NORTH WEST COMPANY FUND

2010 THIRD QUARTER REPORT TO UNITHOLDERS

Report to Unitholders

The North West Company Fund reports third quarter net earnings to October 31, 2010 of $22.1 million, a decrease of 11.3% compared to last year's third quarter earnings of $25.0 million. Diluted earnings per unit were $0.45 compared to $0.51 last year.

Sales increased 1.8% to $367.3 million compared to the third quarter last year. Sales excluding the foreign exchange impact were up 3.4% and increased 2.6%[1] on a same store basis. Strong sales growth in our northern banners was partially offset by continued weaker performance at our Cost-U-Less stores and International wholesale business combined with the negative impact of foreign exchange on the conversion of U.S. denominated sales.

The Trustees have approved a quarterly distribution of $0.34 per unit to unitholders of record on December 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

Third quarter consolidated sales increased 1.8% to $367.3 million compared to $360.8 million in 2009. Excluding the foreign exchange impact, sales increased 3.4% and were up 2.6%[1] on a same store basis. Northern markets remained strong in the quarter with sales[1] in our northern Canada and Alaska stores up 5.7% on a same store basis. Our discount banners Cost-U-Less and Giant Tiger faced continued food pricing pressure and were down 1.9% on a same store basis. Consolidated food sales[1] increased 2.6% and were up 2.8% on a same store basis. General merchandise sales[1] increased 4.8% and were up 1.9% on a same store basis.

Cost of sales, selling and administrative expenses increased 2.6% to $333.2 million and increased 71 basis points as a percentage to sales compared to the third quarter of 2009. The increase was largely due to higher cost of sales, staff costs, and pension expense in our Canadian Operations. Partially offsetting these increases is the impact of the stronger average Canadian dollar on the translation of U.S. denominated International Operations expenses compared to last year.

[1] Excluding the foreign exchange impact

THE NORTH WEST COMPANY

Trading profit [2] or earnings before interest, income taxes, depreciation and amortization (EBITDA) decreased 5.4% to $34.1 million compared to $36.1 million in the third quarter last year. Lower sales and gross profit in International Operations and higher expenses in Canadian Operations were the leading factors contributing to this decrease. Excluding the foreign exchange impact, trading profit decreased 4.2% and was 9.3% as a percentage to sales compared to 10.1% last year.

Income taxes increased to $1.6 million from $0.8 million in the third quarter last year largely due to a change in future tax assets in the quarter compared to last year.

Net earnings decreased 11.3% to $22.1 million and diluted earnings per unit decreased to $0.45 per unit compared to $0.51 per unit last year.

Year-to-Date

Year-to-date sales of $1.074 billion were flat to last year. Excluding the foreign exchange impact, sales increased 4.0% and were up 3.0%[1] on a same store basis. Food sales[1] increased 3.1% and were up 3.1% on a same store basis. General merchandise sales[1] increased 6.0% and were up 3.0% on a same store basis. The negative impact of foreign exchange on the conversion of U.S. denominated sales offset strong food and general merchandise sales in Canada. The average exchange rate used to convert U.S. denominated sales and expenses from the International Operations was 10.1% lower at 1.0329 compared to 1.1488 last year.

Cost of sales, selling and administrative expenses increased 0.3% to $979.2 million and increased 32 basis points as a percentage to sales compared to last year. The increase in expenses is due to higher cost of sales, staff costs, pension and incentive plan expenses in our Canadian Operations and costs associated with the conversion from an income trust to a share corporation. The increase in incentive plan expenses is related to store-based profit sharing in our northern Canada banners and higher costs associated with unit based long-term incentive plans. Partially offsetting these increases is the impact of the stronger Canadian dollar on the translation of International Operations expenses and a property insurance related gain.

Trading profit or earnings before interest, income taxes, depreciation and amortization (EBITDA) decreased 3.6% to $94.4 million compared to $97.9 million last year. A decrease in trading profit in our International Operations and the negative impact of the stronger Canadian dollar were the leading factors contributing to the trading profit dollar decrease. Excluding the foreign exchange impact, trading profit decreased 0.7% and was 8.8% as a percentage to sales compared to 9.2% last year. Income taxes decreased $1.6 million to $4.3 million due to lower earnings in the International Operations.

Net earnings decreased 3.7% to $59.3 million compared to $61.6 million in 2009. Diluted earnings per unit were $1.22 compared to $1.27 last year. The stronger Canadian dollar negatively impacted the conversion of earnings from the International Operations by $0.02 per unit on a fully diluted basis.

[2] See Non-GAAP Measures Section of Management's Discussion & Analysis

CANADIAN OPERATIONS

Canadian sales for the quarter increased 6.1% to $246.0 million from $231.8 million last year and were up 3.6% on a same store basis. Food sales increased 6.0% and were up 4.2% on a same store basis largely due to market share growth in our northern markets. Grocery, tobacco, beverages and pharmacy categories contributed the largest gains. Food sales growth in urban markets and less remote locations, while positive, slowed due to the impact of increased price competition. Food inflation in northern markets, primarily driven by higher fuel-related transportation costs, was approximately 1.0% in the quarter.

