



NORTH WEST COMPANY FUND PRESS RELEASE

FOR IMMEDIATE RELEASE

"NORTH WEST COMPANY FUND REPORTS 2004 THIRD QUARTER EARNINGS AND ANNOUNCES DISTRIBUTION INCREASE FOR 2005"

Winnipeg, December 9, 2004: North West Company Fund (the "Fund") today reported 2004 third quarter earnings for the period ended October 30, 2004, declared a quarterly cash distribution of \$0.45 per unit to unitholders of record on December 31, 2004, distributable by January 15, 2005, and announced a 4.4% increase in distributions for 2005 to \$0.47 per quarter.

Report to Unitholders

The North West Company Fund reports third quarter earnings to October 30, 2004 of \$11.0 million, an increase of 3.2% compared to last year's third quarter earnings of \$10.6 million. Diluted earnings per unit improved to \$0.68 compared to \$0.66. In the 2003 third quarter, the Fund realized an after tax gain of \$1.1 million from insurance proceeds due to a fire at one of our Alaska stores. Excluding this gain, 2004 third quarter earnings were up 15.1%.

Sales increased 1.5% to \$197.0 million and were up 3.0% excluding the foreign exchange impact of a stronger Canadian dollar compared to the third quarter last year. The foreign exchange impact on sales and earnings from Alaska was \$2.9 million and \$145,000 respectively. Overall a continued focus on margin management, improving operating standards and the benefits of our new store systems contributed to higher earnings in both Canada and Alaska.

The Trustees and the Board approved a planned 4.4% increase in distributions for 2005 to \$0.47 per quarter.

"Our revenue performance was below expectations as we felt the impact of higher fuel costs on our customers' incomes and spending and on our own operating costs," said Edward Kennedy, President and CEO. "In this environment, I'm pleased that we are staying ahead through better merchandising and productivity gains."

Management's Discussion & Analysis

CONSOLIDATED RESULTS

Third quarter consolidated sales increased 1.5% (up 1.2% on a same store basis excluding the foreign exchange impact) to \$197.0 million compared to \$194.0 million in 2003. Third quarter net earnings increased 3.2% to \$11.0 million, compared to \$10.6 million in 2003. Diluted earnings were \$0.68 per unit compared to \$0.66 per unit last year. In the 2003 third quarter, the Fund had realized a one time after tax gain of \$1.1 million from insurance proceeds. Adjusting for this gain, net earnings improved 15.1% over 2003. The stronger Canadian dollar had the result of reducing sales by \$2.9 million and net earnings by \$145,000.

Trading profit¹ or net earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 2.8% to \$21.2 million compared to \$20.6 million in the third quarter last year. Excluding the 2003 pre-tax amount of the insurance gain, trading profit increased 12.8%. Interest expense decreased 15.5% to \$1.3 million due to lower short-term interest rates, lower working capital requirements in the quarter compared to last year and the repayment of a long-term note in Alaska. Income taxes increased marginally due to higher Canadian earnings. The increased Canadian taxes were partly offset by lower taxes in Alaska as last year included the insurance gain noted above.

Year-to-date sales of \$578.8 million were up 2.3% (up 1.1% on a same store basis excluding the foreign exchange impact) over last year. Consolidated earnings increased 6.3% to \$26.7 million or \$1.66 per unit, over \$25.1 million or \$1.56 per unit, in 2003. Consolidated earnings in 2004 increased 11.2% excluding the insurance gain realized in the third quarter last year. Trading profit increased 6.3% (up 10.2% excluding the pre-tax amount of the insurance gain) to \$55.1 million from \$51.8 million last year. The stronger Canadian dollar continued to affect the conversion of Alaska sales and net earnings, but to a lesser degree than in 2003. Net earnings contribution from the Alaska operations was negatively impacted by 6.2% year-to-date or \$0.02 per unit.

