NORTH WEST COMPANY FUND

2009 FOURTH QUARTER REPORT TO UNITHOLDERS

Report to Unitholders

The North West Company Fund reports fourth quarter net earnings to January 31, 2010 of $20.2 million, an increase of 3.0% over last year's fourth quarter earnings of $19.6 million. Diluted earnings per unit improved to $0.42 compared to $0.40 last year.

Sales decreased 1.4% to $370.5 million compared to the fourth quarter last year. Sales excluding the foreign exchange impact were up 3.9% and increased 1.6%[1] on a same store basis. Sales growth in our Canadian Operations offset softer performance and the negative impact of foreign exchange on the conversion of U.S. denominated sales in our International Operations.

The Trustees have approved a quarterly distribution of $0.34 per unit to unitholders of record on March 31, 2010.

On behalf of the Trustees:

H. Sanford Riley	Edward S. Kennedy
Chairman	President and Chief Executive Officer

Management's Discussion & Analysis

CONSOLIDATED RESULTS

Quarter

Fourth quarter consolidated sales decreased 1.4% to $370.5 million compared to $375.7 million in 2008. Excluding the foreign exchange impact, sales increased 3.9% and were up 1.6% on a same store basis. Food sales[1] increased 5.3% and were up 2.8% on a same store basis. General merchandise sales[1] decreased 0.6% and were down 1.6% on a same store basis. Sales growth in our Canadian Operations partially offset softer performance and the negative impact of foreign exchange on the conversion of U.S. denominated sales in our International Operations.

Cost of sales, selling and administrative expenses decreased 1.6% to $338.2 million and decreased 17 basis points as a percentage to sales compared to the fourth quarter of 2008. The decrease was mainly due to the impact of the stronger average Canadian dollar on the translation of U.S. denominated International Operations expenses compared to last year.

Trading profit[2] or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 0.5% to $32.3 million compared to $32.2 million in the fourth quarter last year. Trading profit gains in Canada driven largely by sales growth offset a decrease in International Operations trading profit.

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[1] Excluding the foreign exchange impact
[2] See Non-GAAP Measures Section of Management's Discussion & Analysis

Interest expense decreased 29.2% to $1.3 million as a result of lower interest rates in the quarter.

Net earnings increased $583,000 or 3.0% to $20.2 million. Diluted earnings per unit were up 5.0% to $0.42 compared to $0.40 last year. The stronger Canadian dollar in the quarter compared to last year negatively impacted the conversion of earnings from the International Operations by $0.01 per unit on a fully diluted basis.

Year

Sales for the year increased 3.7% to $1.444 billion compared to $1.393 billion in 2008. Excluding the foreign exchange impact, sales increased 2.4% and were up 0.1%[1] on a same store basis. Food sales[1] increased 5.8% and were up 3.1% on a same store basis. General merchandise sales[1] decreased by 8.1% and were down 9.5% on a same store basis. Food sales growth offset weaker general merchandise sales across all banners.

Cost of sales, selling and administrative expenses increased 3.4% to $1.314 billion but decreased 24 basis points as a percentage to sales compared to last year. New and non-comparable store expenses and the impact of the weaker average Canadian dollar on the translation of U.S. denominated International Operations expenses in the first half of the year accounted for substantially all of the dollar increase.

Trading profit increased 6.6% to $130.3 million compared to $122.3 million last year. Food sales growth across all banners and lower operating and administrative expenses in Canada were the leading factors contributing to the trading profit dollar increase. Amortization increased 9.7% to $35.2 million due in part to depreciation on new stores. Interest expense decreased 34.2% to $5.5 million as a result of lower interest rates compared to last year. Income taxes increased $1.3 million to $7.8 million largely due to higher earnings in the International Operations and a taxable foreign exchange gain in the Canadian Operations related to the refinancing of U.S. denominated long-term debt completed in the second quarter.

Net earnings increased $6.4 million or 8.5% to $81.8 million. Diluted earnings per unit increased 8.3% to $1.69 compared to $1.56 last year. A weaker Canadian dollar in the first half of the year positively impacted the conversion of earnings from the International Operations by $0.01 per unit on a fully diluted basis.

CANADIAN OPERATIONS

Canadian sales for the quarter increased 5.2% to $247.9 million from $235.7 million last year and were up 4.0% on a same store basis. Food sales increased 6.5% and were up 5.5% on a same store basis led by continuing same store sales growth gains in our Giant Tiger junior discount banner. Food sales were up in all categories with grocery, tobacco, and produce categories contributing the largest gains. Sales growth in value-priced private-label products was also a factor in driving sales gains across all banners. Retail food inflation was approximately 1.9% with food cost inflation partially offset by continuing transportation cost deflation due to lower fuel surcharges compared to last year.

General merchandise sales increased 1.8% from last year and were up 0.5% on a same store basis reversing negative same store sales trends over the previous six quarters. Discretionary income in the north is showing signs of recovery and this, combined with normal replacement cycle spending, had a modest positive impact on durable good sales in the quarter.

The table below shows the quarterly sales blend for Canadian Operations for the past two years:

	2009	2008
Food	68.1%	67.2%
General merchandise	27.7%	28.6%
Other*	4.2%	4.2%

* Other sales include gas, fur and service charge revenues

Gross profit dollars increased 4.8% due primarily to food sales growth offsetting the impact of lower gross profit rates in general merchandise. General merchandise gross profit rates were negatively impacted by a lower mark-up strategy in electronics and higher markdowns to clear slow-moving seasonal and big-ticket merchandise. Operating expenses increased 1.4% but were down 83 basis points as a percentage to sales largely due to staff productivity gains and higher bad debt recoveries.

Canadian trading profit increased 8.1% to $26.0 million and was 10.5% of sales compared to 10.2% of sales in the fourth quarter last year.

