



News Release

For Immediate Release

Liquidation World Announces First Quarter Results

BRANTFORD, ON, February 18, 2009 - Liquidation World Inc. (LQW – TSX) today announces the results of the first quarter of the 2009 fiscal year, representing the 13-week period ended January 4, 2009.

Revenue from continuing operations in Q1 2009 decreased 12.3% to \$47.1 million from \$52.8 million in Q1 2008. Same store sales during the quarter decreased 4.3%. During Q1 2009, the Company recorded a net loss from continuing operations of \$0.8 million (\$0.10 per share) versus net income from continuing operations of \$1.5 million (\$0.19 per share) during Q1 2008.

Q1 (in millions of Cdn dollars except per share amounts)	2009	2008	Change
Revenue	\$47.1	\$52.8	-\$5.8
Net income (loss) from continuing operations	(\$0.8)	\$1.5	-\$2.3
Net income (loss) from discontinued operations	nil	(\$1.4)	+\$1.4
Net income (loss) and comprehensive income (loss)	(\$0.8)	\$0.1	-\$0.9
Basic and diluted earnings (loss) per share	\$(0.10)	\$0.02	-\$0.12

Additional details are provided in the financial statements below.

Craig Graham, Liquidation World's Chairman, commented:

"The results of the first quarter reflect weaker than expected sales, particularly in the important Christmas season, low margins related to efforts to liquidate aged inventory and non-recurring costs totaling over \$700,000. Significant positive news from the quarter includes the establishment of a new 3-year \$20 million asset-based credit facility and the previously announced \$7.6 million investment in Liquidation World by Talon Merchant Capital. With the conclusion of the Talon transaction we have gained cash, a profitable US wholesale liquidation business and key new executives with long, successful track records in the liquidation industry."

Seth Marks, Liquidation World's newly appointed President and CEO, commented:

"Despite the Company's recent history of losses, I see potential for Liquidation World, especially in the current economic climate. And we are acting with urgency to implement a number of changes to turn the business around. In the short-term, we have plans to re-evaluate pricing store-wide in order to improve our value proposition, increase inventory turnover and further cleanse our inventory of slow moving goods; this will aid cash flow and create room for fresh and exciting merchandise. Longer term, we will be acquiring

significantly more liquidation merchandise direct from US sources, emphasizing faster turning categories like consumables and apparel and implementing higher store presentation standards. The addition of the US wholesale liquidation arm will provide important benefits with respect to buying economies and product allocation in our stores. As these changes are implemented, I expect we'll first see improvements in the top-line sales trend followed by increases in total gross margin dollars, and that ultimately, we will restore Liquidation World to profitability.”

About Liquidation World

Liquidation World liquidates consumer merchandise through 98 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 1,200 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. Due to fluctuations in gross margins and expenses, an increase in revenue does not directly correlate to an increase in net earnings.

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LIQUIDATION WORLD INC.

Consolidated Balance Sheets
As At January 4, 2009 and October 5, 2008
Unaudited
(In thousands of Canadian dollars)

	January 4, 2009	October 5, 2008
Assets		
Current assets		
Cash and equivalents	\$ 193	\$ 186
Accounts receivable	104	119
Inventory	42,195	44,178
Prepaid expenses	1,507	1,403
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	43,999	45,886
Property and equipment	9,445	10,226
	<hr/>	<hr/>
	\$ 53,444	\$ 56,112
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	\$ 7,550	\$ 11,612
Accounts payable and accrued liabilities	16,460	12,690
Current portion of obligations under capital leases	1,360	1,588
Current liabilities of discontinued operations	434	434
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	25,804	26,324
Obligations under capital leases	374	470
Shareholders' equity		
Share capital	15,518	15,518
Contributed surplus	1,459	1,407
Retained earnings	10,289	12,393
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	27,266	29,318
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	\$ 53,444	\$ 56,112

LIQUIDATION WORLD INC.

Consolidated Statements of Loss and Comprehensive Loss and Retained Earnings

For the 13 weeks ended January 4, 2009 and January 6, 2008

Unaudited

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

	2009	2008
Revenue	\$ 47,059	\$ 52,812
Cost of sales	31,234	33,155
Gross Margin	15,825	19,657
Expenses		
Selling, general and administrative	15,546	16,845
Depreciation and amortization	841	1,027
Stock-based compensation	52	91
Interest		
Short term	183	199
Long term	30	41
Foreign exchange	(18)	(86)
	16,634	18,117
(Loss) income before income taxes	(809)	1,540
Income taxes		
Current	-	-
Future	-	-
	-	-
Net (loss) income from continuing operations	(809)	1,540
Loss from discontinued operations		(1,428)
Net (loss) income and comprehensive (loss) income	(809)	112
Retained earnings, beginning of period	11,098	23,732
Retained earnings, end of period	\$ 10,289	\$ 23,844
Basic and diluted (loss) earnings per share		
From continuing operations	\$ (0.10)	\$ 0.19
From discontinued operations	\$ 0.00	\$ (0.17)
	\$ (0.10)	\$ 0.02

LIQUIDATION WORLD INC.

Consolidated Statements of Cash Flows
For the 13 weeks ended January 4, 2009 and January 6, 2008
Unaudited
(In thousands of Canadian dollars)

	2009	2008
Cash provided (used) in:		
Operating activities		
Net earnings (loss) from continuing operations	\$ (809)	\$ 1,540
Add (deduct) non-cash items:		
Depreciation and amortization	841	1,027
Loss (gain) on disposal of capital asset	14	(384)
Stock-based compensation	52	91
	98	2,274
Changes in non-cash operating working capital		
Accounts receivable	15	71
Inventory	688	(4,888)
Prepaid expenses	(104)	278
Accounts payable and accrued liabilities	3,770	3,230
	4,369	(1,309)
	4,467	965
Investing activities		
Purchase of capital assets	(74)	(625)
	(74)	(625)
Financing activities		
Increase (decrease) in bank indebtedness	(4,062)	516
Repayment of capital lease	(324)	(402)
	(4,386)	114
Cash applied to discontinued operations		(465)
Increase (decrease) in cash	7	(11)
Cash and equivalents, beginning of period	186	216
Cash and equivalents, end of period	\$ 193	\$ 205
Supplemental disclosure of cash paid for:		
Income taxes	\$ 7	\$ 27
Interest	213	240
	\$ 220	\$ 267