CANADIAN OPERATIONS

Canadian sales for the quarter increased 3.1% (0.9% on a same store basis) to \$154.9 million compared to \$150.1 million in 2003. Trading profit increased 13.0% to \$16.4 million from \$14.5 million last year.

Canadian food sales increased 3.5% in the third quarter compared to last year. Northern Canada stores (Northern and NorthMart banners) food sales increased 1.1% (1.1% on a same store basis). Sales growth was achieved in all major categories except in grocery non-food, which decreased 3.3% due to competitive pricing pressures. Deli, confections and food services achieved increases of 16.4%, 13.9% and 11.3% respectively.

Canadian general merchandise sales increased 3.2% in the quarter. General merchandise sales in Northern Canada improved over the second quarter but were still down 1.6% (a decrease of 0.6% on a same store basis) compared to the third quarter 2003. Toys and seasonal, home furnishings and transportation had sales increases of 19.6%, 9.9% and 7.7% respectively. Softline sales had the largest decrease due to the late timing of merchandise flow to stores.

Canadian gross profit dollar contribution in the quarter increased by 4.6% from last year. The gross profit rate in Northern Canada increased by 107 basis points due to a continued focus on lowering food product costs, more productive and balanced general merchandise inventory levels

¹ See Non GAAP Measures Section of Management's Discussion & Analysis

and less price discounting. Northern Canada food gross profit dollars grew by 3.6% while general merchandise gross profit dollars increased 4.0%.

The Company's Giant Tiger store sales were less than planned in the quarter due to the lower general merchandise sales resulting from unseasonable weather and a de-emphasis on less profitable categories. Sales on a same store basis increased 3.0% from last year due primarily to continued strong food sales.

Included in the Canadian third quarter results were \$2.3 million in asset write downs and other expenses related to a decision to close two under performing NorthMart stores, one of which will be re-opened as a Giant Tiger store in early 2005. The quarter results also included a gain from reducing allowances on doubtful accounts by \$2.0 million. This decision was based on the ability of the Company's new central credit management system to better monitor accounts and initiate more proactive collections. The reserve for doubtful accounts is still considered to be conservative.

ALASKAN OPERATIONS (stated in U.S. dollars)

Alaska Commercial Company (AC) sales for the quarter increased 2.6% (2.8% on a same store basis) to \$32.8 million compared to \$32.0 million last year. This sales performance is considered to be strong in a challenging consumer income environment caused by higher energy costs and a 16.9% or \$188 per capita decline in the Alaska Permanent Fund Dividend (PFD) compared to 2003.

AC's retail food sales increased 4.1% (4.1% on a same store basis). Growth was realized in all food categories except produce. AC continues to grow its market share in many communities.

General merchandise sales in the retail stores were down 1.4% (-1.4% on a same store basis). Transportation, toys and housewares sales increased over last year by 23.8%, 6.6% and 4.3% respectively, while home furnishings, softlines and sporting goods sales decreased. The lower PFD affected discretionary big-ticket categories such as home furnishing and electronics.

Sales at Frontier Expeditors (FE), AC's wholesale business, were flat to last year in the quarter. Food sales were down 7.5% but this was offset by gains in general merchandise. The ongoing focus on individual customer profitability dampened sales but also reduced bad debt expense.

AC's gross profit rate was up 91 basis points in the quarter. Operating expenses continue to be tightly managed with improved staff efficiencies offsetting in most part higher insurance and energy-related expenses.

AC's trading profit for the quarter decreased 15.5% to \$3.7 million compared to \$4.4 million last year because of the pre-tax insurance gain of \$1.3 million realized in the 2003 third quarter. Excluding the insurance gain from 2003, trading profit was up 19.9%.

FINANCIAL CONDITION

Financial Ratios

The Fund continues to improve its financial position. The Company's debt-to-equity ratio at the end of the quarter was .56:1 compared to .59:1 last year. At January 2004 the ratio was .56:1. The Fund believes that the debt-to-equity ratio will continue to improve in the fourth quarter.