INTERNATIONAL OPERATIONS (stated in U.S. dollars)

International sales increased $1.3 million or 1.1% to $115.8 million compared to $114.5 million in the fourth quarter last year. On a same store basis sales decreased 3.5%. Food sales increased 3.1% but were down 2.2% on a same store basis. General merchandise sales decreased 9.5% and were down 9.6% on a same store basis. Compared to Canada, International sales continue to be more significantly impacted by difficult economic conditions, particularly related to tourism in our island markets and lower resource royalties in Alaska. As an example, the positive sales impact of the Permanent Fund Dividend (PFD) of $1,305 that was paid to each qualifying Alaska resident in the fourth quarter this year was not enough to offset the additional carryover spending that occurred in the fourth quarter last year related to the $3,269 PFD that was paid to residents in the third quarter.

The table below shows the quarterly sales blend for International Operations for the past two years:

	2009	2008
Food	85.1%	83.4%
General merchandise	14.2%	15.9%
Other*	0.7%	0.7%

* Other sales include gas and service charge revenues

Gross profit dollars decreased 0.5% due to lower gross profit rates in the quarter compared to last year. Operating expense dollars increased 5.1% compared to the fourth quarter last year and increased 79 basis points as a percent to sales. Higher staff costs, due mostly to Company-funded employee medical insurance costs and expenses related to the consolidation of our wholesale operations and distribution facilities were partially offset by a reduction in energy-related occupancy costs.

Trading profit decreased 5.9% to $6.1 million compared to $6.5 million last year due to lower gross profit and higher operating expenses. Trading profit as a percent to sales was 5.3% compared to 5.7% in the fourth quarter last year.

FINANCIAL CONDITION

Financial Ratios

The Fund's debt-to-equity ratio at the end of the quarter was .72:1 compared to .78:1 last year.

Working capital increased 0.9% or $1.0 million compared to the fourth quarter last year due to lower bank advances in the International Operations. The increase in the current portion of long-term debt is due to the US$52 million credit facility which matures December 31, 2010 compared to the US$39 million of senior notes which matured June 15, 2009.

Outstanding Units

The weighted average basic units outstanding for the quarter were 47,856,000 compared to 47,722,000 last year. The increase is due to a reduction in the number of units held under the Company's Unit Purchase Loan Plan as the units pledged as security for the loans are deducted from the issued and outstanding units of the Fund to determine the basic units outstanding. The weighted average fully diluted units outstanding for the quarter were 48,474,000 compared to 48,441,000 last year. The increase in the fully diluted units outstanding is due to units granted under the Trustee Deferred Unit Plan.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities in the quarter decreased $3.2 million to $37.7 million from $40.9 million last year. The decrease in cash flow from operating activities is due to the change in non-cash working capital largely due to an increase in accounts receivable and a decrease in accounts payable in the quarter compared to the prior year. The change in other non-cash items is due to the increase in other assets related to a $4 million special contribution to the Company's defined benefit pension plan. Cash flow from operations[2] increased $4.3 million or 15.6% to $32.2 million due primarily to the increase in net earnings and the change in future income taxes in the quarter compared to last year.

Cash used for investing activities in the quarter decreased to $11.7 million compared to $16.9 million last year due to a difference in the timing of capital investments.

Cash used for financing activities in the quarter was $35.0 million compared to $26.4 million last year. The change in bank advances is due to a reduction in the amount outstanding under the International Operations credit facility. Repayments received on loans issued to officers under the Unit Purchase Loan Plan (UPLP) were $3.0 million in the quarter. The remaining UPLP loans mature January 31, 2011. The Fund paid distributions of $16.4 million, an increase of 6.2% compared to $15.5 million last year.

The change in long-term debt in the quarter is largely due to a decrease in the amount drawn on the Canadian Operations revolving credit facility. The Canadian Operations have available extendible, committed, revolving loan facilities of $140 million that mature on December 31, 2011. These facilities are secured by a floating charge on the assets of the Company and rank pari passu with the senior notes. At January 31, 2010, the Company had drawn $72.9 million on these facilities.

As previously announced, on June 15, 2009, the Company completed the private placement issuance of US$70 million 6.55% senior notes which will mature June 15, 2014. The net proceeds were used to repay the US$39 million senior notes which matured on June 15, 2009, to reduce bank debt and for general corporate purposes. The senior notes are secured by the assets of the Company.

The Company has designated the US$70 million senior notes as a hedge against its U.S. dollar investment in the International Operations. On June 15, 2009, the Company converted US$28 million of the senior notes from a fixed interest rate of 6.55% to a floating interest rate based on LIBOR plus a negotiated spread.

The International Operations have available extendible, committed, non-revolving loan facilities of US$52 million that mature on December 31, 2010. These facilities are secured by a floating charge against the assets of the Company and rank pari passu with the senior notes. At January 31, 2010, the Company had drawn US$52 million on these facilities. The International Operations also have available demand revolving loan facilities of US$15 million which are renewable annually. These loans are secured by a floating charge against certain accounts receivable and inventories of the International Operations. At January 31, 2010, the Company had US$293,000 in bank advances drawn on these facilities.

The credit facilities and senior notes contain covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests. The financial covenants include a fixed charge coverage ratio, minimum current ratio, a leverage test and a minimum net worth test. At January 31, 2010, the Fund is in compliance with all covenants under these facilities. Current and forecasted debt levels are regularly monitored for compliance with debt covenants.

Net capital expenditures for 2010 are expected to be in the $59 million range (2009 - $59.4 million) reflecting the opening and acquisition of new stores, store renovation and energy conservation projects, pharmacy acquisitions and openings, store point-of-sale system upgrades and the completion of a major head office renovation project. Cash flow from operations and funds available on existing credit facilities are expected to be sufficient to fund operating requirements, sustaining and growth-related capital expenditures, as well as all distributions for the year.

OTHER HIGHLIGHTS

- An independent food store was acquired in Radisson, Quebec on February 28, 2010 and converted to a Northern banner, bringing our Northern and Northern Quickstop convenience store count to 139.

