

Management's Responsibility for Financial Statements

The management of North West Company Fund are responsible for the preparation, presentation and integrity of the accompanying financial statements and all other information in this annual report. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada and include certain amounts that are based on the best estimates and judgment by management.

In order to meet its responsibility and ensure integrity of financial reporting, management has established a code of business ethics, and maintains appropriate internal controls and accounting systems. An internal audit function is maintained that is designed to provide reasonable assurance that assets are safeguarded, transactions are authorized and recorded and that the financial records are reliable.

Ultimate responsibility for financial reporting to unitholders rests with the Trustees of the Fund. The Audit Committee of the Board of Trustees, consisting of outside Trustees, meets periodically with management and with the internal and external auditors to review the audit results, internal controls and accounting policies. Internal and external auditors have unlimited access to the Audit Committee. The Audit Committee meets separately with management and the external auditors to review the financial statements and other contents of the annual report and recommend approval by the Board of Trustees. The Audit Committee also recommends the independent auditor for appointment by the unitholders.

PricewaterhouseCoopers LLP, an independent firm of auditors appointed by the unitholders, have completed their audit and submitted their report as follows.



Edward S. Kennedy
PRESIDENT & CEO
NORTH WEST COMPANY FUND



Léo P. Charrière
EXECUTIVE VICE-PRESIDENT & CFO
NORTH WEST COMPANY FUND

MARCH 19, 2009

Auditors' Report

PRICEWATERHOUSECOOPERS 

To the Unitholders of North West Company Fund:

We have audited the consolidated balance sheets of North West Company Fund as at January 31, 2009 and 2008 and the consolidated statements of earnings and retained earnings, comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at January 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANTS
WINNIPEG, CANADA

MARCH 19, 2009

Consolidated Balance Sheets

(\$ in thousands)

January 31, 2009

January 31, 2008

ASSETS

Current assets		
Cash	\$ 25,730	\$ 21,732
Accounts receivable	68,485	62,759
Inventories	181,780	162,481
Prepaid expenses	5,845	3,604
Future income taxes (Note 13)	3,248	3,485
	285,088	254,061
Property and equipment (Note 4)	248,856	223,397
Other assets (Note 5)	20,360	18,088
Intangible assets (Note 6)	15,900	5,522
Goodwill	32,372	26,882
Future income taxes (Note 13)	6,597	1,720
	\$ 609,173	\$ 529,670

LIABILITIES

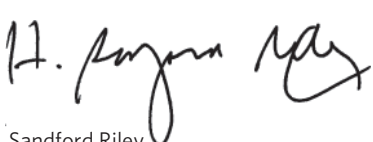
Current liabilities		
Bank advances and short-term notes (Note 7)	\$ 5,974	\$ 4,336
Accounts payable and accrued liabilities	117,451	109,877
Income taxes payable	2,549	2,053
Current portion of long-term debt (Note 8)	49,327	18,633
	175,301	134,899
Long-term debt (Note 8)	157,725	136,864
Asset retirement obligations (Note 9)	1,737	1,606
	334,763	273,369

EQUITY

Capital (Note 10)	165,133	165,133
Unit purchase loan plan (Note 11)	(11,296)	(12,342)
Contributed surplus	1,569	970
Retained earnings	110,475	100,526
Accumulated other comprehensive income (Note 12)	8,529	2,014
	274,410	256,301
	\$ 609,173	\$ 529,670

See accompanying notes to consolidated financial statements

Approved by the Trustees



H. Sanford Riley
TRUSTEE



Edward S. Kennedy
TRUSTEE

Consolidated Statements of Earnings & Retained Earnings

(\$ in thousands)	Year Ended January 31, 2009	Year Ended January 31, 2008
SALES	\$ 1,392,634	\$ 1,064,490
Cost of sales, selling and administrative expenses	(1,270,377)	(957,933)
Net earnings before amortization, interest and income taxes	122,257	106,557
Amortization	(32,054)	(26,950)
	90,203	79,607
Interest, including interest on long-term debt of \$7,760 (2007 - \$4,648)	(8,307)	(7,465)
	81,896	72,142
Provision for income taxes (Note 13)	(6,518)	(9,151)
NET EARNINGS FOR THE YEAR	\$ 75,378	\$ 62,991
Retained earnings, beginning of year as previously reported	100,526	93,253
Accounting policy changes (Note 2)	(119)	(83)
Retained earnings, as adjusted	100,407	93,170
Distributions (Note 22)	(65,310)	(55,635)
RETAINED EARNINGS, END OF YEAR	\$ 110,475	\$ 100,526
NET EARNINGS PER UNIT (Note 14)		
Basic	\$ 1.58	\$ 1.32
Diluted	\$ 1.56	\$ 1.31

See accompanying notes to consolidated financial statements

Consolidated Statements of Comprehensive Income

(\$ in thousands)	Year Ended January 31, 2009	Year Ended January 31, 2008
NET EARNINGS FOR THE YEAR	\$ 75,378	\$ 62,991
Unrealized gains (losses) on translation of financial statements from a self-sustaining operation in U.S. dollar functional currency to Canadian dollar reporting currency	6,515	(2,668)
Other comprehensive income (loss) (Note 12)	6,515	(2,668)
COMPREHENSIVE INCOME	\$ 81,893	\$ 60,323

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

(\$ in thousands)	Year Ended January 31, 2009	Year Ended January 31, 2008
CASH PROVIDED BY (USED IN)		
Operating Activities		
Net earnings for the year	\$ 75,378	\$ 62,991
Non-cash items		
Amortization	32,054	26,950
Future income taxes	(919)	3,656
Unit purchase loan plan compensation (Note 18)	599	587
Amortization of deferred financing costs	186	186
(Gain) Loss on disposal of property and equipment	(974)	369
	106,324	94,739
Change in non-cash working capital	(14,458)	742
Change in other non-cash items	(1,688)	(1,890)
Operating activities	90,178	93,591
Investing Activities		
Business acquisitions (Note 21)	(7,656)	(54,258)
Purchase of property and equipment	(46,118)	(44,409)
Proceeds from disposal of property and equipment	4,339	549
Investing activities	(49,435)	(98,118)
Financing Activities		
Change in bank advances and short-term notes	548	(20,117)
Net repayments (purchases) of units for unit purchase loan plan	1,046	(849)
Increase in long-term debt	47,822	97,099
Repayment of long-term debt	(18,431)	(20,278)
Return of capital (Note 10)	-	(72)
Distributions (Note 22)	(67,730)	(54,667)
Financing activities	(36,745)	1,116
NET CHANGE IN CASH	\$ 3,998	\$ (3,411)
Cash acquired in business acquisition (Note 21)	-	3,043
Cash, beginning of year	21,732	22,100
CASH, END OF YEAR	\$ 25,730	\$ 21,732
Supplemental disclosure of cash paid for:		
Interest expense	\$ 8,287	\$ 7,503
Income taxes	\$ 7,535	\$ 6,886

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

**(\$ IN THOUSANDS)
January 31, 2009**

1. ORGANIZATION

The North West Company Fund (NWF or the Fund) is an unincorporated open-ended mutual fund trust, governed by the laws of the Province of Manitoba and the laws of Canada and created pursuant to a Declaration of Trust. The beneficiaries of the Fund (the "unitholders") are holders of trust units issued by the Fund (the "Trust Units"). The Fund is a limited purpose trust whose purpose is to invest in securities of its wholly owned subsidiaries The North West Company Inc. (NWC), The NWC Trust, North West Company Holdings Inc., NWC GP Inc., The North West Company LP, administer the assets and liabilities of NWF and make distributions to the unitholders all in accordance with the Declaration of Trust.

