NORTH WEST COMPANY FUND

2010 FIRST QUARTER REPORT TO UNITHOLDERS

Report to Unitholders

The North West Company Fund reports first quarter net earnings to April 30, 2010 of $17.3 million, an increase of 6.9% compared to last year's first quarter earnings of $16.1 million. Diluted earnings per unit were $0.36 compared to $0.33 last year. The impact of the stronger Canadian dollar on the conversion of U.S. denominated earnings in our International Operations decreased diluted earnings per unit by $0.01 per unit.

Sales decreased 1.6% to $340.1 million compared to the first quarter last year. Sales excluding the foreign exchange impact were up 5.6% and increased 4.4%[1] on a same store basis. Strong food and general merchandise sales growth in our Canadian Operations was more than offset by 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 June 30, 2010.

On behalf of the Trustees:

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

Management's Discussion & Analysis

CONSOLIDATED RESULTS

First quarter consolidated sales decreased 1.6% to $340.1 million compared to $345.6 million in 2009. Excluding the foreign exchange impact, sales increased 5.6% and were up 4.4%[1] on a same store basis. Food sales[1] increased 4.6% and were up 3.8% on a same store basis. General merchandise sales[1] increased 8.4% and were up 6.9% on a same store basis. Sales growth in our Canadian Operations partially offset 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 1.9% to $311.9 million and decreased 32 basis points as a percentage to sales compared to the first quarter of 2009. 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. The exchange rate used to convert U.S. denominated revenues and expenses from the International Operations to Canadian dollars was 17.3% lower at 1.0270 compared to 1.2417 in the first quarter last year. Higher incentive and pension plan expenses in the Canadian Operations, which were partially offset by an insurance related gain, also impacted expenses in the quarter.

Trading profit [2]or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 2.3% to $28.2 million compared to $27.5 million in the first quarter last year. Trading profit gains in Canada more than offset a decrease in trading profit in our International Operations and the negative impact of the foreign exchange conversion. Excluding the foreign exchange impact, trading profit was up 7.8% over last year.

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

Amortization increased 2.7% to $8.8 million due in part to depreciation on new stores. Income taxes decreased to $0.7 million from $1.5 million in the first quarter last year as a result of lower earnings in our International Operations.

Net earnings increased $1.1 million or 6.9% to $17.3 million and diluted earnings per unit increased to $0.36 per unit compared to $0.33 per unit last year. The stronger Canadian dollar negatively impacted the conversion of earnings from the International Operations by approximately $0.01 per unit on a fully diluted basis.

CANADIAN OPERATIONS

Canadian sales for the quarter increased 8.5% to $229.1 million from $211.1 million last year and were up 7.4% on a same store basis. Food sales increased 7.6% and were up 6.9% on a same store basis with all banners contributing to the increase. Food sales were up in most categories with grocery, meat, tobacco, chilled foods and private-label products contributing the largest gains. Food inflation of approximately 1.5% was driven by higher fuel-related transportation costs, partially offset by the impact of a stronger Canadian dollar on the purchase of U.S. dollar denominated merchandise.

General merchandise sales increased 10.8% from last year and were up 9.3% on a same store basis led by strong sales growth in our remote store banners. Durable goods replacement spending, favourable weather conditions and increasing discretionary income in the north contributed to sales gains in electronics, transportation, toys and seasonal categories.

Gross profit dollars increased 7.1% as sales growth offset the impact of lower gross profit rates resulting from market-driven price reductions in staple food categories and electronics. Operating expenses increased 2.5% but were down 126 basis points as a percentage to sales. Higher staff costs, due in part to an increase in pension expense, was the leading factor contributing to the increase in operating expenses, more than offsetting weather-related reductions in utility costs and growth in financial services revenues.

Canadian trading profit increased 13.8% to $22.4 million and was 9.8% of sales compared to 9.3% of sales in the first quarter last year.

INTERNATIONAL OPERATIONS (stated in U.S. dollars)

International sales decreased 0.2% to $108.1 million compared to $108.3 million in the first quarter last year. On a same store basis sales decreased 1.6%. Food sales decreased 0.4% and were down 1.7% on a same store basis. General merchandise sales increased 0.2% but were down 1.0% on a same store basis. Strong same store sales growth at our AC Value banner stores was offset by sales declines in our CUL banner stores and wholesale operations. Consumer spending on food and durable goods in remote communities in Alaska was positively impacted by higher income tax refunds, regional corporation dividends and lower residential utility costs. Sales in our CUL banner stores continue to be impacted by difficult economic conditions related to a decrease in tourism. Wholesale operations were significantly affected by shipping disruptions related to the consolidation of our distribution and information systems early in the quarter.