Working capital decreased \$2.2 million compared to the same period in 2003. The decrease in working capital is due in part to higher payables as merchandise was received later in the quarter this year. Offsetting the increase in current liabilities is an increase in cash due to the timing of month-end customer cheque-cashing demands and higher receivables as a result of an increase in sales of big-ticket items in Canada.

Outstanding Units

The weighted average units outstanding for the quarter were 15,919,000 compared to 15,942,000 last year. The decrease is due to the additional units purchased under the Company's Officer Unit Purchase Loan Plan.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities for the quarter decreased to \$5.5 million from \$9.2 million. The decrease is due to higher receivables and an increase in inventory from the second quarter to meet winter and Christmas sales. On a year-to-date basis, cash flow from operating activities has improved by \$1.0 million. Cash flow from operations in 2004 is expected to fund all distributions and capital expenditures for the year.

Cash flow used in investing activities was lower than last year's third quarter as costs associated with the development and rollout of the new in-store system in our northern stores winds down. For the year, capital expenditures are expected to be \$26.0 million versus \$33.0 million in 2003.

Cash flow from financing activities in the quarter was \$72,000 compared to a use of cash of \$41,000 last year. The increase in bank advances of \$8.8 million was to finance the higher receivables and inventories.

OTHER HIGHLIGHTS

- A new Northern store was opened in Sopotaweyak, Manitoba on October 4, 2004.
- New replacement Northern stores were opened in Repulse Bay, Nunavut on October 19, 2004 and Wunnumin Lake, Ontario on November 1, 2004.
- A Giant Tiger was opened in Saskatoon, Saskatchewan on October 30. There are now ten Giant Tiger stores operating in western Canada.
- The in-store information system (ISS) rollout was completed by November 15, 2004.

OUTLOOK

Sales momentum within Canadian operations has improved modestly though the year. This is expected to continue in the fourth quarter due to more aggressive food pricing and improved in-stock positions in most general merchandise categories. On the other hand, consumer spending in the North is expected to be increasingly constrained by higher energy-related living costs.

Sales growth in Alaska slowed in the third quarter in part due to the lower Permanent Fund Dividend this year. We believe fourth quarter sales increases in Alaska will be modest.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected quarterly financial information. Each quarter represents a 13-week period, except the fourth quarter of 2003, which represents a 14-week period.

Operating Results-Consolidated

(\$ in millions)	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2004	2003	2004	2003	2004	2003	2003	2002
Sales	\$ 197.0	\$ 194.0	\$ 197.5	\$ 192.4	\$ 184.4	\$ 179.4	\$ 217.0	\$ 205.1
Trading profit	21.2	20.6	19.3	18.0	14.6	13.2	21.0	20.4
Net earnings	11.0	10.6	9.3	8.9	6.4	5.5	10.6	10.2
Net earnings per unit:								
Basic	0.69	0.67	0.59	0.56	0.40	0.35	0.66	0.63
Diluted	0.68	0.66	0.58	0.55	0.40	0.35	0.66	0.63

Sales growth reflects an increase in the number of Giant Tiger stores, AC's market share gains and continuing growth of food sales in our northern Canada stores. Sales growth was negatively impacted by the strengthening Canadian dollar and the weakness in general merchandise sales in northern Canada.

ACCOUNTING STANDARDS IMPLEMENTED IN 2004

Effective February 1, 2004, the Company implemented the following accounting standards issued by the Canadian Institute of Chartered Accountants:

Hedging Relationships

Accounting Guideline 13, "Hedging Relationships" (AcG 13), addresses the identification, designation, documentation and effectiveness of hedging transactions for the purposes of applying hedge accounting. It also establishes conditions for applying or discontinuing hedge accounting. Under the new guideline, the Company is required to document its hedging transactions and explicitly demonstrate that the hedges are sufficiently effective in order to continue accrual accounting for positions hedged with derivatives. The adoption of AcG 13 had no impact on the Company's financial position or results of operations.