2. ACCOUNTING POLICY CHANGES

Inventories

Effective February 1, 2008 the Company adopted the new accounting standard issued by the Canadian Institute of Chartered Accountants (CICA) Section 3031 Inventories which is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2007. Section 3031 provides guidance on the determination of cost and requires inventories to be measured at the lower of cost and net realizable value. The cost of inventories includes the cost to purchase and other costs incurred to bring the inventories to their present location and condition. Costs such as storage costs and administrative overheads that do not contribute to bring the inventories to their present location and condition are specifically excluded from the cost of inventories and are expensed in the period incurred. Reversals of previous write-downs to net realizable value are now required when there is a subsequent increase in the value of the inventories. The cost of inventories should be determined using either a first-in, first-out or weighted average cost formula. Techniques for the measurement of cost of inventories, such as the retail method may be used if the results approximate actual cost. The new standard also requires additional disclosures regarding the accounting policies used in measuring the inventories, the carrying value of the inventories, the amount of inventories recognized as an expense during the period, the amount of write-downs during the period and the amount of any reversal of write-downs that is recognized as a reduction of expenses.

The Company values inventories at the lower of cost and net realizable value. Costs include the cost to purchase net of vendor allowances and other costs, such as transportation, that are directly incurred to bring inventories to their present location and condition. The cost of warehouse inventories is determined by the weighted average cost. The cost of store inventories is determined primarily using the retail method of accounting for general merchandise inventories and the cost method on a first-in, first-out basis for food inventories. The Company defines net realizable value as the anticipated selling price. Inventories are written down to net realizable value when the cost of inventories is estimated to be greater than the anticipated selling price. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Storage costs, administrative overheads and selling costs related to the inventories are expensed in the period the costs are incurred.

This change in accounting policy has been implemented retroactively without restatement of comparative financial statements in accordance with the transitional provisions. Upon adoption of this accounting standard, the Company recorded a decrease in opening inventories of \$221, an increase in opening future income tax assets of \$102, and a decrease to opening retained earnings of \$119.

Included in cost of sales, selling and administrative expenses on the consolidated statement of earnings for the year ended January 31, 2009 is \$990,348 of inventories recognized as an expense, which includes \$1,235 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.

General Standards of Financial Statement Presentation

Section 1400, General Standards of Financial Statement Presentation, was amended to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events and conditions that may cast significant doubt upon an entity's ability to continue as a going concern. The Company adopted this new standard effective February 1, 2008 with no impact on the Company's financial statement disclosures.

Goodwill and Intangible Assets

The requirements of Section 3064, Goodwill and Intangible Assets have been adopted and reflected in the Company's financial statements as of January 31, 2009. The Company was not required to adopt this new standard until the first quarter commencing February 1, 2009.

The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard has had no material impact on the Company's financial statement disclosures or its results from operations.

Financial Instruments – Recognition and Measurement, Financial Instruments - Disclosure and Presentation, Hedges, Comprehensive Income and Equity

Effective February 1, 2007 the Company adopted the new accounting standards issued by the CICA Section 3855 Financial Instruments – Recognition and Measurement; Section 3861 Financial Instruments – Disclosure and Presentation; Section 3865 Hedges; Section 1530 Comprehensive Income; and Section 3251 Equity. These changes in accounting policy have been applied retroactively without restatement of comparative financial statements, with the exception of the reclassification of the cumulative currency translation adjustments account to accumulated other comprehensive income (Note 12) in accordance with the transitional provisions of the standards. Upon adoption of these accounting standards, the Company recorded a decrease in opening retained earnings of \$83.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation The consolidated financial statements of the Fund are prepared in accordance with Canadian generally accepted accounting principles. All amounts are expressed in thousands of Canadian dollars unless otherwise noted. These consolidated financial statements include the accounts of NWF, The NWC Trust, North West Company Holdings Inc., NWC GP Inc., NWC, and the operating entities (the “Company”) The North West Company LP, Alaska Commercial Company (AC), Span Alaska Enterprises, Inc. (Span) and Cost-U-Less, Inc (CUL). AC, Span and CUL are reported as International operations and were merged into The North West Company (International) Inc. on December 31, 2008. The remaining entities are reported as Canadian operations. The financial results of certain subsidiaries which have different year ends have been included in the consolidated financial statements for the 12 months ended January 31, 2009 and January 31, 2008. Span was acquired on March 3, 2008 and the results of operations are included in the consolidated financial statements from the acquisition date. All significant inter-company amounts and transactions have been eliminated on consolidation.

Revenue Recognition Revenue on the sale of goods and services is recorded at the time the sale is made to the customer. Service charges on credit card receivables are accrued each month on balances outstanding at each account’s billing date.

Accounts Receivable Accounts receivable are recorded at cost, net of allowance for doubtful accounts and include customer installment accounts, a portion of which may not become due within one year. The Company records an allowance to reduce the carrying value of accounts receivable identified as potentially uncollectible to their estimated realizable amount. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Inventories Inventories are valued at the lower of cost and net realizable value. The cost of warehouse inventories is determined by the average cost method. The cost of retail inventories is determined primarily using the retail method of accounting for general merchandise inventories and the cost method of accounting for food inventories. Net realizable value is defined as the anticipated selling price.

Vendor Rebates Consideration received from vendors related to the purchase of merchandise is recorded as a reduction in the price of the vendor’s products and reflected as a reduction of cost of goods sold and related inventory.

Property and Equipment Property and equipment are initially recorded at cost. Amortization is provided using the straight-line method over their estimated useful lives, as follows:

Buildings.....	2%–8%
Leasehold improvements.....	5%–20%
Fixtures and equipment.....	8%–33%
Computer equipment.....	12%–33%

Impairment of Long-Lived Assets Impairment of long lived assets is recognized when an event or change in circumstances causes the asset’s carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated by deducting the fair value of the asset from its carrying value and is recognized as an expense in the period of impairment. No assets have been deemed to be impaired at January 31, 2009 and 2008.