- New food distribution and general merchandise consolidation centers were opened in Tacoma, Washington on December 14, 2009 and in Edmonton, Alberta on January 25, 2010. These two centers, which total 190,000 square feet, replace three other facilities in Calgary, Alberta, Anchorage, Alaska and Monroe, Washington and will enable increased productivity and improved store service.

UNITHOLDER DISTRIBUTIONS

The Trustees declared a regular quarterly distribution of $0.34 per unit to unitholders of record on March 31, 2010, distributable by April 15, 2010.

The determination to declare and make payable distributions from the Fund is subject to the terms of the Fund's Declaration of Trust and the discretion of the Board of Trustees. The Fund's distribution policy is to make distributions to unitholders equal to the taxable income of the Fund. Historically, distributions from the Fund represented taxable income and did not include a return of unitholder capital. Management believes distributions in 2010 will continue to represent taxable income.

In determining the quarterly distributions the Trustees consider, among other factors, the seasonal variations in earnings inherent in the retail industry in order to maintain stable distributions throughout the year. On an annual basis, distributions are funded by cash flow from operations. Due to the seasonal nature of the retail business whereby income and cash flow is historically lower in the first quarter and higher in the fourth quarter, distributions in a quarter may exceed cash flow from operations. The taxable income of the Fund is primarily based on an allocation of the taxable income of The North West Company LP less Fund expenses.

STRUCTURE OF THE FUND

Management and the Board of Trustees have reviewed the impact of the specified investment flow-through entities ("SIFT") Tax Rules and the related tax implications on the Fund. The SIFT Rules impose a new entity-level tax on distributions from certain SIFTs such as the Fund commencing January 1, 2011. Our assessment is that the Fund should remain structured as a trust until this date at which time we expect to complete a tax-deferred conversion into a publicly-traded share corporation. Upon converting back to a corporate structure, it is the Company's intention to pay quarterly dividends of approximately the after-tax amount of the quarterly distributions prior to conversion. Following the conversion, the dividends paid will provide qualifying owners with the benefit of the dividend tax credit which is not applicable to current distributions from the Fund.

OUTLOOK

Canadian food sales in the first quarter of 2010 are trending according to the 2009 fourth quarter results and general merchandise sales are showing signs of improvement. Alaska sales are trending better than last year as consumers are benefiting from higher disposable income due to larger income tax refunds and lower utility costs. Sales in the Caribbean and South Pacific stores continue to be challenged due to a decline in tourism which is not expected to change for the balance of 2010.

QUARTERLY RESULTS OF OPERATIONS

In 2009, the quarters have the same number of days of operations as 2008 with the exception of the first quarter of 2008 which had an extra day resulting from the February 29 leap year. The following is a summary of selected quarterly financial information.

Operating Results-Consolidated

	Fourth Quarter		Third Quarter		Second Quarter		First Quarter	
	92 days	92 days	92 days	92 days	92 days	92 days	89 days	90 days
($ in millions)	2009	2008	2009	2008	2009	2008	2009	2008
Sales	$370.5	$375.7	$360.8	$359.1	$367.5	$342.4	$345.6	$315.5
Trading profit	32.3	32.2	36.1	33.5	34.3	30.6	27.5	25.9
Net earnings	20.2	19.6	25.0	22.1	20.5	18.4	16.1	15.2
Net earnings per unit:								
Basic	0.42	0.41	0.52	0.46	0.43	0.39	0.34	0.32
Diluted	0.42	0.40	0.51	0.46	0.43	0.38	0.33	0.32

Historically, the Company's first quarter sales are the lowest and the fourth quarter sales are the highest, reflecting the holiday selling period. Weather conditions are often extreme and can affect sales in any quarter. Net earnings are historically lower in the first quarter due to lower sales. Net earnings generally follow higher sales but can be dependent on markdown activity in key sales periods to reduce excess inventories.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company in order to provide reasonable assurance that material information relating to the Company is made known to management in a timely manner so that appropriate decisions can be made regarding public disclosure. Management is also responsible for establishing and maintaining internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian Generally Accepted Accounting Principles (GAAP). All internal control systems, no matter how well designed, have inherent limitations. Therefore even those systems determined to be designed effectively can only provide reasonable assurance of achieving the control objectives. There have been no changes in the internal controls over financial reporting during the quarter ended January 31, 2010 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

ACCOUNTING STANDARDS IMPLEMENTED IN 2009

Financial Instruments – Recognition and Measurement

In June 2009 the CICA issued amendments to Section 3855 Financial Instruments – Recognition and Measurement. These amendments included clarifications on the application of the effective interest rate method and reclassification of financial instruments with embedded derivatives.

In August 2009 the CICA further amended Section 3855 to define loans and receivables as non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The amendment eliminated the distinction between debt securities and other debt instruments and changed the scope of the categories into which these financial instruments may be classified.

These amendments had no material impact on the Company's consolidated financial position or results of operations.

Financial Instruments - Disclosures

In June 2009 the CICA issued amendments to Section 3862 Financial Instruments – Disclosures to improve fair value and liquidity risk disclosures. The standard now requires that all financial instruments measured at fair value be categorized using a three level hierarchy. Each level is based on the transparency of inputs used to measure the fair values of financial assets and liabilities. The additional disclosures will be included in the Company's audited annual financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

Effective February 1, 2009 the Company adopted EIC 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" issued by the Canadian Institute of Chartered Accountants. This Abstract requires entities to consider both its own and counterparty credit risk in determining the fair value of its financial assets and liabilities, including derivative financial instruments. The adoption of this Abstract has had no material impact on the Company's financial statement disclosures, financial position or results from operations.