General merchandise sales increased 5.0% from last year and were up 1.5% on a same store basis. Higher discretionary incomes, due in part to infrastructure spending and natural resource development in northern Canada, continued to positively impact sales. Sales growth in durable goods categories more than offset a decrease in sales in apparel and outerwear categories across all banners as a result of an unseasonably warm fall across most regions.

Gross profit dollars increased 4.2% as sales gains offset lower gross profit rates. Rates were down due in part to higher food distribution costs related to the new Edmonton facility and market-driven price reductions in urban markets. Operating expenses increased 10.1% and were up 78 basis points as a percentage to sales largely due to higher staff costs and an increase in pension expense. The staff cost increase continues to be largely due to a mix of higher paying pharmacy and health care professionals and incremental administrative costs associated with our long range planning initiatives

Canadian trading profit decreased 1.5% to $26.3 million compared to $26.7 million last year and was 10.7% to sales compared to 11.5% of sales in the third quarter last year.

INTERNATIONAL OPERATIONS (stated in U.S. dollars)

International sales decreased 1.8% to $117.7 million compared to $119.8 million in the third quarter last year but were up 0.6% on a same store basis. Food sales decreased 2.8% but were up 0.1% on a same store basis with same store sales increases in Alaska of 7.3% offset by a 4.5% decrease at Cost-U-Less (CUL). General merchandise sales increased 4.1% and were up 3.5% on a same store basis due to strong sales growth in our Alaska stores. The Permanent Fund Dividend paid to qualifying Alaska residents was $1,281 compared to $1,305 last year. The healthy sales performance in the Alaska stores was more than offset by challenging economic conditions in our CUL locations, particularly in tourism dependent markets. Targeted price reductions taken on certain stable grocery items to retain market share was also a factor affecting margins. Sales in our wholesale business continued to be negatively impacted by customer reaction to shipping disruptions in the first quarter resulting from the consolidation of our two operating banners together with their respective distribution and information systems.

Gross profit dollars decreased 3.0% due to lower sales and gross profit rates compared to last year. The decrease in gross profit, which was largely due to softer sales and lower, market-driven pricing at CUL, was partially offset by an increase in gross profit dollars and rate in our Alaska stores. Operating expense dollars increased 1.0% compared to the third quarter last year and increased 56 basis points as a percent to sales largely due to the decrease in sales.

Trading profit decreased 12.2% to $7.6 million compared to $8.7 million last year due to lower sales and gross profit. Trading profit as a percent to sales was 6.5% compared to 7.2% in the third quarter last year.

FINANCIAL CONDITION

Financial Ratios

The Fund's debt-to-equity ratio at the end of the quarter was .71:1 compared to .81:1 last year. The debt-to-equity ratio at January 31, 2010 was .72:1.

Working capital decreased 23.1% or $43.2 million compared to the third quarter last year largely due to the current portion of long term debt related to the $53.0 million (US$52.0 million) credit facility which matures December 31, 2010. Excluding the impact of the maturing credit facility, working capital increased $9.8 million or 5.2% compared to last year mainly due to an increase in accounts receivable and a decrease in bank advances. The increase in accounts receivable is due in part to higher customer accounts receivable on big-ticket sales in our Canadian Operations. The decrease in bank advances is due to a reduction in the amount outstanding in the International Operations.

Outstanding Units

The weighted average basic units outstanding for the quarter were 48,176,000 compared to 47,810,000 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 48,498,000 compared to 48,466,000 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 increased $3.2 million or 12.5% to $29.1 million from $25.9 million last year. The increase in cash flow from operating activities is due to the change in non-cash working capital largely related to the earlier flow of fall and seasonal inventory in the second quarter this year compared to the third quarter last year. Cash flow from operations[2] decreased 4.0% to $30.9 million largely due to lower earnings.

Cash used for investing activities in the quarter decreased to $9.5 million compared to $13.2 million last year due to the $3.2 million acquisition of two pharmacy and health service businesses in the third quarter last year. Net capital expenditures for 2010 are expected to be in the $44 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 used for financing activities in the quarter was $27.5 million compared to $5.9 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 $4.0 million in the quarter compared to $0.5 million last year. The UPLP has been discontinued and the remaining loans mature January 31, 2011. The Fund paid distributions of $16.4 million consistent with the third quarter 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 $140.0 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 and the US$52 million loan facilities. At October 31, 2010, the Company had drawn $87.1 million on these facilities (October 31, 2009 – $90.8 million).

The International Operations have available committed, non-revolving loan facilities of US$52.0 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 and the $140 million loan facilities. At October 31, 2010, the Company had drawn US$52.0 million on these facilities (October 31, 2009 – US$52.0 million).

On November 24, 2010, the Company completed the refinancing of its US$52 million loan facilities in the International Operations. The new, committed, revolving US$52 million loan facilities mature December 31, 2013 and are secured by a floating charge against the assets of the Company and rank pari passu with the senior notes and the $140 million loan facilities. The facilities bear a floating interest rate based on LIBOR plus negotiated spreads.