Other Assets Other assets consist primarily of accrued employee future benefit asset and an investment in a transportation company. The transportation company is accounted for on the equity basis. Prepayments under lease agreements are being amortized over their respective lease terms and are recorded in cost of sales, selling and administrative expenses on the consolidated statements of earnings.

Intangible Assets Intangible assets with definite useful lives are recorded at their cost and are amortized on a straight-line basis over their estimated useful lives as follows:

Software.....	3 to 7 years
Non-compete agreements.....	5 to 10 years

The carrying value of these assets is reviewed periodically for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable and will be written down to their fair value by a charge to amortization expense if a decline in carrying value is determined. The amortization method and estimate of the useful life of an intangible asset are reviewed annually.

Intangible assets which have indefinite lives are not amortized and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. The impairment test compares the carrying amount of the intangible assets with their fair value as of the assessment date. An impairment loss is recorded when the carrying value exceeds the fair value and is recognized as an expense in the period of impairment.

Goodwill Goodwill represents the excess of the acquisition cost of investments in subsidiaries over the fair value of the identifiable net assets acquired at the date of acquisition. Goodwill is not amortized but is subject to an annual fair value impairment test. Impairment is tested by determining whether a reporting unit's fair value exceeds its net carrying amount as of the assessment date. An impairment loss is recorded when the carrying value exceeds the fair value and is recognized as an expense in the period of impairment. The Company performs the impairment test on an annual basis. The annual impairment test was performed and it was determined that there was no impairment to the carrying value.

Unit Purchase Loan Plan Loans issued to officers and senior management to purchase units of the Fund under the unit purchase loan plan are accounted for as a reduction of equity.

Security Based Compensation The Company has security-based compensation plans as described in Note 18. Security-based awards are measured and recognized using a fair value based method.

Foreign Currency Translation The accounts of self-sustaining foreign operations have been translated into Canadian dollars using the current rate method whereby assets and liabilities are translated at the year-end exchange rate and revenues and expenses at the average rate for the period. Foreign exchange gains or losses arising from the translation of the net investment in the self-sustaining foreign operations and the U.S. denominated debt designated as a hedge against this investment are deferred and included in a separate component of equity as accumulated other comprehensive income. Accumulated other comprehensive income is recognized in net earnings when there has been a reduction in the net investment in the self-sustaining foreign operation.

Income Taxes The Company accounts for income taxes using the liability method of tax allocation. Under the liability method, future income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be realized or settled. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized. The provision for income taxes is recorded in the Company at applicable statutory rates.

The Fund is an inter vivos trust for income tax purposes. All income of the Fund is distributed to unitholders and, as such, no income tax is payable by the Fund. On June 22, 2007, legislation was passed (the "SIFT Rules") which imposes a new entity-level tax on distributions from certain specified investment flow-through entities ("SIFTs") such as the Fund commencing January 1, 2011 at a proposed rate of approximately 30% in 2011 and 28% in 2012. The application of the SIFT Rules is delayed until January 1, 2011 provided the Fund is not considered to have undergone an "undue expansion" in the interim period.

Employee Future Benefits The Company maintains a defined benefit or defined contribution pension plan for the majority of its Canadian employees. The actuarial determination of the accrued benefit obligations for pension benefits uses the projected benefit method prorated on services which incorporates management's best estimate of expected plan investment performance, salary escalation, and retirement ages of employees. For the purpose of calculating the expected returns on plan assets, those assets are valued at market related values based on a five year moving average. Past service costs and the net transitional asset are amortized on a straight-line basis over the average remaining service period of the employees expected to receive the benefits under the plan. The excess of the net actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the market related value of the plan assets is amortized over the average remaining service period of active employees. The average remaining service period of active employees covered by the pension plan is 15 years (January 31, 2008 - 15 years). Contributions to the defined contribution pension plan are expensed as incurred. The Company also sponsors an employee savings plan for U.S. employees whereby the Company is obligated to make a 50% matching contribution up to 6% of eligible compensation.

Asset Retirement Obligations A liability associated with the retirement of long-lived assets is recorded in the period in which the legal obligation is incurred at its estimated fair value and a corresponding asset is capitalized as part of the related asset and depreciated over its useful life. Subsequent to the initial measurement of the asset retirement obligation, the obligation is accreted to reflect the passage of time and changes in the estimated future costs underlying the obligation. Accretion expense is included in cost of sales, selling and administrative expenses.

Financial Instruments All financial assets must be designated as either held for trading, available for sale, loans and receivables or held to maturity. All financial liabilities must be designated as either held for trading or other liabilities. Initial measurement of financial instruments is at fair value. Measurement in subsequent periods depends on the initial classification. Financial assets and liabilities designated as held for trading are subsequently measured at fair value with periodic changes in fair value recognized in earnings. Financial assets designated as available for sale are subsequently measured at fair value with periodic changes in fair value recognized in other comprehensive income until realized, at which time the accumulated gains or losses are reclassified into net earnings. Financial assets designated as loans and receivable or held to maturity and financial liabilities designated as other liabilities are subsequently measured at amortized cost and income or expense is recognized in net earnings using the effective interest method. The carrying amounts of assets or liabilities that are part of an effective fair value hedging relationship are adjusted by an amount equal to the change in fair value caused by the risk that is hedged.

All derivatives, including embedded derivatives must be measured on the balance sheet at fair value. Periodic changes

in the fair value of those derivatives are reflected in net earnings unless the derivative is in an effective cash flow hedging relationship. For derivatives in an effective cash flow hedging relationship, the effective portion of the change in fair value is recognized in other comprehensive income and any ineffective portion is recognized in earnings.

Accounts receivable and financial assets included in other assets are designated as loans and receivables and are carried on the balance sheet at amortized cost. Interest revenue, consisting primarily of service charge income on customer accounts receivable, is included in sales in the consolidated financial statements. Bank advances and short-term notes and accounts payable and accrued liabilities are designated as other liabilities and are carried on the balance sheet at amortized cost. Interest incurred, if any, in relation to these liabilities is recorded using the effective interest method and included in interest expense.

Long-term debt is designated as other liabilities and carried on the balance sheet at amortized cost. Transaction costs relating to the issuance of long-term debt are included in the amortized cost of the debt. Interest expense relating to long-term debt is recorded using the effective interest method and included in the consolidated statement of earnings in interest expense. Portions of the long-term debt are hedged to protect against interest rate risk and foreign exchange risk. To the extent that the hedging relationships are effective, the amortized cost balance is adjusted to include the portion of the change in fair value of the debt that is caused by the effects of interest rate risk and foreign exchange risk, where those risks are hedged.