FUTURE ACCOUNTING STANDARDS TO BE IMPLEMENTED

International Financial Reporting Standards

The Canadian Accounting Standards Board requires all publicly accountable enterprises to adopt International Financial Reporting Standards (IFRS) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies are also required to provide IFRS comparative information for the previous fiscal year. The transition from Canadian Generally Accepted Accounting Principles (Canadian GAAP) to IFRS will be applicable for the Company's first quarter beginning February 1, 2011 when the Company will prepare comparative financial statements using IFRS.

Financial reporting under IFRS differs from Canadian GAAP in a number of respects, some of which are significant. The adoption of IFRS will have an impact on the Company's accounting, financial statements and disclosures, information systems and internal controls over financial reporting. Most adjustments required on transition to IFRS will be made retrospectively against opening retained earnings as of the date of the first comparative balance sheet. The International Accounting Standards Board (IASB) is continuing to work on new accounting standards or changes to previously issued accounting standards. IFRS on the date of adoption is expected to differ from current IFRS due to these changes, impacting the form and content of the Company's IFRS compliant financial statements. The Company continues to monitor the changes to accounting standards proposed by the IASB and assess the impact of those changes.

The Company commenced its IFRS conversion project in 2008. The project plan contains milestones and timelines to ensure a timely conversion. The IFRS conversion project consists of four main phases: Phase One - Project Plan and Scope; Phase Two - Detailed Impact Assessment; Phase Three - Conversion Plan; and Phase Four - Policy Selection and Implementation. The IFRS project team is led by the Chief Financial Officer supported by a project manager and a combination of internal and external resources. Progress updates are provided to the Audit Committee of the Board of Trustees on a quarterly basis.

To date the Company has completed Phases One, Two and Three comprised of:

- Diagnostic assessment of the financial statement components that will be impacted and a priority ranking of those differences identified;
- Comprehensive analysis of the major differences between Canadian GAAP and IFRS applicable to the Company; and
- Identification of accounting policy alternatives, transition elections and exemptions available under IFRS.

Work continues on Phase Four – Policy Selection and Implementation and the consequential impact of IFRS on internal controls over financial reporting, key performance measures, financial covenants, contractual agreements, incentive plans and budgeting. This phase also involves the final selection and approval of accounting policies, elections and exemptions and the finalization of IFRS compliant financial statements and notes.

During the year-ended January 31, 2010, our project identified differences between Canadian GAAP and IFRS for employee benefits, impairment of assets, financial instruments and presentation, share-based payments, provisions and borrowing costs that will result in modifications to our financial statements at the changeover date. The above list should not be regarded as a complete list of all of the changes that will result from a transition to IFRS as our evaluation of the impacts of certain differences is ongoing and not all decisions have been made where alternatives are available under IFRS. Until we have finalized our accounting policies and the transition exemptions and elections, the impact of IFRS on the Company's future financial position cannot be precisely quantified; however such impacts may be material upon final determination.

The Company continues to invest in resources and training to facilitate a timely conversion. Training for finance personnel consists of courses provided by external advisors as well as internally led training. The Company's IFRS project continues to be on target to meet the changeover date.

Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants (CICA) issued CICA HB 1582 – Business Combinations together with CICA HB 1601 – Consolidated Financial Statements and CICA HB 1602 – Non-Controlling Interests. These new standards will be effective for the Company on a prospective basis for business combinations occurring on or after February 1, 2011. The new standards will align Canadian GAAP for business combinations and consolidated financial statements with IFRS. Early adoption is permitted and would facilitate the harmonization of the accounting treatment of business combinations for the year-ended January 31, 2011 under both Canadian GAAP and IFRS.

NON-GAAP MEASURES

(1) **Trading Profit (EBITDA)** is not a recognized measure under Canadian GAAP. Management believes that in addition to net earnings, trading profit is a useful supplemental measure as it provides investors with an indication of the Company's operational performance before allocating the cost of interest, income taxes and capital investments. Investors should be cautioned, however, that trading profit should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of NWF's performance. NWF's method of calculating trading profit may differ from other companies and, accordingly, trading profit may not be comparable to measures used by other companies.

A reconciliation of consolidated net earnings to trading profit or EBITDA is provided below:

($ in thousands)	Fourth Quarter 2009	Fourth Quarter 2008	Year-to-Date 2009	Year-to-Date 2008
Net earnings	$ 20,227	$ 19,644	$ 81,813	$ 75,378
Add: Amortization	8,898	8,410	35,150	32,054
Interest expense	1,272	1,797	5,470	8,307
Income taxes	1,949	2,320	7,841	6,518
Trading profit	$ 32,346	$ 32,171	$ 130,274	$ 122,257

For trading profit information by business segment, refer to Note 11 Segmented Information in the Notes to the unaudited interim period Consolidated Financial Statements.

(2) **Cash Flow from Operations** is not a recognized measure under Canadian GAAP. Management believes that, in addition to cash flow from operating activities, cash flow from operations is a useful supplemental measure as it provides investors with an indication of the Company's ability to generate cash flows to fund its cash requirements, including distributions and capital investments. Investors should be cautioned, however, that cash flow from operations should not be construed as an alternative to cash flow from operating activities or net earnings as a measure of profitability. NWF's method of calculating cash flow from operations may differ from other companies and may not be comparable to measures used by other companies.

A reconciliation of consolidated cash flow from operating activities to cash flow from operations is provided below:

($ in thousands)	Fourth Quarter 2009	Fourth Quarter 2008	Year-to-Date 2009	Year-to-Date 2008
Cash flow from operating activities	$ 37,687	$ 40,941	$ 107,973	$ 90,178
Non-cash items:				
Change in other non-cash items	(598)	(4,146)	1,834	(1,396)
Change in non-cash working capital	(4,897)	(8,941)	6,679	17,542
Cash flow from operations	$ 32,192	$ 27,854	$ 116,486	$ 106,324

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Unless otherwise stated, this Management's Discussion & Analysis (MD&A) is based on the financial information included in the unaudited interim period Consolidated Financial Statements and Notes to the unaudited interim period Consolidated Financial Statements which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and is in Canadian dollars. The information contained in this MD&A is current to March 18, 2010.