The International Operations also have available demand revolving loan facilities of US$15.0 million which are renewable annually. These loans are secured by a floating charge against certain accounts receivable and inventories of the International Operations. At October 31, 2010, the Company had US$0.4 million in bank advances drawn on these facilities (October 31, 2009 – US$3.2 million).

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 October 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.

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.

UNITHOLDER DISTRIBUTIONS

The Trustees declared a regular quarterly distribution of $0.34 per unit to unitholders of record on December 31, 2010, distributable by January 15, 2011.

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. In addition to the $0.34 per unit distribution declared above, a special year-end distribution will be declared to unitholders of record on December 31, 2010 and distributable by February 18, 2011 if the taxable income of the Fund exceeds the cumulative distributions for the year. The Fund's obligation to pay the $0.34 quarterly distribution and any special distribution will be assumed by The North West Company Inc. post conversion.

CONVERSION TO A SHARE CORPORATION

At the Fund's annual and special meeting on June 10, 2010, unitholders approved the conversion of the Fund to a publicly-traded share corporation. The Fund has also received the required court approval. In addition to unitholder and court approval, the conversion to a corporate structure is subject to customary regulatory and third party approvals. The details of the conversion, which will be completed through a plan of arrangement, are contained in the management information circular dated April 29, 2010 which is available on the Fund's website at *www.northwest.ca* or on Sedar at *www.sedar.com*.

Upon converting back to a share corporation Canadian earnings will be subject to income taxes commencing January 1, 2011 at a combined federal and provincial tax rate of approximately 30%. After this date it is the Company's intention to pay quarterly dividends of approximately the after-tax amount of the quarterly distributions prior to conversion. While higher corporate taxes will reduce NWC's net earnings available for distribution, the after- tax impact on personal income is largely offset for taxable investors benefiting from the dividend tax credit.

Based on the current annualized distributions of $1.36, the Company anticipates paying dividends of approximately $0.96 annually or $0.24 per quarter in 2011. As noted above, 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. Dividends will be subject to the approval of the Board of Directors and will be based on, among other factors, the financial performance of the Company and its anticipated business needs.

QUARTERLY HIGHLIGHTS

- A Giant Tiger store was opened in Calgary, Alberta on November 20, 2010 bringing the Company's Giant Tiger store count to 34.
- The Company's investment in Nunavut Eastern Arctic Shipping Inc. delivered a record quarter for shipping volumes reflecting an improved economic picture in Arctic regions.

OUTLOOK

Economic conditions and personal income growth is expected to remain favourable in northern Canada and Alaska over the fourth quarter which should continue to contribute to same store sales gains from our banners in these markets. Sales growth at Giant Tiger is not expected to be as strong due to more intense food discount competition. The most challenged part of our business will continue to be CUL. Sales at CUL are stabilizing as we cycle through the softer sales that occurred in the fourth quarter of last year. The poor sales performance at our International Wholesale Operations is starting to level off. We expect that sales will continue to be down in the fourth quarter but the trend will likely improve in the first half of 2011 compared to our 2010 numbers.

Net earnings in 2010 will likely continue to be affected by other factors most notably; higher pension and incentive plan expenses in our Canadian Operations and rising utility rates in our International Operations.

QUARTERLY RESULTS OF OPERATIONS

In 2010, the quarters have the same number of days of operations as 2009. The following is a summary of selected quarterly financial information.

Operating Results-Consolidated

	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	92 days	92 days	92 days	92 days	89 days	89 days	92 days	92 days
($ in millions)	2010	2009	2010	2009	2010	2009	2009	2008
Sales	$367.3	$360.8	$366.2	$367.5	$340.1	$345.6	$370.5	$375.7
Trading profit	34.1	36.1	32.1	34.3	28.2	27.5	32.3	32.2
Net earnings	22.1	25.0	19.9	20.5	17.3	16.1	20.2	19.6
Net earnings per unit:								
Basic	0.46	0.52	0.41	0.43	0.36	0.34	0.42	0.41
Diluted	0.45	0.51	0.41	0.43	0.36	0.33	0.42	0.40

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. 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 October 31, 2010 that have materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

FUTURE ACCOUNTING STANDARDS TO BE IMPLEMENTED

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. The new standards establish requirements for recognizing and measuring the fair value of certain assets and liabilities acquired in a business combination. They also require that acquisition related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as part of the business combination. These new standards are effective for the Company on a prospective basis for business combinations occurring on or after February 1, 2011. 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.

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, internal controls over financial reporting and disclosure controls and procedures. Most adjustments required on transition to IFRS will be made retrospectively against opening retained earnings in the transitional balance sheet. The International Accounting Standards Board (IASB) is continuing to work on new accounting standards or changes to previously issued accounting standards. On the date of adoption, IFRS 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's IFRS conversion plan and a description of the significant differences between IFRS and Canadian GAAP, including certain elections and exemptions that are applicable to the Company are provided on pages 23 to 25 of the 2009 Annual Financial Report. The Company continues to assess the impact of adopting IFRS and the consequential changes in accounting policies.

Readers are cautioned that the disclosed impacts of IFRS are estimates and may be subject to change. 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 information below is provided to allow our stakeholders to obtain a better understanding of the areas that are expected to have the greatest impact on the Company and is not a comprehensive analysis of all changes that may result upon the adoption of IFRS.