Gross profit dollars decreased 1.8% due to lower rates in the quarter compared to last year. Operating expense dollars increased 4.5% compared to the first quarter last year and increased 95 basis points as a percent to sales due in part to higher staff costs related to new stores.

Trading profit decreased 10.9% to $5.7 million compared to $6.4 million last year due to lower gross profit and higher operating expenses. Trading profit as a percent to sales was 5.2% compared to 5.9% in the first quarter last year.

FINANCIAL CONDITION

Financial Ratios

The Fund's debt-to-equity ratio at the end of the quarter was .76:1 compared to .91:1 last year. The debt-to-equity ratio at January 31, 2010 was .72:1.

Working capital increased 3.0% or $3.9 million compared to the first quarter last year largely due to lower bank advances in the International Operations. The increase in the current portion of long-term debt is due to the $52.6 million (US$52.0 million) credit facility which matures December 31, 2010 compared to the $46.8 million (US$39.0 million) of senior notes which matured June 15, 2009.

Outstanding Units

The weighted average basic units outstanding for the quarter were 48,035,000 compared to 47,733,000 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 48,482,000 compared to 48,449,000 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 $4.4 million to $5.5 million from $1.1 million last year. The increase in cash flow from operating activities is due to the change in non-cash working capital largely related to inventory and accounts payable. Cash flow from operations[2] increased to $25.5 million from $24.9 million last year largely due to the increase in net earnings.

Cash used for investing activities in the quarter decreased to $5.7 million compared to $22.6 million last year due to a difference in the timing of capital investments and the $12.2 million store acquisition in the first quarter last year.

Cash provided from financing activities in the quarter was $0.7 million compared to $20.9 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 $1.7 million in the quarter. The remaining UPLP loans mature January 31, 2011. The Fund paid distributions of $19.4 million, an increase of 2.6% compared to $18.9 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 $140.0 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. At April 30, 2010, the Company had drawn $88.8 million on these facilities (April 30, 2009 – $115.6 million).

As previously announced, on June 15, 2009, the Company completed the private placement issuance of US$70.0 million 6.55% senior notes which will mature June 15, 2014. The net proceeds were used to repay the US$39.0 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$70.0 million senior notes as a hedge against its U.S. dollar investment in the International Operations. On June 15, 2009, the Company converted US$28.0 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 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. At April 30, 2010, the Company had drawn US$52.0 million on these facilities.

The Company has started the process of refinancing the US$52.0 million loan facility. The Company does not anticipate any difficulty in securing financing to satisfy its maturing long-term debt however, economic conditions continue to be volatile and this may negatively impact the availability of credit, interest rates and the scope of financing covenants.

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 April 30, 2010, the Company had US$2.9 million in bank advances drawn on these facilities (April 30, 2009 – US$12.3 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 April 30, 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 $50 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.

UNITHOLDER DISTRIBUTIONS

The Trustees declared a regular quarterly distribution of $0.34 per unit to unitholders of record on June 30, 2010, distributable by July 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.

CONVERSION TO A SHARE CORPORATION

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 use the SIFT conversion rules to complete a tax-deferred conversion into a publicly-traded share corporation. Conversion of the Fund to a publicly-traded share corporation is expected to provide the following benefits:

- A simplified tax and legal structure that is more comparable to public companies operating in Canada and internationally;
- Greater access to capital markets as the business continues to expand; and
- The potential of attracting new investors thereby improving the liquidity of the securities.

A number of income trusts in Canada have either converted or announced their intention to convert to a corporate structure. Management and the Board of Trustees believe that the conversion of the Fund to a publicly-traded share corporation is in the best interests of unitholders and the business and we will be seeking unitholder approval of the proposed conversion at the Fund's annual and special meeting of unitholders on June 10, 2010. In addition to unitholder approval, the conversion to a corporate structure is also subject to customary court, regulatory, and third party approvals. The details of the conversion, which will be completed through a plan of arrangement, is 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.*

Whether or not the Fund converts to a corporation or remains structured as an income trust, the Canadian earnings will be subject to income taxes commencing January 1, 2011 at a combined federal and provincial tax rate of approximately 30%. 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. 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. The following illustration shows the impact of taxation on distributions and the dividend tax credit available to qualifying owners based on 2009 tax rates:

	Trust	Corporation
Taxable income[1]	$ 1.36	$ 1.36
Corporate income tax at 31%[2]	-	(0.42)
After-tax income available for distribution/dividend	$ 1.36	$ 0.94
Individual income tax		
Trust distribution (other income) marginal tax rate[3]	46.4%	-
Eligible dividend marginal tax rate[4]	-	23.1%
Individual income tax payable	$ (0.63)	$ (0.22)
After-tax distribution/dividend	$ 0.73	$ 0.72
Implied after-tax yield (April 30, 2010 closing price $18.75)	3.9%	3.8%

1. Annualized income based on current distribution of $0.34 per quarter
2. The 2009 effective tax rate based on substantively enacted tax rates applicable to the Fund is approximately 31%
3. Based on combined federal and provincial tax rates for individuals residing in Ontario with taxable income greater than $126,000 in 2009
4. Based on combined federal and provincial eligible dividend tax rates for qualifying individuals residing in Ontario with taxable income greater than $126,000 in 2009

* Readers are cautioned that the illustration is based upon the corporate and individual tax rates in effect in 2009. The results will vary based upon corporate and individual tax rates in effect, the province of residence and the taxable income for the taxpayer

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.

OUTLOOK

Canadian food and general merchandise sales in the second quarter of 2010 are trending according to the first quarter results. Retail sales in Alaska are also trending positively but sales are expected to remain challenged in our Caribbean and South Pacific stores for the remainder of the year due to a continued economic slowdown tied to the tourism sectors in these markets. Net earnings will likely continue to be affected by several factors most notably, higher pension expense in Canadian Operations, health insurance cost pressures in our International Operations and expected higher floating interest rates. The negative impact of the stronger Canadian dollar on conversion of U.S. denominated sales and earnings of the International Operations is also expected to continue through the remainder of the year although to a lesser degree than the first quarter.

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.

Consolidated Operating Results

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	89 days	89 days	92 days	92 days	92 days	92 days	92 days	92 days
($ in millions)	2010	2009	2009	2008	2009	2008	2009	2008
Sales	$340.1	$345.6	$370.5	$375.7	$360.8	$359.1	$367.5	$342.4
Trading profit	28.2	27.5	32.3	32.2	36.1	33.5	34.3	30.6
Net earnings	17.3	16.1	20.2	19.6	25.0	22.1	20.5	18.4
Net earnings per unit:								
Basic	0.36	0.34	0.42	0.41	0.52	0.46	0.43	0.39
Diluted	0.36	0.33	0.42	0.40	0.51	0.46	0.43	0.38

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 April 30, 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 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's IFRS conversion plan as well as a description of the significant differences between IFRS and Canadian GAAP and certain elections and exemptions that are applicable to the Company is provided on page 23 to page 25 of the 2009 Annual Financial Report. There have been no significant changes to the IFRS conversion plan or the differences, elections and exemptions identified and previously disclosed. 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. 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, 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. As the analysis of the Company's IFRS accounting policies is completed we assess whether changes are required to internal controls over financial reporting. This work will continue throughout 2010 to ensure that the appropriate internal controls over financial reporting and disclosure controls and procedures are in place to support the implementation of IFRS.

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.

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)	First Quarter 2010	2009
Net earnings	$ 17,251	$ 16,133
Add: Amortization	8,812	8,583
Interest expense	1,395	1,304
Income taxes	735	1,528
Trading profit	$ 28,193	$ 27,548

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:

($ in thousands)	First Quarter 2010	2009
Cash flow from operating activities	$ 5,455	$ 1,145
Non-cash items:		
Change in other non-cash items	482	(3,645)
Change in non-cash working capital	19,601	27,440
Cash flow from operations	$ 25,538	$ 24,940