Forward-Looking Statements

This Quarterly Report, including Management's Discussion & Analysis (MD&A), contains forward-looking statements about the North West Company Fund (Fund), including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional future financial performance (including sales, earnings or growth rates), ongoing business strategies or prospects, and possible future Fund action, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund, economic factors and the retail industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Fund due to, but not limited to, important factors such as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, changes in accounting policies and methods used to report financial condition, including uncertainties associated with critical accounting assumptions and estimates, the effect of applying future accounting changes, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Fund's ability to complete strategic transactions and integrate acquisitions and the Fund's success in anticipating and managing the foregoing risks. The reader is cautioned that the foregoing list of important factors is not exhaustive. Other risks are outlined in the Risk Management section of the MD&A included in the Fund's 2008 Management's Discussion & Analysis and Consolidated Financial Statements report and in the Fund's Annual Information Form available on SEDAR at www.sedar.com. The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Fund has no specific intention to update any forward-looking statements whether as a result of new information, future events or otherwise.

CONSOLIDATED BALANCE SHEETS

(unaudited, $ in thousands)		**January 31 2010**		January 31 2009
ASSETS				
Current assets				
Cash	**$**	**27,278**	$	25,730
Accounts receivable		**71,767**		68,485
Inventories (Notes 2, 3)		**177,877**		181,780
Prepaid expenses		**4,786**		5,845
Future income taxes		**4,135**		3,248
Total Current Assets		**285,843**		285,088
Property and equipment		**258,928**		248,856
Other assets		**26,252**		20,360
Intangible assets		**18,332**		15,900
Goodwill		**28,593**		32,372
Future income taxes		**5,852**		6,597
Total Assets	**$**	**623,800**	$	609,173
LIABILITIES				
Current liabilities				
Bank advances (Note 4)	**$**	**312**	$	5,974
Accounts payable and accrued liabilities		**113,407**		114,366
Income taxes payable		**1,888**		2,549
Current portion of long-term debt (Note 5)		**56,339**		49,327
Total Current Liabilities		**171,946**		172,216
Long-term debt (Note 5)		**152,519**		157,725
Other long-term liabilities		**9,409**		4,822
Total Liabilities		**333,874**		334,763
EQUITY				
Capital		**165,133**		165,133
Unit purchase loan plan (Note 6)		**(6,428)**		(11,296)
Contributed surplus		**1,569**		1,569
Retained earnings		**125,525**		110,475
Accumulated other comprehensive income (Note 7)		**4,127**		8,529
Total Equity		**289,926**		274,410
Total Liabilities and Equity	**$**	**623,800**	$	609,173

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(unaudited, $ in thousands)	**Three Months Ended January 31 2010**	Three Months Ended January 31 2009	**Twelve Months Ended January 31 2010**	Twelve Months Ended January 31 2009
SALES	**$ 370,512**	$ 375,727	**$ 1,444,366**	$ 1,392,634
Cost of sales, selling and administrative expenses	**(338,166)**	(343,556)	**(1,314,092)**	(1,270,377)
Net earnings before amortization, interest and income taxes	**32,346**	32,171	**130,274**	122,257
Amortization	**(8,898)**	(8,410)	**(35,150)**	(32,054)
	23,448	23,761	**95,124**	90,203
Interest	**(1,272)**	(1,797)	**(5,470)**	(8,307)
	22,176	21,964	**89,654**	81,896
Provision for income taxes	**(1,949)**	(2,320)	**(7,841)**	(6,518)
NET EARNINGS FOR THE PERIOD	**$ 20,227**	$ 19,644	**$ 81,813**	$ 75,378
Retained earnings, beginning of period as previously reported	**124,650**	109,698	**110,475**	100,526
Accounting policy changes (Note 2)	**-**	-	**-**	(119)
Retained earnings, as adjusted	**124,650**	109,698	**110,475**	100,407
Distributions (Note 10)	**(19,352)**	(18,867)	**(66,763)**	(65,310)
RETAINED EARNINGS, END OF PERIOD	**$ 125,525**	$ 110,475	**$ 125,525**	$ 110,475
NET EARNINGS PER UNIT				
Basic	**$ 0.42**	$ 0.41	**$ 1.71**	$ 1.58
Diluted	**$ 0.42**	$ 0.40	**$ 1.69**	$ 1.56
Weighted Average Number of Units Outstanding (000's)				
Basic	**47,856**	47,722	**47,799**	47,718
Diluted	**48,474**	48,441	**48,462**	48,431

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, $ in thousands)	**Three Months Ended January 31 2010**	Three Months Ended January 31 2009	**Twelve Months Ended January 31 2010**	Twelve Months Ended January 31 2009
NET EARNINGS	**$ 20,227**	$ 19,644	**$ 81,813**	$ 75,378
Unrealized gains (losses) on translation of financial statements from a self sustaining operation in U.S. dollar functional currency to Canadian dollar reporting currency	**43**	347	**(4,402)**	6,515
Other comprehensive income (loss) (Note 7)	**43**	347	**(4,402)**	6,515
COMPREHENSIVE INCOME	**$ 20,270**	$ 19,991	**$ 77,411**	$ 81,893