Employee benefits – International Accounting Standard (IAS) 19, *Employee Benefits* permits an entity to make an accounting policy choice regarding the treatment of actuarial gains and losses. These choices include deferred recognition using the corridor method or immediate recognition in either equity through other comprehensive income or net earnings. The Company expects to recognize actuarial gains and losses on its defined benefit pension plans through other comprehensive income.

Impairment – IAS 36, *Impairment of Assets* uses a one step impairment test whereby long-lived and finite life intangible asset carrying values are compared directly to their fair value. Fair value under IFRS is based on the greater of value in use as determined by discounted cash flow analysis and fair value less costs to sell. Under IFRS, impairment of assets must be assessed at a more detailed level whenever there is an indication of impairment. This may result in more frequent impairments of assets under IFRS given the smaller size of the cash generating unit being evaluated. The Company has determined its cash generating units to be used for the purpose of goodwill impairment testing and determined there is no goodwill impairment on transition to IFRS. The Company has completed a preliminary determination of its cash generating unit and an evaluation of the events that may indicate potential impairment or reversal of impairment of long-lived assets. The Company continues to evaluate the impact of this standard.

Share-based Payments – IFRS 2, *Share-based Payments* requires that cash-settled awards granted to employees be measured at the grant date and each subsequent reporting period using a fair value model. This differs from Canadian GAAP whereby cash settled awards are measured using the intrinsic value which is based on the market price of the Fund's units at the end of the reporting period. The impact of accounting for these awards at fair value is not expected to be significant.

Provisions – IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* requires contract liabilities and decommissioning obligations to be classified as provisions, and are anticipated to be calculated using a risk free discount rate under IFRS. The net effect of the change in discount rate on transition to IFRS is not expected to be significant.

Borrowing costs – IAS 23, *Borrowing Costs* requires entities to capitalize borrowing costs directly attributable to the acquisition or construction of a qualifying asset as part of the cost of that asset. Under Canadian GAAP the Company does not capitalize borrowing costs. This change is not expected to be significant.

Income taxes – Changes to tax reporting will be predominantly caused by adjustments to the accounting basis of assets and liabilities under IFRS and differing tax rates applicable to mutual fund trusts. Upon transition the tax assets and liabilities must be calculated using the highest marginal tax rate of North West Company Fund which is 46.4%. This is expected to result in an increase to deferred tax assets of approximately $9.2 million at the February 1, 2010 transition date. A significant portion of the increase in deferred tax assets will reverse through the statement of earnings as deferred tax expense in the 2010 fourth quarter comparative numbers in the IFRS financial statements as a result of the conversion to a share corporation and the application of corporate tax rates used to calculate deferred tax assets. Together with the tax effect of other IFRS transition adjustments, the total increase to deferred income tax assets on transition is expected to approximate $15.8 million with a corresponding increase in retained earnings. IFRS also requires that all deferred taxes be disclosed as non-current assets or non-current liabilities.

Hedging – The requirements for achieving hedge accounting may differ under IFRS from those under Canadian GAAP, depending on the nature of the risk being hedged. The Company has hedged the fair value of a portion of its floating rate debt. The Company has also hedged the foreign exchange exposure from its net investment in self-sustaining foreign operations. The Company has completed its review of these hedging relationships and expects the accounting treatment to remain the same under IFRS.

IFRS 1 – First-time Adoption of International Financial Reporting Standards – IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to the general requirement for retrospective application of the standards. The Company expects to apply the following IFRS 1 exemptions upon adoption:

Employee benefits – A first time adopter must either recalculate its actuarial gains and losses at changeover in accordance with the requirements of IAS 19, *Employee Benefits* or immediately recognize all cumulative actuarial gains and losses through opening retained earnings. The Company expects to elect the latter and has engaged its external actuaries to quantify the adjustment to retained earnings in accordance with IAS 19. Based on the January 31, 2010 Canadian GAAP financial statements, the Company estimates this adjustment will result in a decrease in retained earnings of $25.9 million excluding the related income tax effect.

Cumulative translation account – IFRS 1 provides the option to reclassify all cumulative translation differences at the transition date from other comprehensive income to retained earnings. The Company expects to use this election and reset all cumulative translation differences to zero on transition. At January 31, 2010, the Company had unrealized gains on translation of financial statements from a self-sustaining operation in U.S. dollar functional currency to Canadian dollar reporting currency of $4.1 million, which will result in an increase to retained earnings.

Fair value as deemed cost – A choice is available between: measuring property and equipment at either its fair value at the date of transition and using those values as deemed cost; or using amortized historical cost determined in accordance with IAS 16, *Property, Plant and Equipment*. The Company expects to selectively apply this exemption on transition, resulting in an estimated increase in assets and retained earnings of $2.8 million.

Business combinations – IFRS 3, *Business Combinations* may be applied retrospectively, effectively restating all business combination in accordance with IFRS or by restating business combinations after a selected date. An entity may also elect to apply this standard prospectively from the date of transition. We expect to apply IFRS 3 prospectively from the date of transition. A consequential impact of this election is that goodwill arising on business combinations prior to the date of transition will not be adjusted from the carrying value previously determined under Canadian GAAP.