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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 June 10, 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)	**April 30 2010**	April 30 2009	January 31 2010
ASSETS			
Current assets			
Cash	**$ 27,707**	$ 25,120	$ 27,278
Accounts receivable	**65,784**	62,862	71,767
Inventories (Note 2)	**183,854**	189,071	177,877
Prepaid expenses	**8,022**	10,011	4,786
Future income taxes	**3,911**	2,467	4,135
	289,278	289,531	285,843
Property and equipment	**252,436**	259,619	258,928
Other assets	**24,905**	20,157	26,252
Intangible assets	**17,214**	15,735	18,332
Goodwill	**27,195**	31,263	28,593
Future income taxes	**6,355**	7,045	5,852
	$ 617,383	$ 623,350	$ 623,800
LIABILITIES			
Current liabilities			
Bank advances (Note 3)	**$ 2,883**	$ 14,629	$ 312
Accounts payable and accrued liabilities	**94,983**	93,116	113,407
Income taxes payable	**2,806**	2,738	1,888
Current portion of long-term debt (Note 4)	**53,485**	47,825	56,339
	154,157	158,308	171,946
Long-term debt (Note 4)	**164,253**	185,475	152,519
Other long-term liabilities	**7,214**	6,261	9,409
	325,624	350,044	333,874
EQUITY			
Capital	**165,133**	165,133	165,133
Unit purchase loan plan (Note 5)	**(4,686)**	(11,172)	(6,428)
Contributed surplus	**1,569**	1,569	1,569
Retained earnings	**126,327**	111,127	125,525
Accumulated other comprehensive income (Note 6)	**3,416**	6,649	4,127
	291,759	273,306	289,926
	$ 617,383	$ 623,350	$623,800

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(unaudited, $ in thousands)	**Three Months Ended April 30 2010**	Three Months Ended April 30 2009
SALES	**$ 340,133**	$ 345,621
Cost of sales, selling and administrative expenses	**(311,940)**	(318,073)
Net earnings before amortization, interest and income taxes	**28,193**	27,548
Amortization	**(8,812)**	(8,583)
	19,381	18,965
Interest	**(1,395)**	(1,304)
	17,986	17,661
Provision for income taxes	**(735)**	(1,528)
NET EARNINGS FOR THE PERIOD	**$ 17,251**	$ 16,133
Retained earnings, beginning of period	**125,525**	110,475
Distributions (Note 11)	**(16,449)**	(15,481)
RETAINED EARNINGS, END OF PERIOD	**$ 126,327**	$ 111,127
NET EARNINGS PER UNIT		
Basic	**$ 0.36**	$ 0.34
Diluted	**$ 0.36**	$ 0.33
Weighted Average Number of Units Outstanding (000's)		
Basic	**48,035**	47,733
Diluted	**48,482**	48,449

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited, $ in thousands)	**Three Months Ended April 30 2010**	Three Months Ended April 30 2009
NET EARNINGS	**$ 17,251**	$ 16,133
Unrealized gains (losses) on translation of financial statements from a self-sustaining operation in U.S. dollar functional currency to Canadian dollar reporting currency	**(711)**	(1,880)
Other comprehensive income (loss) (Note 6)	**(711)**	(1,880)
COMPREHENSIVE INCOME	**$ 16,540**	$ 14,253

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, $ in thousands)	**Three Months Ended April 30 2010**	Three Months Ended April 30 2009
CASH PROVIDED BY (USED IN)		
Operating Activities		
Net earnings for the period	**$ 17,251**	$ 16,133
Non-cash items		
Amortization	**8,812**	8,583
Future income taxes	**(504)**	168
Amortization of deferred financing costs	**53**	62
Gain on disposal of property and equipment	**(74)**	(6)
	25,538	24,940
Change in non-cash working capital	**(19,601)**	(27,440)
Change in other non-cash items	**(482)**	3,645
Operating activities	**5,455**	1,145
Investing Activities		
Business acquisitions (Note 10)	**-**	(12,153)
Purchase of property and equipment	**(5,841)**	(10,501)
Proceeds from disposal of property and equipment	**94**	6
Investing activities	**(5,747)**	(22,648)
Financing Activities		
Change in bank advances	**2,626**	9,213
Net repayments under unit purchase loan plan	**1,742**	124
Increase in long-term debt	**15,837**	30,461
Repayment of long-term debt	**(131)**	(38)
Distributions (Note 11)	**(19,353)**	(18,867)
Financing activities	**721**	20,893
NET CHANGE IN CASH	**$ 429**	$ (610)
Cash, beginning of period	**27,278**	25,730
CASH, END OF PERIOD	**$ 27,707**	$ 25,120
Supplemental disclosure of cash paid for:		
Interest expense	**$ 406**	$ 612
Income taxes	**$ 40**	$ 964

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 April 30, 2010 is $241,411 (April 30, 2009 - $248,790) of inventories recognized as an expense which includes $305 (April 30, 2009 - $335) 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 April 30, 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 April 30, 2010, the International Operations had drawn US$2,850 (April 30, 2009 – US$12,252) on the facility.