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, $ in thousands)	**Three Months Ended January 31 2010**	Three Months Ended January 31 2009	**Twelve Months Ended January 31 2010**	Twelve Months Ended January 31 2009
CASH PROVIDED BY (USED IN)				
Operating Activities				
Net earnings for the period	**$ 20,227**	$ 19,644	**$ 81,813**	$ 75,378
Non-cash items				
Amortization	**8,898**	8,410	**35,150**	32,054
Future income taxes	**2,865**	758	**(874)**	(919)
Unit purchase loan plan compensation (Note 6)	**-**	-	**-**	599
Amortization of deferred financing costs	**54**	46	**245**	186
(Gain) loss on disposal of property and equipment	**148**	(1,004)	**152**	(974)
	32,192	27,854	**116,486**	106,324
Change in non-cash working capital	**4,897**	8,941	**(6,679)**	(17,542)
Change in other non-cash items	**598**	4,146	**(1,834)**	1,396
Operating activities	**37,687**	40,941	**107,973**	90,178
Investing Activities				
Business acquisitions (Note 13)	**(36)**	-	**(15,421)**	(7,656)
Purchase of property and equipment	**(12,995)**	(17,966)	**(45,294)**	(46,118)
Proceeds from disposal of property and equipment	**1,329**	1,045	**1,343**	4,339
Investing activities	**(11,702)**	(16,921)	**(59,372)**	(49,435)
Financing Activities				
Change in bank advances	**(3,233)**	(2,646)	**(5,112)**	548
Net repayments under unit purchase loan plan	**3,025**	111	**4,868**	1,046
Increase (decrease) in long-term debt	**(18,142)**	(8,267)	**65,193**	47,822
Repayment of long-term debt	**(207)**	(127)	**(44,757)**	(18,431)
Distributions (Note 10)	**(16,448)**	(15,482)	**(67,245)**	(67,730)
Financing activities	**(35,005)**	(26,411)	**(47,053)**	(36,745)
NET CHANGE IN CASH	**$ (9,020)**	$ (2,391)	**$ 1,548**	$ 3,998
Cash, beginning of period	**36,298**	28,121	**25,730**	21,732
CASH, END OF PERIOD	**$ 27,278**	$ 25,730	**$ 27,278**	$ 25,730
Supplemental disclosure of cash paid for:				
Interest expense	**$ 2,439**	$ 2,036	**$ 5,568**	$ 8,287
Income taxes	**$ 2,945**	$ 1,556	**$ 8,826**	$ 7,535

See accompanying notes to consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM PERIOD CONSOLIDATED FINANCIAL STATEMENTS ($ IN THOUSANDS)

1. Accounting Presentations and Disclosures

The unaudited interim period consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). These interim financial statements follow the same accounting policies and their methods of application as the 2008 annual financial statements, except as described in Note 2. Not all disclosures required by generally accepted accounting principles for annual financial statements are presented, and accordingly, the interim financial statements should be read in conjunction with the audited annual consolidated financial statements and the accompanying notes included in the North West Company Fund's 2008 Management's Discussion & Analysis and Consolidated Financial Statements report. All amounts are expressed in thousands of Canadian dollars unless otherwise noted.

2. Accounting Policy Changes

Adopted in 2009

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

Effective February 1, 2009, the Company adopted the requirements of EIC Abstract 173 Credit Risk and the Fair Value of Financial Assets and Liabilities issued by the Canadian Institute of Chartered Accountants (CICA). This Abstract requires entities to consider its own and counterparty credit risk in determining the fair value of its financial assets and liabilities, including derivative financial instruments. The adoption of this Abstract has had no material impact on the Company's results or financial position.

Adopted in 2008

Goodwill and Intangible Assets

Effective February 1, 2008, the Company adopted the requirements of the new accounting standard issued by the CICA Section 3064, Goodwill and Intangible Assets. The Company was not required to adopt this new standard until the first quarter commencing February 1, 2009. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard has had no material impact on the Company's financial statement disclosures, financial position or results from operations.

Inventories

Effective February 1, 2008 the Company adopted CICA Section 3031, Inventories. This change in accounting policy was implemented retroactively without restatement of comparative financial statements in accordance with the transitional provisions. The transitional adjustments resulting from the implementation of Section 3031 were recognized in the 2008 opening balance of retained earnings. The Company recorded a decrease in opening inventories of $221, an increase in opening future income tax assets of $102, and a decrease to opening retained earnings of $119.

3. Inventories

Included in cost of sales, selling and administrative expenses on the consolidated statement of earnings for the three months ended January 31, 2010 is $263,802 (January 31, 2009 - $267,493) of inventories recognized as an expense which includes $631 (January 31, 2009 - $369) for the write-down of inventories as a result of net realizable value being lower than cost. For the twelve months ended January 31, 2010, $1,029,617 (twelve months ended January 31, 2009- $990,348) of inventories is recognized as an expense which includes $1,603 (January 31, 2009 - $1,235) for the write-down of inventories as a result of net realizable value being below cost. There was no reversal of inventories written-down previously that are no longer estimated to sell below cost during the periods ending January 31, 2010 or 2009.

4. Bank Advances

International Operations have available demand, revolving loan facilities of US$15,000 secured by a floating charge against certain accounts receivable and inventories of the International Operations. At January 31, 2010, the International Operations had drawn US$293 (January 31, 2009 - US$4,832) on the facility.

5. Long-term Debt

		January 31 2010		January 31 2009
Senior notes [1]	**$**	**73,481**	$	48,411
Revolving loan facilities [2]		**72,853**		90,031
Non-revolving loan facilities [3]		**55,380**		64,293
Notes payable [4]		**5,567**		1,799
Obligations under capital lease [5]		**1,577**		2,518
		208,858		207,052
Less: Current portion of long-term debt		**56,339**		49,327
	$	**152,519**	$	157,725

(1) The Company issued US$70,000 senior notes on June 15, 2009 which mature June 15, 2014 and bear interest at a rate of 6.55%, payable semi-annually. The US$39,000 senior notes which matured on June 15, 2009, bore interest at 5.89%, payable semi-annually. The notes are secured by a floating charge against the assets of the Company. The Company has entered into an interest rate swap resulting in floating interest costs on US$28,000 (January 31, 2009 - US$9,000) of its senior notes at LIBOR plus a spread. The interest rate swap matures June 15, 2014.