IFRS Conversion Project Update

As our project progresses throughout 2010, updates to the IFRS information in our 2009 Annual Financial Report will be provided.

Work continues on Phase Four – Policy Selection and Implementation and the consequential impact of IFRS on key performance measures, contractual agreements, incentive plans and budgeting. Procedural changes necessary to produce 2010 IFRS comparative financial statements have been substantially completed. The review of the expected changes in the 2010 IFRS financial statements including: documentation supporting accounting policy choices; new disclosure requirements; and the calculation basis for our transition adjustments by our external auditors began in July and is ongoing.

The implementation of IFRS is expected to have an impact on certain financial measures used in calculating the Company's financial covenants under its loan facilities and senior notes. These agreements provide for the opportunity to revise the covenants to reflect the impact of IFRS. The Company has begun preliminary discussions with its lenders on the impact of IFRS on its financial covenants.

The last component of Phase Four involves the final selection of accounting policies, elections and exemptions and the finalization of IFRS compliant financial statements and notes; all of which are subject to the approval of the Company's Audit Committee, and the Board of Trustees. Regular IFRS project reporting is provided to senior management and to the Audit Committee. When accounting policy choice is available under IFRS, the Company considers: which policy best reflects the business and comparability to organizations in the same or similar industry; minimizing the impact on earnings volatility and income tax; and cost of initial conversion and ongoing compliance costs. As the analysis of the Company's IFRS accounting policies is completed, we also assess whether changes are required to internal controls over financial reporting and disclosure controls and procedures.

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 for senior management and the Board of Trustees on the relevant aspects of IFRS. The Company's IFRS project continues to be on target to meet the changeover date.

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:

	Third Quarter		Year-to-Date	
($ in thousands)	**2010**	2009	**2010**	2009
Net earnings	**$ 22,143**	$ 24,970	**$ 59,320**	$ 61,586
Add: Amortization	**8,795**	8,887	**26,466**	26,252
Interest expense	**1,567**	1,398	**4,323**	4,198
Income taxes	**1,602**	807	**4,333**	5,892
Trading profit	**$ 34,107**	$ 36,062	**$ 94,442**	$ 97,928

For trading profit information by business segment, refer to Note 7 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:

	Third Quarter		Year-to-Date	
($ in thousands)	**2010**	2009	**2010**	2009
Cash flow from operating activities	**$ 29,117**	$ 25,871	**$ 57,220**	$ 70,286
Non-cash items:				
Change in other non-cash items	**1,950**	2,582	**2,570**	(1,127)
Change in non-cash working Capital	**(201)**	3,714	**24,539**	15,135
Cash flow from operations	**$ 30,866**	$ 32,167	**$ 84,329**	$ 84,294

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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 and is in Canadian dollars. The information contained in this MD&A is current to December 9, 2010.

Forward-Looking Statements

This Quarterly Report, including Management's Discussion & Analysis (MD&A), contains forward-looking statements about the North West Company Fund (the "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, growth rates, distributions, dividends, debt levels, financial capacity, access to capital, and liquidity), ongoing business strategies or prospects, the proposed conversion from an income trust to a corporation and the timing thereof, and possible future action by the Fund, 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 in general. 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 Company'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 2009 Annual Financial Report and in the Risk Factors sections of the Annual Information Form and Management Information Circular. 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 Company has no specific intention to update any forward-looking statements whether as a result of new information, future events or otherwise.

Additional information on the Fund, including our Annual Information Form, can be found on SEDAR at *www.sedar.com* or on the Company's website at *www.northwest.ca*.

CONSOLIDATED BALANCE SHEETS

(unaudited, $ in thousands)	**October 31 2010**	October 31 2009	January 31 2010
ASSETS			
Current assets			
Cash	**$ 28,769**	$ 36,298	$ 27,278
Accounts receivable	**68,943**	61,809	71,767
Inventories (Note 2)	**198,020**	197,442	177,877
Prepaid expenses	**7,000**	6,668	4,786
Future income taxes	**4,043**	4,630	4,135
	306,775	306,847	285,843
Property and equipment	**253,775**	256,650	258,928
Other assets	**27,625**	22,626	26,252
Intangible assets	**17,585**	18,904	18,332
Goodwill	**26,675**	28,210	28,593
Future income taxes	**7,185**	8,230	5,852
	$ 639,620	$ 641,467	$ 623,800
LIABILITIES			
Current liabilities			
Bank advances (Note 3)	**$ 453**	$ 3,444	$ 312
Accounts payable and accrued liabilities	**107,886**	109,715	113,407
Income taxes payable	**540**	5,427	1,888
Current portion of long-term debt (Note 4)	**53,805**	960	56,339
	162,684	119,546	171,946
Long-term debt (Note 4)	**162,666**	227,726	152,519
Other long-term liabilities	**8,137**	8,212	9,409
	333,487	355,484	333,874
EQUITY			
Capital	**165,133**	165,133	165,133
Unit purchase loan plan (Note 5)	**(136)**	(9,453)	(6,428)
Contributed surplus	**2,056**	1,569	1,569
Retained earnings	**135,498**	124,650	125,525
Accumulated other comprehensive income (Note 6)	**3,582**	4,084	4,127
	306,133	285,983	289,926
	$ 639,620	$ 641,467	$ 623,800