Cross currency interest rate and interest rate swap derivative instruments may be used to hedge exposure to interest rate and foreign exchange rate risk. These derivatives are recognized on the balance sheet at their fair value. The hedging relationships are designated as fair value hedges and are tested for effectiveness on a quarterly basis. To the extent that the hedging relationship is effective, a gain or loss arising from the hedged item in a fair value hedge adjusts the carrying value of the hedged item and is reflected in earnings, offset by change in fair value of the underlying derivative. Any change in fair value of derivatives that do not qualify for hedge accounting is reported in earnings. Changes in fair value relating to the interest rate swaps are included in interest expense. For cross currency interest rate swaps changes in fair value caused by interest rates are included in interest expense and changes in fair value caused by foreign exchange rates are included in cost of sales, selling and administrative expenses in the consolidated statement of earnings.

A portion of the U.S. denominated debt is designated as a hedge against foreign exchange exposure caused by the Company's net investment in self-sustaining foreign operations. The foreign exchange gains and losses arising from translation of this debt are included in other comprehensive income and subsequently recognized in earnings when the hedged item affects earnings.

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions

that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future events could alter such estimates in the near term. Estimates are used when accounting for items such as valuation of accounts receivable, valuation of inventories, financial instruments, amortization, impairment of assets, employee future benefits, goodwill, asset retirement obligations and income taxes.

4. PROPERTY AND EQUIPMENT

Year Ended	January 2009		January 2008	
	Accumulated Cost	Amortization	Cost	Accumulated Amortization
Land	\$ 8,540	\$ -	\$ 8,290	\$ -
Buildings & leasehold improvements	288,987	141,610	256,162	120,237
Fixtures & equipment	185,328	120,244	155,707	93,818
Computer equipment	54,161	44,773	47,006	36,703
Construction in process	18,467	-	6,990	-
	\$ 555,483	\$ 306,627	\$ 474,155	\$ 250,758
Net book value	\$ 248,856		\$ 223,397	

5. OTHER ASSETS

Year Ended	January 2009	January 2008
Investments in transportation companies	\$ 6,186	\$ 4,681
Accrued employee future benefit asset (Note 16)	8,522	7,638
Long-term receivable	3,088	3,286
Prepayments under lease agreements	807	949
Other	1,757	1,534
	\$ 20,360	\$ 18,088

6. INTANGIBLE ASSETS

Year Ended	January 2009		January 2008	
	Accumulated Cost	Amortization	Cost	Accumulated Amortization
Intangible assets with definite lives:				
Software	\$ 11,877	\$ 6,373	\$ 8,291	\$ 3,714
Non-compete agreements	2,791	1,050	1,370	425
Intangible assets with indefinite lives:				
Cost-U-Less, Inc. banner	8,655	-	-	-
	\$ 23,323	\$ 7,423	\$ 9,661	\$ 4,139
Net book value	\$ 15,900		\$ 5,522	

The amount allocated to the Cost-U-Less banner is an indefinite life intangible asset as it is expected to generate cash flows in perpetuity. Indefinite life intangible assets are not amortized but

are subject to an annual impairment test. The annual impairment test was performed and there was no impairment to the carrying value.

Intangible asset amortization expense recorded in amortization on the consolidated statement of earnings for the year ended January 31, 2009 is \$3,284 (January 31, 2008 - \$2,366).

7. BANK ADVANCES AND SHORT-TERM NOTES

International operations have available demand, revolving loan facilities of US\$15,000 at interest rates of U.S. prime minus a spread secured by a floating charge against certain accounts receivable and inventories of the International operations. As at January 31, 2009, the International operations had drawn US\$4,832 (January 31, 2008 - US\$4,326) on the facility.

8. LONG-TERM DEBT

Year Ended	January 2009	January 2008
Senior notes ¹	\$ 48,411	\$ 57,292
Revolving loan facilities ²	90,031	41,919
Non-revolving loan facilities ³	64,293	52,114
Notes payable ⁴	1,799	1,726
Obligation under capital lease ⁵	2,518	2,446
	207,052	155,497
Less: Current portion of long-term debt	49,327	18,633
	\$ 157,725	\$ 136,864

1 The US\$39,000 senior notes mature on June 15, 2009 and bear an interest rate of 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\$9 million of its senior notes. After giving effect to the interest rate swaps the effective interest rate for the year ended January 31, 2009 was 6.1% (January 31, 2008 - 7.4%).

2 Canadian operations have available extendible, committed, revolving loan facilities of \$140,000 that mature on December 31, 2011. These facilities, which are extendible at the request of the Company and subject to lender approval, are secured by a floating charge against the assets of the Company and rank pari passu with the senior note holders. These facilities bear interest at Bankers Acceptances rates plus stamping fees or the Canadian prime rate. As at January 31, 2009, the Company has drawn \$90,031 (January 31, 2008 - \$41,919) on these facilities. The weighted average interest rate for the year ended January 31, 2009 was 2.8% (January 31, 2008 - 4.7%).

3 International operations have available extendible, committed non-revolving loan facilities of US\$52 million that mature on December 31, 2010. These facilities, which are extendible at the request of the Company and subject to lender approval, are secured by a floating charge against the assets of the Company and rank pari passu with the senior note holders. These facilities bear interest at LIBOR plus stamping fees or the U.S. prime rate. As at January 31, 2009, the Company has drawn US\$52,000

(January 31, 2008 - US\$52,000) on these facilities. The weighted average interest rate for the year ended January 31, 2009 was 3.1% (January 31, 2008 - 3.6%).

4 As a result of the Cost-U-Less, Inc. acquisition (Note 21), the Company assumed notes payable in the amount of US\$1,455 (January 31, 2008 - US\$1,722). The notes have an interest rate of U.S. prime plus 1%. The notes payable mature in 2013 and 2015 and have annual principal payments of US\$267. The effective interest rate for the year ended January 31, 2009 was 4.3% (January 31, 2008 - 7.0%).

5 The obligation under capital leases of US\$2,036 (January 31, 2008 - US\$2,441) is repayable in blended principal and interest payments of US\$634 annually.

The Company's principal payments of long-term debt over the next five years are as follows:

Years Ending January	
2010	\$ 49,327
2011	65,257
2012	90,883
2013	774
2014 and thereafter	811

9. ASSET RETIREMENT OBLIGATIONS

The Company has recognized a discounted liability associated with obligations arising from the operation of petroleum dispensing units and the specific provisions of certain lease agreements. At January 31, 2009, the undiscounted cash flows required to settle the obligations is \$7.1 million, which is expected to be settled between 2009 and 2040. The credit-adjusted risk free rates at which the estimated cash flows have been discounted range from 6% to 8%.

A reconciliation of the opening and closing carrying amount of the asset retirement obligation is as follows:

Year Ended	January 2009	January 2008
Balance, beginning of year	\$ 1,606	\$ 1,425
Liabilities incurred during the year	61	72
Obligations extinguished during the year	(101)	-
Accretion expense	171	109
Balance, end of year	\$ 1,737	\$ 1,606

10. CAPITAL

Authorized The Fund has an unlimited number of units.