Asset Retirement Obligations

Section 3110, "Asset Retirement Obligations" (CICA 3110), provides guidance for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. 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 adjusted to reflect the passage of time and changes in the estimated future costs underlying the obligation.

Accordingly, the Company has recognized a discounted liability associated with obligations arising from the operation of gasoline dispensing units and specific provisions in certain lease agreements regarding the exiting of leased properties at the end of the respective lease terms. This standard was implemented retroactively with restatement of the prior year's consolidated financial statements. The cumulative effect of implementation was a decrease to opening retained earnings for 2003 of \$287,000 (net of future income taxes recoverable of \$163,000), an

increase in fixed assets of \$587,000 and an increase in other liabilities of \$1,030,000 and an increase in the cumulative translation adjustment of \$7,000. The impact on net earnings for each of 2003 and 2004 was not material.

Accounting by a Customer (Including a Reseller) for certain Consideration Received from a Vendor (EIC Abstract 144)

EIC 144 provides guidance on accounting for cash consideration received from a vendor. EIC 144 requires a customer to record cash consideration received from a vendor as a reduction in the price of the vendor's products and reflect it as a reduction of cost of goods sold and related inventory when recognized in the income statement and balance sheet. Certain exceptions apply if the cash consideration received is a payment for assets or services delivered to the vendor or for reimbursement of selling costs incurred to promote the vendor's products. EIC 144 must be applied retroactively to all financial statements for annual and interim periods ending after August 15, 2004. Accordingly, in the third quarter of 2004, the Company has implemented EIC 144 retroactively with restatement of the consolidated financial statements.

The Company receives allowances from certain of its merchandise vendors which it records as a reduction of cost of goods sold. EIC 144 has changed the timing of recognition of some vendor allowances. As a result of the retroactive application of EIC 144, the Company recorded a decrease to opening retained earnings for 2003 of \$857,000 (net of current future income taxes recoverable of \$485,000), a decrease to inventory of \$1,318,000 and an increase of \$24,000 to the cumulative translation adjustment. The impact on net earnings for each of 2003 and 2004 was not material.

UNITHOLDER DISTRIBUTIONS

The Trustees declared a quarterly cash distribution of \$0.45 per unit, which consists of \$0.39 in interest income and \$0.06 in dividend income to unitholders of record on December 31, 2004, distributable by January 15, 2005. The Trustees and the Board approved a 4.4% increase in distributions for 2005 to \$0.47 per quarter, subject to a quarterly review and approval by the Trustees of North West Company Fund and the Board of The North West Company Inc.

NON-GAAP MEASURES

(1) Trading Profit (EBITDA) is not a recognized measure under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings (loss), trading profit is a useful supplemental measure as it provides investors with an indication of cash available for distribution prior to amortization, interest expense and income taxes. Investors should be cautioned, however, that trading profit should not be construed as an alternative to net earnings (loss) 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 net earnings, the closest comparable GAAP measure, to trading profit or EBITDA for consolidated operations is provided below.

Reconciliation of net earnings to trading profit:

(\$ in thousands)	Third Quarter		Year to Date	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net earnings	\$ 10,993	\$ 10,648	\$ 26,701	\$ 25,116
Add: Amortization	5,938	5,608	17,840	16,813
Interest expense	1,344	1,591	4,363	4,761
Income taxes	<u>2,890</u>	<u>2,739</u>	<u>6,188</u>	<u>5,114</u>
Trading profit	<u>\$ 21,165</u>	<u>\$ 20,586</u>	<u>\$ 55,092</u>	<u>\$ 51,804</u>

For trading profit information by business segment, see note 5 Segmented Information in the notes to the unaudited interim period consolidated financial statements.