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(unaudited, $ in thousands)	**Three Months Ended October 31 2010**	Three Months Ended October 31 2009	**Nine Months Ended October 31 2010**	Nine Months Ended October 31 2009
SALES	**$ 367,285**	$ 360,764	**$ 1,073,623**	$ 1,073,854
Cost of sales, selling and administrative expenses	**(333,178)**	(324,702)	**(979,181)**	(975,926)
Net earnings before amortization, interest and income taxes	**34,107**	36,062	**94,442**	97,928
Amortization	**(8,795)**	(8,887)	**(26,466)**	(26,252)
	25,312	27,175	**67,976**	71,676
Interest	**(1,567)**	(1,398)	**(4,323)**	(4,198)
	23,745	25,777	**63,653**	67,478
Provision for income taxes	**(1,602)**	(807)	**(4,333)**	(5,892)
NET EARNINGS FOR THE PERIOD	$ **22,143**	$ 24,970	**$ 59,320**	$ 61,586
Retained earnings, beginning of period	**129,804**	116,129	**125,525**	110,475
Distributions (Note 11)	**(16,449)**	(16,449)	**(49,347)**	(47,411)
RETAINED EARNINGS, END OF PERIOD	**$ 135,498**	$ 124,650	**$ 135,498**	$ 124,650
NET EARNINGS PER UNIT				
Basic	**$ 0.46**	$ 0.52	**$ 1.23**	$ 1.29
Diluted	**$ 0.45**	$ 0.51	**$ 1.22**	$ 1.27
Weighted Average Number of Units Outstanding (000's)				
Basic	**48,176**	47,810	**48,155**	47,780
Diluted	**48,498**	48,466	**48,490**	48,457

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, $ in thousands)	**Three Months Ended October 31 2010**	Three Months Ended October 31 2009	**Nine Months Ended October 31 2010**	Nine Months Ended October 31 2009
NET EARNINGS	**$ 22,143**	$ 24,970	**$ 59,320**	$ 61,586
Unrealized gains (losses) on translation of financial statements from a self-sustaining operation in U.S. dollar functional currency to Canadian dollar reporting currency	**(84)**	74	**(545)**	(4,445)
Other comprehensive income (loss) (Note 6)	**(84)**	74	**(545)**	(4,445)
COMPREHENSIVE INCOME	**$ 22,059**	$ 25,044	**$ 58,775**	$ 57,141

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, $ in thousands)	**Three Months Ended October 31 2010**	Three Months Ended October 31 2009	**Nine Months Ended October 31 2010**	Nine Months Ended October 31 2009
CASH PROVIDED BY (USED IN)				
Operating Activities				
Net earnings for the period	**$ 22,143**	$ 24,970	**$ 59,320**	$ 61,586
Non-cash items				
Amortization	**8,795**	8,887	**26,466**	26,252
Future income taxes	**(207)**	(1,776)	**(1,440)**	(3,739)
Amortization of deferred financing costs	**54**	56	**162**	191
Loss (gain) on disposal of property and equipment	**81**	30	**(179)**	4
	30,866	32,167	**84,329**	84,294
Change in non-cash working capital	**201**	(3,714)	**(24,539)**	(15,135)
Change in other non-cash items	**(1,950)**	(2,582)	**(2,570)**	1,127
Operating activities	**29,117**	25,871	**57,220**	70,286
Investing Activities				
Business acquisitions (Note 10)	**-**	(3,232)	**-**	(15,385)
Purchase of property and equipment	**(9,539)**	(9,953)	**(24,510)**	(32,299)
Proceeds from disposal of property and equipment	**71**	6	**1,080**	14
Investing activities	**(9,468)**	(13,179)	**(23,430)**	(47,670)
Financing Activities				
Change in bank advances	**(4,837)**	(1,302)	**157**	(1,879)
Net repayments under unit purchase loan plan	**4,042**	524	**6,292**	1,843
Increase (decrease) in long-term debt	**(10,285)**	11,288	**13,503**	83,335
Repayment of long-term debt	-	**-**	-	(44,550)
Distributions (Note 11)	**(16,449)**	(16,449)	**(52,251)**	(50,797)
Financing activities	**(27,529)**	(5,939)	**(32,299)**	(12,048)
NET CHANGE IN CASH	**$ (7,880)**	$ 6,753	**$ 1,491**	$ 10,568
Cash, beginning of period	**36,649**	29,545	**27,278**	25,730
CASH, END OF PERIOD	**$ 28,769**	$ 36,298	**$ 28,769**	$ 36,298
Supplemental disclosure of cash paid for:				
Interest expense	**$ 549**	$ 373	**$ 3,185**	$ 3,129
Income taxes	**$ 2,266**	$ 2,158	**$ 7,137**	$ 5,881

See accompanying notes to consolidated financial statements

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 methods of application as the 2009 annual financial statements. 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 2009 Annual Financial Report. All amounts are expressed in Canadian dollars unless otherwise noted.