Year Ended	January 2009	January 2008
Issued and outstanding	48,378 \$165,133	48,378 \$165,133

For the year-ended January 31, 2008, pursuant to an Advance Income Tax Ruling of the Canada Revenue Agency related to an internal reorganization, the Fund paid a return of capital of \$72 to unitholders.

11. UNIT PURCHASE LOAN PLAN

During the year the Company issued loans to officers and senior management to purchase units under the unit purchase loan plan (Note 18). 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 655,777 units (January 31, 2008 - 677,197) of NWF with a quoted value of \$10,584 as at January 31, 2009 (January 31, 2008 - \$12,474). Loans receivable at January 31, 2009 of \$11,296 (January 31, 2008 - \$12,342) 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.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

Year Ended	January 2009	January 2008
Balance, beginning of year as previously reported	\$ 2,014	\$ -
Unrealized gains on translation of financial statements from a self sustaining operation in U.S. dollar functional currency to Canadian dollar reporting currency	-	4,682
Adjusted balance, beginning of year	2,014	4,682
Other comprehensive income (loss)	6,515	(2,668)
Accumulated other comprehensive income, end of year	8,529	2,014
Retained earnings, end of year	110,475	100,526
Total accumulated other comprehensive income, and retained earnings	\$ 119,004	\$ 102,540

Accumulated other comprehensive income represents the net changes due to exchange rate fluctuations in the equivalent Canadian dollar book values of the net investment in self-sustaining foreign operations from the date of acquisition. The US\$39,000 senior notes have been designated as a hedge against the foreign operations.

13. INCOME TAXES

The income tax effects of temporary differences that give rise to significant portions of future income tax assets and liabilities are as follows:

Year Ended	January 2009	January 2008
Future income tax assets:		
Non-capital income tax loss carry forwards	\$ 147	\$ 381
Goodwill and intangible assets	577	440
Property, equipment and inventory	6,879	6,957
International property, equipment and inventory	1,501	247
Stock-based compensation and long-term incentive plans	969	122
Other temporary differences	2,078	(842)
Total future income tax assets	\$ 12,151	\$ 7,305
Future income tax liabilities:		
Accrued employee future benefit asset	(2,306)	(2,100)
Net future income tax asset	9,845	5,205
Less: current portion	3,248	3,485
Long-term future income tax assets	\$ 6,597	\$ 1,720

In assessing the recovery of future income tax assets, management considers whether it is more likely than not that the future income tax assets will be realized. The recognition and measurement of the current and future tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations and in the assessment of the recoverability of future tax assets. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the years in which the temporary differences are deductible.

Components of the provision for income taxes are as follows:

Year Ended	January 2009	January 2008
Current income tax expense	\$ 7,437	\$ 5,495
Future income tax expense (benefit) relating to:		
Temporary differences and loss carryforwards	(1,092)	2,941
Future income tax expense resulting from income tax rate changes	173	715
	\$ 6,518	\$ 9,151

Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to income before taxes for the following reasons:

Year Ended	January 2009	January 2008
Net earnings before income taxes	\$ 81,896	\$ 72,142
Combined statutory income tax rate	32.99%	35.75%
Computed expected income tax expense	\$ 27,020	\$ 25,790
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses/non-taxable income	(20,172)	(16,637)
Income tax deductions on interest paid to the Fund	-	(3,051)
Withholding tax	187	256
Tax rate changes on future income taxes	173	715
Other	(690)	2,078
Provision for income taxes	\$ 6,518	\$ 9,151
Effective income tax rate	7.96%	12.69%

Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax review by tax authorities and related appeals. To the extent the final outcome is different from the amounts initially recorded, such differences, which could be significant, will impact the tax provision in the period in which the outcome is determined.

14. NET EARNINGS PER UNIT

Basic net earnings per unit are calculated based on the weighted-average units outstanding for the year-ended January 31, 2009 of 47,718 (year-ended January 31, 2008 - 47,649). The diluted net earnings per unit takes into account the dilutive effect of the deferred unit plan for Trustees and the additional income that would have been earned by the Company had interest costs not been incurred on the unit purchase loan plan and had the respective units been outstanding during the year.

(Units in thousands except earnings per unit)

Year Ended	January 2009	January 2008
Diluted earnings per unit calculation:		
Net earnings for the year		
(numerator for basic earnings per unit)	\$ 75,378	\$ 62,991
After-tax interest cost of unit purchase loan plan	397	485
Numerator for diluted earnings per unit	\$ 75,775	\$ 63,476
Weighted average units outstanding		
(denominator for basic earnings per unit)	47,718	47,649
Dilutive effect of security based compensation	713	761
Denominator for diluted earnings per unit	48,431	48,410
Basic earnings per unit	\$ 1.58	\$ 1.32
Diluted earnings per unit	\$ 1.56	\$ 1.31

15. SEGMENTED INFORMATION

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

Year Ended	January 2009	January 2008
Sales		
Canada	\$ 899,263	\$ 852,773
International	493,371	211,717
Total	\$ 1,392,634	\$ 1,064,490
Net earnings before amortization, interest and income taxes		
Canada	\$ 90,606	\$ 87,410
International	31,651	19,147
Total	\$ 122,257	\$ 106,557
Net earnings before interest and income taxes		
Canada	\$ 66,105	\$ 64,776
International	24,098	14,831
Total	\$ 90,203	\$ 79,607
Total assets		
Canada	\$ 405,417	\$ 367,882
International	203,756	161,788
Total	\$ 609,173	\$ 529,670

International includes the operations of Alaska Commercial Company, Cost-U-Less, Inc. which was acquired on December 13, 2007 (Note 21) and Span Alaska Enterprises, Inc. which was acquired on March 3, 2008 (Note 21). Included in Canada total assets is property and equipment of \$173,862 (January 31, 2008 - \$160,414). International total assets includes property and equipment of \$74,994 (January 31, 2008 - \$62,983) and goodwill of \$32,372 (January 31, 2008 - \$26,882).

16. EMPLOYEE FUTURE BENEFITS

The Company sponsors defined benefit pension plans covering the majority of Canadian employees. The defined benefit pension plans are based on years of service and final average salary. The Company uses actuarial reports prepared by independent actuaries for funding and accounting purposes as at January 31, 2009 and January 31, 2008. The accrued pension benefits and the market value of the plans' net assets were last determined by actuarial valuation as at January 1, 2006. The next actuarial valuation is required as at January 1, 2009. The Company also sponsors an employee savings plan covering all U.S. employees with at least six months of service. Under the terms of the plan, the Company is obligated to make a 50% matching contribution up to 6% of eligible compensation.

Total cash payments by the Company for future employee benefits, consisting of cash contributed to its pension plans and U.S. employee's savings plans for the year ended January 31, 2009 was \$4,433 (January 31, 2008 - \$4,086).