(2) Canadian Operations have available extendible, committed, revolving loan facilities of $140,000 that mature on December 31, 2011. These facilities are secured by a floating charge against the assets of the Company and rank pari passu with the senior notes. These facilities bear interest at Bankers' Acceptances rates plus stamping fees or the Canadian prime rate. At January 31, 2010, the Company had drawn $72,853 (January 31, 2009 - $90,031) on these facilities.

(3) International Operations have available extendible, committed, non-revolving loan facilities of US$52,000 that mature on December 31, 2010. These facilities are secured by a floating charge against the assets of the Company and rank pari passu with the senior notes. These facilities bear interest at LIBOR plus stamping fees or the US prime rate. At January 31, 2010 the Company had drawn US$52,000 (January 31, 2009 - US$52,000) on these facilities.

(4) The notes payable in the amount of US$1,189 bear an interest rate of US prime plus 1% and have annual principal payments of US$267. The notes payable in the amount of US$4,039 bear an interest rate of 5.75% and is repayable in blended principal and interest payments of US$350 annually. The notes payable mature in 2013, 2015 and 2029.

(5) The obligation under capital leases of US$1,481 (January 31, 2009 - US$2,036) is repayable in blended principal and interest payments of US$634 annually.

6. Unit Purchase Loan Plan

Loans issued to officers and senior management to purchase units under the unit purchase loan plan are recorded as a reduction of equity. These loans are non-interest bearing and repayable from after tax distributions on the units purchased or if the person sells the units or leaves the Company. The loans are secured by a pledge of 361,318 units (January 31, 2009 - 655,777) of the Fund with a quoted value at January 31, 2010 of $6,482 (January 31, 2009 - $10,584). Loans receivable at January 31, 2010 of $6,428 (January 31, 2009 - $11,296) are recorded as a reduction of equity and mature on January 31, 2011. The maximum value of the loans receivable under the plan is currently limited to $15,000.

7. Accumulated Other Comprehensive Income

	January 31 2010	January 31 2009
Balance, beginning of period	**$ 8,529**	$ 2,014
Other comprehensive income (loss)	**(4,402)**	6,515
Accumulated other comprehensive income, end of period	**4,127**	8,529
Retained earnings, end of period	**125,525**	110,475
Total accumulated other comprehensive income and retained earnings	**$ 129,652**	$ 119,004

Accumulated other comprehensive income represents the net changes due to exchange rate fluctuations in the equivalent Canadian dollar book value of the net investment in the self-sustaining foreign operation since the date of acquisition. The US$70,000 of senior notes have been designated as a hedge against the foreign operations.

8. Security-Based Compensation

Deferred Unit Plan

The Fund has adopted the fair value method of accounting for security-based compensation for the Trustee Deferred Unit Plan. The Deferred Unit Plan compensation expense recorded for the three months ended January 31, 2010 is $231 (three months ended January 31, 2009 - $72) and the expense for the twelve months ended January 31, 2010 is $715 (twelve months ended January 31, 2009 - $348). The liability for the Deferred Unit Plan is recorded in accounts payable and accrued liabilities on the Company's consolidated balance sheet and is adjusted to reflect the total number of deferred units outstanding multiplied by the closing unit price at the end of the period. The total number of deferred units outstanding at January 31, 2010 is 103,091 (January 31, 2009 - 70,265). There were no deferred units settled in cash during the period.

Long Term Incentive Plans

The Company has Long Term Incentive Plans (LTIP's) that provide for the granting of Restricted Share Units (RSU's) and Performance Share Units (PSU's) to officers and senior management. Each RSU entitles the participant to receive a cash payment equal to the market value of the number of notional units granted at the end of the vesting period. The associated compensation expense is recognized over the vesting period based on the estimated total compensation to be paid out at the end of the vesting period.

Each PSU entitles the participant to receive a cash payment equal to the market value of the number of notional units granted at the end of the vesting period multiplied by factors related to the achievement of specific performance based criteria. The associated compensation expense is recognized over the vesting period based on the estimated total compensation to be paid out at the end of the vesting period factoring in the probability of the performance criteria being met during that period.

Compensation costs related to the RSU's and PSU's for the three months ended January 31, 2010 are $1,018 (three months ended January 31, 2009 - $332) and expense for the twelve months ended January 31, 2010 is $2,692 (twelve months ended January 31, 2009 - $1,904).

Unit Option Plan
The Company has implemented a Unit Option Plan that provides for the granting of options to certain officers. These unit options have tandem appreciation rights, enabling employees to exercise the option to acquire units or receive a cash payment equal to the excess of the fair market value of the Fund's units over the option price. These unit options are measured using the intrinsic value method, whereby a compensation liability is recorded over the vesting period in the amount by which the quoted market value of the units at the balance sheet date exceeds the exercise price of the unit options. The year-over-year change in the stock-based compensation liability is recognized in net earnings over the vesting period.

Under the terms of this plan, the Company may grant options up to 5% of its issued and outstanding units. Options are issued at Fair Market Value based on the volume weighted average closing price of the Fund's units for the five trading days preceding the grant date. Unit options granted in 2009 vest on a graduated basis over five years and are exercisable over a period of ten years. On June 26, 2009 the Company granted 274,600 unit options with a weighted average option price of $15.25. The unit option compensation cost recorded for the three months ended January 31, 2010 was $72 (three months ended January 31, 2009 - NIL) and for the twelve months ended January 31, 2010 was $115 (twelve months ended January 31, 2009 - NIL).

A summary of the Company's unit option transactions is as follows:

	Number of options	Weighted average option price
Outstanding options, October 31, 2009	274,600	$ 15.25
Granted	-	-
Exercised	-	-
Forfeited or cancelled	-	-
Outstanding options, January 31, 2010	274,600	$ 15.25

9. Employee Future Benefits

The Company's expense for employee future benefits is included in cost of sales, selling and administrative expenses. The expense for the defined benefit pension plan and the defined contribution pension plan for the three months ended January 31, 2010 is $570 (three months ended January 31, 2009 - $869) and the twelve months ended January 31, 2010 is $2,520 (twelve months ended January 31, 2009 - $3,119). The Company maintains an employee savings plan for substantially all of its U.S. employees and recorded an expense for the three months ended January 31, 2010 of US$110 (three months ended January 31, 2009 - US$95) and for the twelve months ended January 31, 2010 of US$359 (twelve months ended January 31, 2009 - US$396).