2. INVENTORIES

Included in cost of sales, selling and administrative expenses on the consolidated statement of earnings for the three months ended October 31, 2010 is $259,442 (October 31, 2009 - $256,805) of inventories recognized as an expense which includes $514 (October 31, 2009 - $335) for the write-down of inventories as a result of net realizable value being lower than cost. For the nine months ended October 31, 2010, $757,416 (nine months ended October 31, 2009 - $765,815) of inventories are recognized as an expense which includes $976 (October 31, 2009 - $972) for the write-down of inventories as a result of net realizable value being lower than cost. There was no reversal of inventories written-down previously that are no longer estimated to sell below cost during the periods ending October 31, 2010 or 2009.

3. 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 October 31, 2010, the International Operations had drawn US$445 (October 31, 2009 – US$3,196) on the facility.

($ IN THOUSANDS)

4. LONG-TERM DEBT

	October 31 2010	October 31 2009	January 31 2010
Senior notes (1)	**$ 70,292**	$ 74,316	$ 73,481
Revolving loan facilities (2)	**87,061**	90,799	72,853
Non-revolving loan facilities (3)	**52,978**	56,025	55,380
Notes payable (4)	**5,030**	5,745	5,567
Obligation under capital lease (5)	**1,110**	1,801	1,577
	216,471	228,686	208,858
Less: Current portion of long-term debt	**53,805**	960	56,339
	$ 162,666	$ 227,726	$ 152,519

(1) The US$70,000 senior notes mature June 15, 2014 and bear interest at a rate of 6.55%, 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 of its senior notes. 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 and the US$52 million loan facilities in International Operations. These facilities bear interest at Bankers Acceptances rates plus stamping fees or the Canadian prime rate. At October 31, 2010, the Company has drawn $87,061 (October 31, 2009 - $90,799) on these facilities.

(3) International Operations have available committed non-revolving loan facilities of US$52,000 that mature on December 31, 2010 (Subsequent Event Note 15). These facilities are secured by a floating charge against the assets of the Company and rank pari passu with the senior notes and the $140 million loan facilities in Canadian Operations. These facilities bear interest at LIBOR plus a spread or the U.S. prime rate. At October 31, 2010, the Company has drawn US$52,000 (October 31, 2009 – US$52,000) on these facilities.

(4) The note payable in the amount of US$989 (October 31, 2009 – US$1,255) bears an interest rate of U.S. prime plus 1% and have annual principal payments of US$267. Notes payable in the amount of US$3,948 (October 31, 2009 – US$4,077) bear an interest rate of 5.75% and are 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$1,090 (October 31, 2009 - US$1,672) is repayable in blended principal and interest payments of US$634 annually.

($ IN THOUSANDS)

5. UNIT PURCHASE LOAN PLAN

The Company has issued loans to officers and senior management to purchase units under the unit purchase loan plan. These loans are non-interest bearing and are repayable from the Company's after tax distributions or if the employee sells the units or leaves the Company. The loans are secured by a pledge of 8,162 units (October 31, 2009 – 550,777) of the Fund with a quoted value of $169 at October 31, 2010 (October 31, 2009 - $9,352). Loans receivable at October 31, 2010 of $136 (October 31, 2009 - $9,453) are recorded as a reduction of equity. The plan has been discontinued and existing loans mature January 31, 2011. The maximum amount of the loans under the plan is $15,000.

6. ACCUMULATED OTHER COMPREHENSIVE INCOME

	October 31 2010	October 31 2009	January 31 2010
Balance, beginning of period	**$ 4,127**	$ 8,529	$ 8,529
Other comprehensive income (loss)	**(545)**	(4,445)	(4,402)
Accumulated other comprehensive income, end of period	**3,582**	4,084	4,127
Retained earnings, end of year	**135,498**	124,650	125,525
Total accumulated other comprehensive income and retained earnings	**$ 139,080**	$ 128,734	$ 129,652

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 self-sustaining foreign operations from the date of acquisition. The US$70,000 senior notes have been designated as a hedge against the foreign operations.

($ IN THOUSANDS)

7. SEGMENTED INFORMATION

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

	Three Months Ended October 31 2010	Three Months Ended October 31 2009	**Nine Months Ended October 31 2010**	Nine Months Ended October 31 2009
Sales				
Canada	**$ 245,999**	$ 231,783	**$ 720,791**	$ 673,700
International	**121,286**	128,981	**352,832**	400,154
Total	**$ 367,285**	$ 360,764	**$ 1,073,623**	$ 1,073,854
Net earnings before amortization, interest and income taxes				
Canada	**$ 26,273**	$ 26,685	**$ 73,266**	$ 70,568
International	**7,834**	9,377	**21,176**	27,360
Total	**$ 34,107**	$ 36,062	**$ 94,442**	$ 97,928
Net earnings before interest and income taxes				
Canada	**$ 19,459**	$ 19,884	**$ 52,796**	$ 50,657
International	**5,853**	7,291	**15,180**	21,019
Total	**$ 25,312**	$ 27,175	**$ 67,976**	$ 71,676
Total Assets				
Canada	**$ 455,075**	$ 446,497	**$ 455,075**	$ 446,497
International	**184,545**	194,970	**184,545**	194,970
Total	**$ 639,620**	$ 641,467	**$ 639,620**	$ 641,467

Canadian total assets includes property and equipment of $182,574 (October 31, 2009 - $180,834). International total assets includes property and equipment of $71,201 (October 31, 2009 - $75,816) and goodwill of $26,675 (October 31, 2009 - $28,210).