The following significant actuarial assumptions were employed to measure the accrued benefit obligations and benefit plan expense:

Year Ended	January 2009	January 2008
Accrued benefit obligations		
Discount rate	7.0%	6.0%
Rate of compensation increase	4.0%	4.0%
Benefit plan expense		
Discount rate	6.0%	5.3%
Expected long-term rate of return on plan assets	6.5%	7.0%
Rate of compensation increase	4.0%	4.0%

The Company's pension benefit expense is determined as follows:

Year Ended	January 2009			January 2008		
	Incurring in year	Matching Adjustments ¹	Recognized in year	Incurring in year	Matching Adjustments ¹	Recognized in year
Current service costs, net of employee contributions	\$ 3,388	\$ -	\$ 3,388	\$ 3,492	\$ -	\$ 3,492
Interest on accrued benefits	3,223	-	3,223	3,041	-	3,041
Return on plan assets	6,337	(10,001)	(3,664)	2,531	(6,006)	(3,475)
Actuarial (gain) loss	(8,623)	9,114	491	(6,488)	7,436	948
Past service costs	-	(11)	(11)	-	(11)	(11)
Amortization of net transition asset	-	(308)	(308)	-	(308)	(308)
Net benefit plan expense	\$ 4,325	\$ (1,206)	\$ 3,119	\$ 2,576	\$ 1,111	\$ 3,687

¹ Accounting adjustments to allocate costs to different periods so as to recognize the long-term nature of employee future benefits

The expense incurred under the employee savings plan covering U.S. employees for the year ended January 31, 2009 is US\$396 (January 31, 2008 - US\$213).

Information on the Company's defined benefit plans, in aggregate, is as follows:

Year Ended	January 2009	January 2008
Plan assets		
Fair value—beginning of year	\$ 49,646	\$ 51,723
Actual return on plan assets	(6,337)	(2,531)
Employer contributions	4,003	3,855
Employee contributions	30	35
Benefits paid	(5,135)	(3,436)
Fair value—end of year	\$ 42,207	\$ 49,646
Plan obligations		
Accrued benefit obligation—beginning of year	\$ 56,280	\$ 59,636
Current service cost	3,418	3,527
Accrued interest on benefits	3,223	3,041
Benefits paid	(5,135)	(3,436)
Actuarial gain	(8,623)	(6,488)
Accrued benefit obligation—end of year	\$ 49,163	\$ 56,280
Funded status		
Fair value plan assets	\$ 42,207	\$ 49,646
Accrued benefit obligation	49,163	56,280
Plan deficit	(6,956)	(6,634)
Unamortized net actuarial losses	16,965	16,078
Unamortized net transitional asset	(1,458)	(1,766)
Unamortized past service costs	(29)	(40)
Accrued employee future benefit asset	\$ 8,522	\$ 7,638

Year Ended	January 2009	January 2008
Plan assets consist of:		
Equity securities	58%	65%
Debt securities	36%	29%
Other	6%	6%
Total	100%	100%

The pension plans have no investment in the units of the Fund.

The accrued employee future benefit asset is included in other assets in the Company's consolidated balance sheet (see Note 5).

The accrued benefit obligation of all of the Company's defined benefit pension plans exceeds the fair value of plan assets as noted above.

17. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Commitments

a) In 2002, the Company signed a 30-year Master Franchise Agreement with Giant Tiger Stores Limited, based in Ottawa, Ontario which grants the Company the exclusive right to open Giant Tiger stores in western Canada. Under the agreement, *Giant Tiger Stores Limited* provides product sourcing, merchandising, systems and administration support to the Company's Giant Tiger stores in return for a royalty based on sales. The Company is responsible for opening, owning, operating and providing distribution services to the stores. The Company's exclusivity right requires that a minimum number of Giant Tiger stores be opened each year, based on an expected roll-out of 72 stores over the term of the agreement. As at January 31, 2009 the Company has opened 29 Giant Tiger stores and is in compliance with the terms of the agreement.

b) The Company has future commitments under operating leases as follows:

Years Ending January	Minimum Lease Payments
2010	\$20,853
2011	18,651
2012	17,148
2013	15,331
2014	13,890
2015+	73,890

Contingencies

a) In the ordinary course of business, the Company is subject to audits by taxation authorities. While the Company believes that its tax filing positions are appropriate and supportable, the possibility exists that certain matters may be reviewed and challenged by the taxation authorities. The Company regularly reviews the potential for adverse outcomes and the adequacy of its tax provisions. The Company believes that it has adequately provided for these matters. If the final outcome differs materially from the provisions, the Company's income tax expense and its earnings could be affected positively or negatively in the period in which the matters are resolved.

b) The Company is involved in various legal matters arising in the normal course of business. The occurrence of the confirming future event is not determinable or it is not possible to determine the amounts that may ultimately be assessed against the Company. The resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

Guarantees The Company has provided the following significant guarantees to third parties:

a) The Company has entered into indemnification agreements with its current and former directors and officers to indemnify them, to the extent permitted by law, against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or

any judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. The Company has purchased director and officer liability insurance. No amount has been recorded in the financial statements with respect to these indemnification agreements.

b) In the normal course of operations, the Company provides indemnification agreements to counterparties for various events such as intellectual property right infringement, loss or damages to property, claims that may arise while providing services, violation of laws or regulations, or as a result of litigation that might be suffered by the counterparties. The terms and nature of these indemnification agreements vary based on the specific contract. The nature of the indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. No amount has been recorded in the financial statements with respect to these indemnification agreements.

18. SECURITY-BASED COMPENSATION

Deferred unit plan The Fund offers a deferred unit plan for independent Trustees. The purpose of the Trustee Deferred Unit Plan is to enhance the ability of the Fund to attract and retain independent Trustees whose training, experience and ability will contribute to the effective governance of the Fund and to directly align their interests with the interests of unitholders by providing compensation for services to the Fund in the form of units. Participants are credited with deferred units based on the portion of fees each participant elects to allocate to the deferred unit plan. Each deferred unit entitles the holder to receive a unit of the Fund. The deferred units are exercisable by the holder at any time but no later than December 31 of the first calendar year commencing after the holder ceases to be a Trustee. A participant may elect at the time of exercise of any deferred units, subject to the consent of the Fund, to have the Fund pay an amount in cash equal to the aggregate current market value of the units, determined based on the closing price of the units on the TSX on the trading day preceding the exercise date, in consideration for the surrender by the participant to the Fund the right to receive units from the exercising of the deferred units.

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 year ended January 31, 2009 is \$348 (January 31, 2008 - \$387). 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 January 31, 2009 is 70,265 (January 31, 2008 - 42,677). There were no deferred units exercised during the year which were settled in cash.

Unit purchase loan plan The Company has a unit purchase loan plan for officers and senior management whereby loans are granted to employees to purchase units of NWF (see Note 11). These loans are in substance similar to stock options and accordingly are accounted for as stock-based compensation in accordance with section 3870 of the CICA handbook.