10. Distributions

The declaration of distributions from the Fund is subject to the terms of the Fund's Declaration of Trust and the discretion of the Board of Trustees. The distributions paid in cash for the three months ended January 31, 2010 are $16,448 and twelve months ended January 31, 2010 $67,245 including a special distribution of $3,386 paid on February 20, 2009 to unitholders of record on December 31, 2008 (three months ended January 31, 2009 - $15,482 and twelve months ended January 31, 2009 - $67,730 including a special distribution of $5,806 paid on February 22, 2008 to unitholders of record on December 31, 2007). A special distribution of $2,904 to unitholders of record on December 31, 2009 is recorded in retained earnings and was paid February 19, 2010.

11. Segmented Information

The Company operates within the retail industry. The following information is presented for the two business segments:

	Three Months Ended January 31 2010	Three Months Ended January 31 2009	**Twelve Months Ended January 31 2010**	Twelve Months Ended January 31 2009
Sales				
Canada	**$ 247,921**	$ 235,684	**$ 921,621**	$ 899,263
International	**122,591**	140,043	**522,745**	493,371
Total	**$ 370,512**	$ 375,727	**$ 1,444,366**	$ 1,392,634
Net earnings before amortization, interest and income taxes				
Canada	**$ 26,031**	$ 24,087	**$ 96,599**	$ 90,606
International	**6,315**	8,084	**33,675**	31,651
Total	**$ 32,346**	$ 32,171	**$ 130,274**	$ 122,257
Net earnings before interest and income taxes				
Canada	**$ 19,215**	$ 17,659	**$ 69,872**	$ 66,105
International	**4,233**	6,102	**25,252**	24,098
Total	**$ 23,448**	$ 23,761	**$ 95,124**	$ 90,203
Total Assets				
Canada	**$ 437,264**	$ 405,417	**$ 437,264**	$ 405,417
International	**186,536**	203,756	**186,536**	203,756
Total	**$ 623,800**	$ 609,173	**$ 623,800**	$ 609,173

Canadian total assets includes property and equipment of $183,786 (January 31, 2009 - $173,862). International total assets includes property and equipment of $75,142 (January 31, 2009 - $74,994) and goodwill of $28,593 (January 31, 2009 - $32,372).

12. Seasonality

The Company's business follows a seasonal pattern where historically the first quarter sales are the lowest and the fourth quarter sales are the highest, reflecting consumer holiday buying patterns. As a result, a disproportionate amount of total revenues and earnings are typically earned in the fourth quarter. Net earnings generally follow higher sales but can be dependent on markdown activity in key sales periods to reduce excess inventories. Net earnings are historically lower in the first quarter due to lower sales and fixed costs such as rent and overhead that apply uniformly throughout the year.

13. Business Acquisitions

The following table summarizes the fair value of the assets acquired and the liabilities assumed:

	Other [1]	Sitka April 6, 2009 [2]	Span Alaska Enterprises, Inc. March 3, 2008 [3]
Assets			
Accounts receivable	$ 2	$ 77	$ 1,977
Inventories	178	778	807
Prepaid expenses	2	-	17
Property and equipment	-	11,477	104
Other assets	3,086	-	6,020
Total Assets	$ 3,268	$ 12,332	$ 8,925
Liabilities			
Accounts payable and accrued expenses	-	179	1,269
Total Liabilities	$ -	$ 179	$ 1,269
Cash Consideration	$ 3,268	$ 12,153	$ 7,656

(1) In the third quarter of 2009, the Company acquired all of the issued and outstanding shares of two privately owned health products and services businesses with operations in northern Canada for total cash consideration of $3,268.

(2) On April 6, 2009, the Company acquired the assets of a privately-owned retail mall and store in Sitka, Alaska, for consideration of $12,153.

(3) On March 3, 2008, the Company acquired all of the issued and outstanding shares of privately owned Span Alaska Enterprises, Inc. (Span), a food and general merchandise distributor serving retail and wholesale customers in rural Alaska, for $7,656 in cash consideration.

The above acquisitions have been accounted for by the purchase method of accounting and the results of operations of each acquisition are included in the consolidated financial statements from their respective closing date. The purchase price has been allocated to the acquired assets based on estimates of their fair values as at the closing date. The final allocation of the purchase price is dependant on certain ongoing valuations which may result in changes to the assigned values or recognition of other intangible assets.

14. Future Accounting Standards

The CICA has issued the following new accounting standards:

Business Combinations

CICA HB 1582 - Business Combinations together with CICA HB 1601 - Consolidated Financial Statements and CICA HB 1602 - Non-Controlling Interest will be effective for the Company on a prospective basis for business combinations for which the acquisition date is on or after February 1, 2011. The new standards will align Canadian GAAP for business combinations and consolidated financial statements with IFRS. Early adoption is permitted and would facilitate harmonization of the accounting treatment of business combinations for the year-ended January 31, 2011 under both Canadian GAAP and IFRS.

Financial Instruments - Disclosures

In June 2009, the CICA issued amendments to CICA HB 3862, "Financial Instruments - Disclosures." The amendments enhance disclosures by establishing a three level hierarchy for classifying financial instruments at fair value. Each level in the hierarchy reflects the relative reliability of the data an entity uses to measure the fair value of its financial instruments. The amendments are effective for fiscal years ending after September 30, 2009. This change is consistent with recent amendments to IFRS. The additional disclosures will be included in the audited annual financial statements.

15. Comparative Amounts

The comparative amounts have been reclassified to conform with the current year's presentation.