 increased 0.6% to \$42.2 million from \$42.0 million in Q2 2007. Same store sales during the quarter decreased 4.2%. During Q2 2008, the Company recorded a net loss from continuing operations of \$5.0 million (\$0.60 per share) versus a net loss from continuing operations of \$2.7 million (\$0.33 per share) during Q2 2007. Including the results of discontinued operations, the Company recorded a net loss and comprehensive loss of \$5.0 million (\$0.60 per share) in Q2 2008 versus a net loss and comprehensive loss of \$3.0 million (\$0.36 per share) in Q2 2007.

	2008 (millions)	2007 (millions)	Change (millions)
Q2 revenue	\$42.2	\$42.0	\$0.2
Q2 net loss from continuing operations	(\$5.0)	(\$2.7)	(\$2.3)
Q2 net loss and comprehensive loss	(\$5.0)	(\$3.0)	(\$2.0)

In the first two quarters of fiscal 2008, revenue from continuing operations totaled \$95.0 million, down 5.1% from \$100.2 million during the same period last year. Same store sales decreased 8.9% on a year-to-date basis. During the first half of fiscal 2008, the Company recorded a net loss from continuing operations of \$3.8 million (\$0.46 per share) versus a net loss from continuing operations of \$0.3 million (\$0.03 per share) during the first half of fiscal 2007. Including the results of discontinued operations, the Company recorded a net loss and comprehensive loss of \$4.8 million (\$0.59 per share) during the first half of fiscal 2008 versus a net loss and comprehensive loss of \$1.2 million (\$0.15 per share) during the same period in fiscal 2007.

	2008 (millions)	2007 (millions)	Change (millions)
YTD revenue	\$95.0	\$100.2	(\$5.2)
YTD net loss from continuing operations	(\$3.8)	(\$0.3)	(\$3.5)
YTD net loss and comprehensive loss	(\$4.8)	(\$1.2)	(\$3.6)

Additional details are provided in the financial statements below.

Jonathan Hill, President & CEO commented:

“Our second quarter results reflect same store sales declines and weaker than expected gross margin. Our situation today, unfortunately, is not a one-time anomaly. Since the second quarter of last year, we have endured weak sales and unsatisfactory gross margin. I am particularly disappointed that several initiatives we have undertaken to professionalize and improve our business have not had the desired effect. A significant reduction in operating costs and a change in organizational structure has become necessary and will be implemented. As an organization, we have to become better at buying and selling.”

About Liquidation World

Liquidation World liquidates consumer merchandise through 106 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 and maintains a number of regional buying offices in Canada and the United States. The Company opened its first store in Calgary, Alberta in 1986 and today, with more than 1,600 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.

Liquidation World has scheduled a conference call to begin promptly at 1:00 p.m. EST on Wednesday, May 21, 2008.

**Conference call dial in number is 1-888-789-9572 or 1-416-695-7806
Passcode: 3260046#**

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 “*Q2 Conference Call*”.

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LIQUIDATION WORLD INC.

Consolidated Balance Sheets
Unaudited
(In thousands of Canadian dollars)

	April 6, 2008	October 7, 2007 Restated
Assets		
Current assets		
Cash	\$ 202	\$ 216
Accounts receivable	734	293
Inventory	49,150	48,816
Prepaid expenses	1,267	1,719
Income taxes recoverable	2,410	2,221
Current assets of discontinued operations	-	1,237
	<u>53,763</u>	<u>54,502</u>
Property and equipment	12,113	12,542
Long-term assets of discontinued operations	-	172
	<u>\$ 65,876</u>	<u>\$ 67,216</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	\$ 14,294	\$ 7,820
Accounts payable and accrued liabilities	12,649	14,954
Current portion of obligations under capital leases	2,099	1,256
Current liabilities of discontinued operations	434	1,265
	<u>29,476</u>	<u>25,295</u>
Obligations under capital leases	657	1,512
Shareholders' equity		
Share capital	15,518	15,518
Contributed surplus	1,342	1,159
Retained earnings	18,883	23,732
	<u>35,743</u>	<u>40,409</u>
	<u>\$ 65,876</u>	<u>\$ 67,216</u>

LIQUIDATION WORLD INC.