The compensation cost relating to the unit purchase loan plan for the year ended January 31, 2009 was \$599 (January 31, 2008 - \$587) with a corresponding increase in contributed surplus. The compensation cost is a non-cash expense and has no impact on the distributions from the Fund. There were NIL units (January 31, 2008 - 90,758) purchased under the unit purchase loan plan. The units are purchased at market prices and are fully vested at the time the loan is exercised. The units are pledged as security against the loan and can not be withdrawn from the plan until the principal amount of the loan is less than 65% or 80% of the market value of the units pledged as security or if the employee sells the units or leaves the Company. If the loan value as a percentage of the market value of the units pledged as security against the loan falls below the 65% to 80% threshold, the employee may reduce the number of units pledged equal to the market value in excess of the loan balance. Employees are required to make principal payments on the loan equal to the after tax distributions on the units pledged as security. The fair value of the compensation cost was estimated using the Black-Scholes model using the following assumptions:

Year Ended	January 2009	January 2008
Loan maturity	2011	2010
Risk-free interest rate	2.3%	4.2%
Expected volatility	28.3%	25.7%

Long Term Incentive Plans The Company implemented Long Term Incentive Plans (LTIPs) 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 RSU account for each participant includes the value of distributions from the Fund as if reinvested in additional RSU's. RSU awards vest with the employee on the third fiscal year-end following the date of the grant to which the award relates. Compensation expense is measured initially based on the fair market value of the Fund's units at the grant date and subsequently adjusted for additional units granted based on the reinvestment of notional distributions and the market value of the units at the end of the reporting 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 PSU account for each participant includes the value of distributions from the Fund as if reinvested in additional PSU's. PSU awards vest with the employee on the third fiscal year-end following the date of the grant to which the award relates. Compensation expense is measured initially based on the fair market value of the Fund's units at the grant date and subsequently adjusted for additional units granted based on the reinvestment of notional distributions and the market value of the units at the end of the reporting 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 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 year ending January 31, 2009 are \$1,904 (January 31, 2008 - NIL).

19. FINANCIAL INSTRUMENTS

Carrying Amount and Fair Value The following table presents the carrying amount and the fair value of the Company's financial instruments. Amortized cost is calculated using the effective interest rate method. When financial instruments lack an available trading market, fair value is determined using management's estimates and is calculated using market factors for instruments with similar characteristics and risk profiles. These amounts represent point-in-time estimates and may not reflect fair value in the future. These calculations are subjective in nature, involve uncertainties and are a matter of significant judgement.

Year Ended January 2009	Maturity	Assets (Liabilities) Carried at Cost/Amortized Cost		Assets (Liabilities) Carried at Fair Value
		Carrying Amount	Fair Value	Carrying Amount
Cash	Short-term	\$ 25,730	\$ 25,730	\$ -
Accounts receivable	Short-term	68,485	68,485	-
Financial assets included in other assets	Long-term	4,845	4,845	-
Bank advances and short-term notes (Note 7)	Short-term	(5,974)	(5,974)	-
Accounts payable and accrued liabilities	Short-term	(117,451)	(117,451)	-
Financial derivative instruments ¹	Short-term	-	-	(129)
Current portion of long-term debt ¹	Short-term	(49,198)	(49,198)	-
Long-term debt (Note 8)	Long-term	(157,725)	(158,638)	-

¹ These items total \$49,327 which comprises the current portion of long-term debt (see Note 8)

Year Ended January 2008	Maturity	Assets (Liabilities) Carried at Cost/Amortized Cost		Assets (Liabilities) Carried at Fair Value
		Carrying Amount	Fair Value	Carrying Amount
Cash	Short-term	\$ 21,732	\$ 21,732	\$ -
Accounts receivable	Short-term	62,759	62,759	-
Financial assets included in other assets	Long-term	4,820	4,820	-
Bank advances and short-term notes (Note 7)	Short-term	(4,336)	(4,336)	-
Accounts payable and accrued liabilities	Short-term	(109,877)	(109,877)	-
Financial derivative instruments ¹	Short-term	-	-	(5,116)
Current portion of long-term debt ¹	Short-term	(13,517)	(13,517)	-
Long-term debt (Note 8)	Long-term	(136,864)	(138,001)	-

¹ These items total \$18,633 which comprises the current portion of long-term debt (see Note 8)

The methods and assumptions used in estimating the fair value of the Company's financial instruments are as follows:

- The fair value of short-term financial instruments approximates their carrying values due to the immediate or short-term period to maturity.
- The fair value of long-term debt with fixed interest rates is estimated by discounting the expected future cash flows using the current risk-free interest rate on an instrument with similar terms adjusted for an appropriate risk premium for the Company's credit profile.
- The financial derivative instruments have been marked to market using rates published by the financial institution which is the counter-party to these contracts.

Financial Derivative Instruments

Year Ended	Notional Value	Interest Rate	Fair Value
January 2009			
Interest rate swaps in effective fair value hedging relationship	US\$9,000 (2007 - US\$14,000)	LIBOR plus 1.87%	\$ 129 (2007-\$121)
Cross-currency interest rate swaps in effective fair value hedging relationship	- (2007 - US\$7,000)	B.A. plus 2.99%	- (2007-3,937)
Cross-currency interest rate swaps no longer in effective fair value hedging relationship	- (2007 - US\$2,000)	B.A. plus 3.16%	- (2007-1,058)

Financial Risk Management The Company manages risk exposures created by its use of financial instruments through a combination of derivative financial instruments, a system of internal and disclosure controls and sound operating practices.

Credit Risk Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk primarily in relation to individual and

commercial accounts receivable. The Company manages credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. The Company does not have any individual customers greater than 10% of total accounts receivable. At January 31, 2009 the Company's maximum credit risk exposure is \$84,514 (January 31, 2008 - \$77,874). Of this amount \$14,870 (January 31, 2008 - \$14,585) is more than 60 days past due. The Company has recorded an allowance against its maximum exposure to credit risk of \$12,941 (January 31, 2008 - \$11,829).

Liquidity Risk Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can do so only at excessive cost. The Company manages liquidity risk by maintaining adequate credit facilities to fund operating requirements and sustaining and growth-related capital expenditures and by regularly monitoring actual and forecasted cash flow and debt levels. The following table summarizes the financial liabilities by relevant maturity dates based on the remaining period at the balance sheet date to the contractual maturity date.

Year Ending January 31	Total	2010	2011	2012	2013	2014	2015+
Accounts payable and accrued liabilities	\$ 117,451	\$ 117,451	\$ -	\$ -	\$ -	\$ -	\$ -
Bank advances and short-term notes (Note 7)	5,974	5,974	-	-	-	-	-
Long-term debt (Note 8)	207,052	49,327	65,257	90,883	774	504	307
Operating leases (Note 17)	159,763	20,853	18,651	17,148	15,331	13,890	73,890
Total	\$ 490,240	\$ 193,605	\$ 83,908	\$ 108,031	\$ 16,105	\$ 14,394	\$ 74,197

At January 31, 2009, the Company has undrawn revolving loan facilities of \$62,541.