($ IN THOUSANDS)

4. LONG-TERM DEBT

	April 30 2010	April 30 2009	January 31 2010
Senior notes (1)	**$ 69,786**	$ 46,775	$ 73,481
Revolving loan facilities (2)	**88,790**	115,602	72,853
Non-revolving loan facilities (3)	**52,603**	62,088	55,380
Notes payable (4)	**5,190**	6,440	5,567
Obligation under capital lease (5)	**1,369**	2,395	1,577
	217,738	233,300	208,858
Less: Current portion of long-term debt	**53,485**	47,825	56,339
	$ 164,253	$ 185,475	$ 152,519

(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 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. These facilities bear interest at Bankers Acceptances rates plus stamping fees or the Canadian prime rate. At April 30, 2010, the Company has drawn $88,790 (April 30, 2009 - $115,602) on these facilities.

(3) International Operations have available 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 U.S. prime rate. At April 30, 2010, the Company has drawn US$52,000 (April 30, 2009 – US$52,000) on these facilities.

(4) The note payable in the amount of US$1,122 (April 30, 2009 – US$1,389) 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$4,009 (April 30, 2009 – US$4,125) 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$1,353 (April 30, 2009 - US$2,006) 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 259,212 of units (April 30, 2009 - 645,277) of the Fund with a quoted value of $4,860 at April 30, 2010 (April 30, 2009 - $10,550). Loans receivable at April 30, 2010 of $4,686 (April 30, 2009 - $11,172) are recorded as a reduction of equity. The loans mature January 31, 2011. The maximum amount of the loans under the plan is currently limited to $15,000.

6. ACCUMULATED OTHER COMPREHENSIVE INCOME

	April 30 2010	April 30 2009	January 31 2010
Balance, beginning of period	**$ 4,127**	$ 8,529	$ 8,529
Other comprehensive income (loss)	**(711)**	(1,880)	(4,402)
Accumulated other comprehensive income, end of period	**3,416**	6,649	4,127
Retained earnings, end of year	**126,327**	111,127	125,525
Total accumulated other comprehensive income and retained earnings	**$ 129,743**	$ 117,776	$ 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 April 30 2010		Three Months Ended April 30 2009
Sales				
Canada	**$**	**229,112**	$	211,144
International		**111,021**		134,477
Total	**$**	**340,133**	$	345,621
Net earnings before amortization, interest and income taxes				
Canada	**$**	**22,379**	$	19,661
International		**5,814**		7,887
Total	**$**	**28,193**	$	27,548
Net earnings before interest and income taxes				
Canada	**$**	**15,576**	$	13,214
International		**3,805**		5,751
Total	**$**	**19,381**	$	18,965
Total Assets				
Canada	**$**	**438,072**	$	412,712
International		**179,311**		210,638
Total	**$**	**617,383**	$	623,350

Canadian total assets includes property and equipment of $181,758 (April 30, 2009 - $174,717). International total assets includes property and equipment of $70,678 (April 30, 2009 - $84,902) and goodwill of $27,195 (April 30, 2009 - $31,263).

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 April 30, 2010 is $1,175 (three months ended April 30, 2009 - $650). The Company maintains an employee savings plan for substantially all of its U.S. employees and recorded an expense for the three months ended April 30, 2010 of US$104 (three months ended April 30, 2009 – US$111).

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 April 30, 2010 is $229 (three months ended April 30, 2009 - $157). 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 April 30, 2010 is 110,827 (April 30, 2009 – 78,945). 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 April 30, 2010 are $811 (three months ended April 30, 2009 – $213).

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 2010 and 2009 vest on a graduated basis over five years and are exercisable over a period of ten years. On April 16, 2010 the Company granted 237,800 options with a weighted average exercise price of $19.11. 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 April 30, 2010 was $97 (three months ended April 30, 2009 – NIL).

($ IN THOUSANDS)

9. SECURITY-BASED COMPENSATION (continued)

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	237,800	$ 19.11
Exercised	-	-
Forfeited or cancelled	-	-
Outstanding options, April 30, 2010	512,400	$ 17.04
Options exercisable, April 30, 2010	-	-

10. BUSINESS ACQUISITIONS

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

	Sitka April 6, 2009
Assets	
Accounts receivable	$ 77
Inventories	778
Property and equipment	11,477
Total Assets	$ 12,332
Liabilities	
Accounts payable and accrued expenses	$ 179
Total Liabilities	$ 179
Cash Consideration	$ 12,153

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 acquisition was accounted for by the purchase method of accounting and the results of operations are included in the consolidated financial statements from 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 April 30, 2010 are $19,353 including a special distribution of $2,904 paid on February 19, 2010 to unitholders of record on December 31, 2009 (three months ended April 30, 2009 - $18,867 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.