Forward-Looking Statements

This Quarterly Report for North West Company Fund, including Management's Discussion and Analysis (MD&A), contains certain forward-looking statements. Such statements relate to, among other things, sales growth, expansion and growth of the Company's business, future capital expenditures and the Company's business strategy. Forward-looking statements are subject to inherent uncertainties and risks including but not limited to: general industry and economic conditions, changes in the Company's relationship within the communities its serves and with its suppliers, pricing pressure and other competitive factors, the availability and costs of merchandise, fuels and utilities, the results of the Company's ongoing efforts to improve cost effectiveness, the rates of return on the Company's pension plan assets, changes in regulatory requirements affecting the Company's business and the availability and terms of financing. Other risks are outlined in the Risk Management section of the MD&A included in the Fund's 2003 Annual Report. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements. In evaluating forward-looking statements, readers should specifically consider the various factors, which could cause actual events or results to differ materially from such forward-looking statements.

The North West Company Inc. (NWC) is the leading retailer of food and everyday products and services to northern communities across Canada and Alaska. NWC operates 183 stores under a number of trading names, including Northern, NorthMart, Giant Tiger and AC Value Center, and provides catalogue shopping services through its *Selections* catalogue in northern Canada.

The units of the Fund trade on the TSX Toronto Stock Exchange under the symbol "NWF.UN".

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CONSOLIDATED BALANCE SHEETS

	October 30 2004	October 25 2003	January 31 2004
(unaudited, \$ in thousands)		(Restated Note 1)	(Restated Note 1)
ASSETS			
Current assets			
Cash	\$ 13,754	\$ 9,465	\$ 16,627
Accounts receivable	58,948	56,896	59,414
Inventories	132,508	132,641	114,790
Prepaid expenses	4,163	3,337	3,083
Future income taxes	2,390	3,505	2,916
Total Current Assets	211,763	205,844	196,830
Property and equipment	186,947	186,078	192,395
Other assets	11,832	12,503	12,153
Future income taxes	8,349	9,678	8,222
Total Assets	\$ 418,891	\$ 414,103	\$ 409,600
LIABILITIES			
Current liabilities			
Bank advances and short-term notes	\$ 38,946	\$ 37,152	\$ 30,313
Accounts payable and accrued	53,322	46,713	50,306
Income taxes payable	2,853	1,873	1,881
Current portion of long-term debt	479	1,759	640
Total Current Liabilities	95,600	87,497	83,140
Long-term debt	89,923	96,067	96,949
Other liabilities	1,080	1,030	1,033
Total Liabilities	186,603	184,594	181,122
EQUITY			
Capital	165,205	165,205	165,205
Unit purchase loan plan (Note 2)	(4,289)	(4,108)	(3,650)
Retained earnings	66,610	63,559	61,679
Cumulative currency translation adjustments	4,762	4,853	5,244
Total Equity	232,288	229,509	228,478
Total Liabilities and Equity	\$ 418,891	\$ 414,103	\$ 409,600

See accompanying notes to unaudited interim period consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(unaudited, \$ in thousands)	13 Weeks Ended October 30 2004	13 Weeks Ended October 25 2003 <small>(Restated Note 1)</small>	39 Weeks Ended October 30 2004	39 Weeks Ended October 25 2003 <small>(Restated Note 1)</small>
SALES	\$ 196,989	\$ 193,998	\$ 578,836	\$ 565,770
Cost of sales, selling and administrative expenses	(175,824)	(173,412)	(523,744)	(513,966)
Net earnings before amortization, interest and income taxes	21,165	20,586	55,092	51,804
Amortization	(5,938)	(5,608)	(17,840)	(16,813)
Interest	15,227 (1,344)	14,978 (1,591)	37,252 (4,363)	34,991 (4,761)
Provision for income taxes (Note 3)	13,883 (2,890)	13,387 (2,739)	32,889 (6,188)	30,230 (5,114)
NET EARNINGS FOR THE PERIOD	10,993	10,648	26,701	25,116
Retained earnings, beginning of period as previously reported	62,874	60,057	61,679	52,165
Impact of implementing new accounting standards (Note 1) as restated	73,867	(857) 69,848	88,380	(1,144) 76,137
Distributions	(7,257)	(6,289)	(21,770)	(12,578)
RETAINED EARNINGS, END OF PERIOD	\$ 66,610	\$ 63,559	\$ 66,610	\$ 63,559
NET EARNINGS PER UNIT				
Basic	\$ 0.69	\$ 0.67	\$ 1.68	\$ 1.58
Diluted	\$ 0.68	\$ 0.66	\$ 1.66	\$ 1.56
Weighted Average Number of Units Outstanding (000's)				
Basic	15,919	15,942	15,912	15,943
Diluted	16,126	16,126	16,126	16,126