Currency Risk Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk, primarily the U.S. dollar, through its net investment in self-sustaining foreign operations and its U.S. dollar denominated borrowings. The Company manages its exposure to currency risk by hedging U.S. denominated borrowings with cross currency interest rate swaps and hedging of a portion of the net investment in self-sustaining foreign operations with a portion of U.S. dollar denominated borrowings.

Management considers a 10% variation in the Canadian dollar relative to the U.S. dollar from a year end rate of 1.2364 reasonably possible. Considering all major exposures to the U.S. dollar as described above, a 10% appreciation of the Canadian dollar against the U.S. dollar in the year end rate would cause net income to decrease by approximately \$100. A 10% depreciation of in the Canadian dollar against the U.S. dollar year end rate would cause net income to increase by approximately \$100.

Interest Rate Risk Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its long-term

borrowings. The Company manages exposure to interest rate risk by using a combination of interest rate swaps, a mixture of fixed and floating rates and cross currency interest rate swaps.

Considering all major exposures to interest rates as described above, a 100 basis point increase in the risk free rate would cause net income to decrease by approximately \$1,700. A 100 basis point decrease would cause net income to increase by approximately \$1,700.

20. CAPITAL MANAGEMENT

The Fund's objectives in managing capital are to deploy capital to provide an appropriate return to unitholders and to maintain a capital structure that provides the flexibility to take advantage of growth and development opportunities of the business, maintain existing assets, meet financial obligations and enhance unitholder value. The capital structure of the Fund consists of bank advances and short-term notes, long-term debt including the current portion and unitholder equity. The Fund manages capital to ensure an appropriate balance between debt and equity. In order to maintain or adjust its capital structure, the Fund may purchase units for cancellation pursuant to normal course issuer bids, issue additional units, borrow additional funds or refinance debt at different terms and conditions.

The Fund's process and policies for managing capital are regularly monitored by the Fund and are reflected in the following measures:

- The Fund's debt-to-equity ratio at the end of the year was .78 compared to .62 last year. The debt-to-equity ratio is within the Fund's objectives. The debt-to-equity ratio is calculated as follows:

Year Ended	January 2009	January 2008
Bank advances and short-term notes	\$ 5,974	\$ 4,336
Current portion of long-term debt (Note 8)	49,327	18,633
Long-term debt (Note 8)	157,725	136,864
Total debt	\$ 213,026	\$ 159,833
Total equity	\$ 274,410	\$ 256,301
Debt-to-equity ratio	.78	.62

- As a result of borrowing agreements entered into by the Fund, there are certain financial covenants that must be maintained. Financial covenants include a fixed charge coverage ratio, minimum current ratio, a leverage test and a minimum net worth test. Compliance with financial covenants is reported quarterly to the Board of Trustees. At January 31, 2009 and 2008, the Fund is in compliance with all financial covenants. Other than the requirements imposed by these borrowing agreements, the Fund is not subject to any externally imposed capital requirements.

Capital management objectives are reviewed on an annual basis. The capital management objectives are substantially unchanged in 2008.

21. BUSINESS ACQUISITIONS

On March 3, 2008, the Company acquired all of the issued and outstanding shares of privately owned Span Alaska Enterprises, Inc. (Span), a food and general merchandise distributor serving retail and wholesale customers in rural Alaska, for \$6,190 in cash consideration plus contingent cash consideration of \$1,466 paid during the three months ended October 31, 2008.

On December 13, 2007, the Company purchased all of the issued and outstanding shares of Cost-U-Less, Inc. (CUL) a leading operator of mid-size warehouse format stores in remote island communities in the South Pacific and the Caribbean for \$54,258 in cash consideration.

All acquisitions have been accounted for by the purchase method of accounting and the results of operations of each acquisition are included in the consolidated financial statements from their respective closing date. The Company finalized the purchase price allocation during the year ended January 31, 2009 for both the CUL and Span acquisitions. The purchase price has been allocated to the acquired assets based on estimates of their fair value as at the closing date. In addition to fair value adjustments to the assets and liabilities acquired, intangible assets relating to the CUL banner and Span non-compete agreements in the amounts of \$7,152 and \$1,421 respectively were recorded. The net impact of the fair value adjustments was a reduction in CUL goodwill of \$4,913 and Span goodwill of \$1,220 from the amounts previously reported.

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

	Span Alaska Enterprises, Inc. March 3, 2008	Cost-U-Less, Inc. December 13, 2007
Assets		
Cash	\$ -	\$ 3,043
Accounts receivable	1,977	1,298
Inventories	807	29,699
Prepaid expenses	17	663
Future income taxes	145	3,524
Property and equipment	104	27,503
Other assets	32	843
Intangible assets	1,421	7,152
Goodwill	4,422	22,492
Total Assets	\$ 8,925	\$ 96,217
Liabilities		
Bank advances and short-term notes	\$ -	\$ 3,122
Accounts payable and accrued expenses	1,269	34,567
Current portion of long-term debt	-	611
Future income taxes	-	828
Long-term debt	-	2,831
Total Liabilities	\$ 1,269	\$ 41,959
Cash consideration	\$ 7,656	\$ 54,258

Goodwill associated with the Span acquisition is deductible for tax purposes. The intangible assets are included in intangible assets on the Company's consolidated balance sheet.

Goodwill associated with the CUL acquisition is not deductible for tax purposes. The intangible assets are included in intangible assets on the Company's consolidated balance sheet.

22. 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. Following is a reconciliation of distributions recorded in retained earnings and distributions paid in cash:

Year Ended	January 2009	January 2008
Distributions recorded in retained earnings	\$ 65,310	\$ 55,635
Special distribution paid February 20, 2009 to unitholders of record on December 31, 2008	(3,386)	-
Special distribution paid February 22, 2008 to unitholders of record on December 31, 2007	5,806	(5,806)
Special distribution paid February 23, 2007 to unitholders of record on December 31, 2006	-	4,838
Distributions paid in cash	\$ 67,730	\$ 54,667

23. FUTURE ACCOUNTING STANDARDS

The Canadian Institute of Chartered Accounts has issued the following new accounting standards:

International Financial Reporting Standards The Canadian Accounting Standards Board will require all public companies 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 will be required to provide IFRS comparative information for the previous fiscal year. The transition from Canadian Generally Accepted Accounting Principles 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.

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 presented. IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS.

The Company has developed an implementation plan and will continue to invest in resources and training to facilitate a timely conversion. In executing the IFRS implementation plan, the Company is currently assessing the impact of IFRS on the consolidated financial statements and disclosures as well as the impact on information systems and internal controls over financial reporting.

24. COMPARATIVE AMOUNTS

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