8. 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 October 31, 2010 is $1,175 (three months ended October 31, 2009 - $650) and the nine months ended October 31, 2010 is $3,525 (nine months ended October 31, 2009 - $1,950). The Company maintains an employee savings plan for substantially all of its U.S. employees and recorded an expense for the three months ended October 31, 2010 of US$122 (three months ended October 31, 2009 – US$74) and for the nine months ended October 31, 2010 of US$333 (nine months ended October 31, 2009 – US$249).

9. 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 October 31, 2010 is $324 (three months ended October 31, 2009 - $256) and the nine months ended October 31, 2010 is $805 (nine months ended October 31, 2009 - $484). 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 reporting period. The total number of deferred units outstanding at October 31, 2010 is 128,338 (October 31, 2009 – 95,321). There were no deferred units exercised during the quarter.

Long Term Incentive Plans

The Company implemented 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 October 31, 2010 are $979 (three months ended October 31, 2009 – $870) and for the nine months ended October 31, 2010 are $2,071 (nine months ended October 31, 2009 - $1,674).

($ IN THOUSANDS)

9. SECURITY-BASED COMPENSATION (continued)

Unit Option Plan

The Company has a Unit Option Plan that provides for the granting of options to certain officers. Each option is exercisable into one unit of the Fund at the price specified in the terms of the option, or the employees may elect to acquire units based on the excess of the fair market value of the Fund's units over the option price. These unit options are measured using a fair value method at the grant date. The fair value of stock-based compensation 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 2010 and 2009 vest on a graduated basis over five years and are exercisable over a period of ten years. The unit option compensation cost recorded for the three months ended October 31, 2010 was $119 (three months ended October 31, 2009 – $43) and for the nine months ended October 31, 2010 is $372 (nine months ended October 31, 2009 - $43).

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

	Number of Options	Weighted Average Option Price
Outstanding options, January 31, 2010	274,600	$ 15.25
Granted	242,800	$ 19.12
Exercised	-	-
Forfeited or cancelled	(8,200)	$ 15.25
Outstanding options, October 31, 2010	509,200	$ 17.10
Options exercisable, October 31, 2010	-	-

($ IN THOUSANDS)

10. BUSINESS ACQUISITIONS

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

	Other[1]	Sitka [2]
Assets		
Accounts receivable	$ 2	$ 77
Inventories	178	778
Prepaid expenses	2	-
Property and equipment	-	11,477
Other assets	3,050	-
Total Assets	$ 3,232	$ 12,332
Liabilities		
Accounts payable and accrued expenses	-	$ 179
Total Liabilities	-	$ 179
Cash Consideration	**$** 3,232	$ 12,153

(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 $3,232.
(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.

The above acquisitions have been accounted for by the purchase method of accounting and the results of operations 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 at the closing date.

11. 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 October 31, 2010 are $16,449 (three months ended October 31, 2009 - $16,449). The distributions paid in cash for the nine months ended October 31, 2010 are $52,251 including a special distribution of $2,904 paid on February 19, 2010 to unitholders of record on December 31, 2009 (nine months ended October 31, 2009 - $50,797 including a special distribution of $3,386 paid on February 20, 2009 to unitholders of record on December 31, 2008).

12. SEASONALITY

The Company's business follows a seasonal pattern where historically 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 usually follow higher sales but can be dependant 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. FUTURE ACCOUNTING STANDARDS

The CICA has issued the following new accounting standards:

International Financial Reporting Standards

The Accounting Standards Board (AcSB) amended CICA Handbook Section 1506, Accounting Changes, to exclude from its scope changes in accounting policies upon the complete replacement of an entity's primary basis of accounting. As a result, the Company is not required to disclose the progress of its implementation of International Financial Reporting Standards (IFRS) in the notes to these consolidated financial statements. Information on the Company's IFRS implementation plan is available in Management's Discussion and Analysis located in the 2009 Annual Financial Report.

Business Combinations

CICA HB 1582, Business Combinations, together with CICA HB 1601, Consolidated Financial Statements, and CICA 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 generally accepted accounting principles for business combinations and consolidated financial statements with IFRS. Early adoption is permitted and would facilitate harmonization of the accounting treatments of business combinations for the year ended January 31, 2011 under both Canadian GAAP and IFRS.

14. COMPARATIVE AMOUNTS

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

15. SUBSEQUENT EVENT

On November 24, 2010, the Company refinanced its US$52 million non-revolving loan facilities. The new committed, revolving loan facilities mature December 31, 2013 and bear interest at LIBOR plus a spread. The loan facilities are secured by a floating charge against the assets of the Company and rank pari passu with the senior notes and the $140 million Canadian Operations loan facilities.