See accompanying notes to unaudited interim period consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	13 Weeks Ended October 30 2004	13 Weeks Ended October 25 2003	39 Weeks Ended October 30 2004	39 Weeks Ended October 25 2003
(unaudited, \$ in thousands)		(Restated Note 1)		(Restated Note 1)
CASH PROVIDED BY (USED IN)				
Operating Activities				
Net earnings for the period	\$ 10,993	\$ 10,648	\$ 26,701	\$ 25,116
Non-cash items				
Amortization	5,938	5,608	17,840	16,813
Future income taxes	1,053	1,385	242	671
Amortization of deferred financing costs	47	47	140	140
(Gain)loss on disposal of property and equipment	736	(1,830)	745	(2,001)
Cash flow from operations	18,767	15,858	45,668	40,739
Change in other non-cash items	(13,246)	(6,640)	(16,281)	(12,385)
Operating activities	5,521	9,218	29,387	28,354
Investing Activities				
Purchase of property and equipment	(6,623)	(11,306)	(17,310)	(21,501)
Proceeds from disposal of property and equipment	175	2,641	613	2,836
Investing activities	(6,448)	(8,665)	(16,697)	(18,665)
Financing Activities				
Change in bank advances and short-term notes	8,793	7,110	8,790	9,445
Net purchase of units for unit purchase loan plan	114	(686)	(639)	(743)
Repayment of long-term debt	(1,578)	(176)	(1,944)	(510)
Distributions	(7,257)	(6,289)	(21,770)	(18,867)
Financing activities	72	(41)	(15,563)	(10,675)
NET CHANGE IN CASH	(855)	512	(2,873)	(986)
Cash, beginning of period	14,609	8,953	16,627	10,451
CASH, END OF PERIOD	\$ 13,754	\$ 9,465	\$ 13,754	\$ 9,465
Supplemental disclosure of cash paid for:				
Interest expense	\$ 317	\$ 362	\$ 3,253	\$ 3,646
Income taxes	1,360	740	4,969	3,276

See accompanying notes to unaudited interim period consolidated financial statements.

NOTES TO THE UNAUDITED INTERIM PERIOD 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 accounting policies and their methods of application as the 2003 annual financial statements, except as described below. 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 2003 Annual Report.

Effective February 1, 2004, the Company implemented the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA):

Hedging Relationships

Accounting Guideline 13 "Hedging Relationships" (AcG 13), addresses the identification, designation, documentation and effectiveness of hedging transactions for the purposes of applying hedge accounting. It also establishes conditions for applying or discontinuing hedge accounting. Under the new guideline, the Company is required to document its hedging transactions and explicitly demonstrate that the hedges are sufficiently effective in order to continue accrual accounting for positions hedged with derivatives. The adoption of AcG 13 had no impact on the Company's financial position or results of operations.

Asset Retirement Obligations

Section 3110, "Asset Retirement Obligations" (CICA 3110), provides guidance for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs. 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 adjusted to reflect the passage of time and changes in the estimated future costs underlying the obligation.