Consolidated Statements of Loss and Comprehensive Loss and Retained Earnings

For the periods ended April 6, 2008 and April 1, 2007

Unaudited

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

	13 weeks ended April 6, 2008	13 weeks ended April 1, 2007 Restated	26 weeks ended April 6, 2008	26 weeks ended April 1, 2007 Restated
Revenue	\$ 42,222	\$ 41,985	\$ 95,034	\$ 100,156
Cost of sales	28,566	27,808	61,721	62,816
	13,656	14,177	33,313	37,340
Expenses				
Selling, general and administrative	17,222	16,717	34,452	35,165
Depreciation and amortization	985	939	2,012	1,797
Stockbased compensation	92	111	183	197
Interest	-	-	-	-
Short Term	242	136	441	258
Long Term	45	40	86	89
Foreign exchange	31	(76)	(55)	42
	18,617	17,867	37,119	37,548
Loss before income taxes	(4,961)	(3,690)	(3,806)	(208)
Income taxes (recovery)				
Current	-	(972)	-	36
Future	-	15	-	16
	-	(957)	-	52
Net loss from continuing operations	(4,961)	(2,733)	(3,806)	(260)
Loss from discontinued operations	-	(299)	(1,043)	(976)
Net loss and comprehensive loss	(4,961)	(3,032)	(4,849)	(1,236)
Retained earnings, beginning of period	23,844	37,239	23,732	35,443
Retained earnings, end of period	\$ 18,883	\$ 34,207	\$ 18,883	\$ 34,207
Basic and diluted loss per share				
From continuing operations	\$ (0.60)	\$ (0.33)	\$ (0.46)	\$ (0.03)
From discontinued operations	\$ -	\$ (0.03)	\$ (0.13)	\$ (0.12)
	\$ (0.60)	\$ (0.36)	\$ (0.59)	\$ (0.15)

LIQUIDATION WORLD INC.

Consolidated Statements of Cash Flows
For the periods ended April 6, 2008 and April 1, 2007
Unaudited
(In thousands of Canadian dollars)

	13 weeks ended April 6, 2008	13 weeks ended April 1, 2007 Restated	26 weeks ended April 6, 2008	26 weeks ended April 1, 2007 Restated
Operating activities				
Net loss from continuing operations	\$ (4,961)	\$ (2,733)	\$ (3,806)	\$ (260)
Add (deduct) non-cash items:				
Depreciation and amortization	985	939	2,012	1,797
Loss on disposal of capital asset	12	(118)	12	(118)
Stock based compensation	92	111	183	197
Future income taxes	-	15	-	16
	(3,872)	(1,786)	(1,599)	1,632
Changes in non-cash operating working capital				
Accounts receivable	(512)	107	(441)	174
Inventory	4,559	375	(334)	(6,121)
Prepaid expenses	(148)	(1,214)	452	165
Accounts payable and accrued liabilities	(5,535)	(2,042)	(2,305)	3,011
Income taxes recoverable	(164)	(994)	(189)	(269)
	(5,381)	(5,554)	(4,416)	(1,408)
Investing activities				
Purchase of capital assets	(205)	(642)	(832)	(2,105)
Proceeds on disposal of capital assets	-	156	2	156
	-	-	-	-
	(205)	(486)	(830)	(1,949)
Financing activities				
Increase in bank indebtedness	5,958	8,270	6,474	6,631
Repayment of capital lease	(375)	(393)	(777)	(678)
	5,583	7,877	5,697	5,953
Cash applied to discontinued operations	-	(1,841)	(465)	(2,564)
Increase (decrease) in cash	(3)	(4)	(14)	32
Cash and equivalents, beginning of period	205	220	216	184
Cash and equivalents, end of period	\$ 202	\$ 216	\$ 202	\$ 216
Supplemental disclosure of cash paid for:				
Income taxes	\$ 164	56	\$ 191	341
Interest	287	260	527	397
	\$ 451	\$ 316	\$ 718	\$ 738