Accordingly, the Company has recognized a discounted liability associated with obligations arising from the operation of gasoline dispensing units and specific provisions in certain lease agreements regarding the exiting of leased properties at the end of the respective lease terms. This standard was implemented retroactively with restatement of the prior year's consolidated financial statements. The cumulative effect of implementation was a decrease to opening retained earnings for 2003 of \$287,000 (net of future income taxes recoverable of \$163,000), an increase in fixed assets of \$587,000, an increase in other liabilities of \$1,030,000 and an increase in the cumulative translation adjustment of \$7,000. The impact on net earnings for each of 2003 and 2004 was not material.

Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor (EIC Abstract 144)

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NOTES TO THE UNAUDITED INTERIM PERIOD CONSOLIDATED FINANCIAL STATEMENTS**2. Unit Purchase Loan Plan**

Loans issued to officers to purchase units under the unit purchase loan plan are treated as a reduction of equity. These loans are non-interest bearing and repayable from the after tax distributions or if the officer sells the units or leaves the Company. The loans are secured by a pledge of 222,069 units of the Company with a quoted value at October 30, 2004 of \$5,907,000. Loans receivable at October 30, 2004 of \$4,289,000 are recorded as a reduction of equity. The loans have a term of five years. The maximum value of the loans under the plan will not exceed \$7,500,000.

3. Income Taxes

Certain interest amounts deducted by The North West Company Inc. are included as taxable income to unitholders of North West Company Fund upon distribution. The income tax benefit of loss carryforwards to the Company has been recorded in these financial statements as a future income tax asset.

4. Employee Future Benefits

The Company's expense for employee future benefits is included in cost of sales, selling and administrative expenses. The expense for defined benefit and defined contribution pension plans for the thirteen weeks ended October 30, 2004 is \$458,000 (2003 - \$416,000) and for the thirty nine weeks ended October 30, 2004 \$1,374,000 (2003 - \$1,248,000). The Company maintains an employee savings plan for substantially all of its U.S. employees and recorded an expense for the thirteen weeks ended October 30, 2004 of US\$41,000 (2003 - US\$35,000) and for the thirty nine weeks ended October 30, 2004 US\$115,000 (2003 - US\$111,000).

5. Segmented Information (\$ in thousands)

The Company operates predominantly within the retail industry in northern Canada and Alaska. The following information is presented for the two business segments:

	13 Weeks Ended October 30 2004	13 Weeks Ended October 25 2003	39 Weeks Ended October 30 2004	39 Weeks Ended October 25 2003
Sales				
Canada	\$ 154,851	\$ 150,141	\$ 455,636	\$ 439,605
Alaska	<u>42,138</u>	<u>43,857</u>	<u>123,200</u>	<u>126,165</u>
Total	\$ 196,989	\$ 193,998	\$ 578,836	\$ 565,770
Net earnings before amortization, interest and income taxes				
Canada	\$ 16,365	\$ 14,481	\$ 43,130	\$ 39,770
Alaska	<u>4,800</u>	<u>6,105</u>	<u>11,962</u>	<u>12,034</u>
Total	\$ 21,165	\$ 20,586	\$ 55,092	\$ 51,804
Net earnings before interest and income taxes				
Canada	\$ 11,394	\$ 9,857	\$ 28,279	\$ 26,002
Alaska	<u>3,833</u>	<u>5,121</u>	<u>8,973</u>	<u>8,989</u>
Total	\$ 15,227	\$ 14,978	\$ 37,252	\$ 34,991
Identifiable Assets				
Canada	\$ 298,047	\$ 296,272	\$ 298,047	\$ 296,272
Alaska	<u>63,589</u>	<u>68,215</u>	<u>63,589</u>	<u>68,215</u>
Total	\$ 361,636	\$ 364,487	\$ 361,636	\$ 364,487

6. Comparative Amounts

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