

Management's Responsibility for Financial Statements

The management of North West Company Fund and The North West Company Inc. 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 & SECRETARY,
NORTH WEST COMPANY FUND
MARCH 15, 2006

Auditor's 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 28, 2006 and as at January 29, 2005 and the consolidated statements of earnings and retained earnings and cash flows for the fiscal 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 28, 2006 and January 29, 2005 and the results of its operations and its cash flows for the fiscal years then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANTS
WINNIPEG, CANADA

MARCH 15, 2006

Consolidated Balance Sheets

(\$ in thousands)

January 28, 2006

January 29, 2005

ASSETS

Current assets		
Cash	\$ 21,888	\$ 11,438
Accounts receivable	67,498	69,040
Inventories	124,551	122,580
Prepaid expenses	2,981	2,663
Future income taxes (Note 11)	1,824	2,467
	218,742	208,188
Property and equipment (Note 3)	182,108	186,104
Other assets (Note 4)	17,306	12,253
Future income taxes (Note 11)	5,693	7,932
	\$ 423,849	\$ 414,477

LIABILITIES

Current liabilities		
Bank advances and short-term notes (Note 5)	\$ 27,041	\$ 32,023
Accounts payable and accrued liabilities	65,016	52,616
Income taxes payable	3,302	3,539
Current portion of long-term debt (Note 6)	108	106
	95,467	88,284
Long-term debt (Note 6)	84,524	88,803
Asset retirement obligations (Note 7)	1,285	1,105
	181,276	178,192

EQUITY

Capital (Note 8)	165,205	165,205
Unit purchase loan plan (Note 9)	(9,965)	(4,429)
Retained earnings	83,133	70,560
Cumulative currency translation adjustments (Note 10)	4,200	4,949
	242,573	236,285
	\$ 423,849	\$ 414,477

See accompanying notes to consolidated financial statements

Approved by the Trustees

Ian Sutherland
TRUSTEE

Edward S. Kennedy
TRUSTEE

Consolidated Statements of Earnings & Retained Earnings

(\$ in thousands)	52 Weeks Ended January 28, 2006	52 Weeks Ended January 29, 2005
SALES	\$ 849,653	\$ 788,693
Cost of sales, selling and administrative expenses	(764,151)	(712,087)
Net earnings before amortization, interest and income taxes	85,502	76,606
Amortization	(25,013)	(23,905)
	60,489	52,701
Interest, including interest on long-term debt of \$5,080 (2004 \$4,821)	(6,120)	(5,761)
	54,369	46,940
Provision for income taxes (Note 11)	(11,479)	(9,675)
NET EARNINGS FOR THE YEAR	42,890	37,265
Retained earnings, beginning of year	70,560	61,679
Distributions	(30,317)	(28,384)
RETAINED EARNINGS, END OF YEAR	\$ 83,133	\$ 70,560
NET EARNINGS PER UNIT (Note 12)		
Basic	\$ 2.70	\$ 2.34
Diluted	\$ 2.68	\$ 2.32

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

(\$ in thousands)	52 Weeks Ended January 28, 2006	52 Weeks Ended January 29, 2005
CASH PROVIDED BY (USED IN)		
Operating Activities		
Net earnings for the year	\$ 42,890	\$ 37,265
Non-cash items		
Amortization	25,013	23,905
Future income taxes	2,780	636
Amortization of deferred financing costs	186	186
(Gain) Loss on disposal of property and equipment	(13)	1,158
	70,856	63,150
Change in non-cash working capital	9,865	(13,698)
Change in other non-cash items	(5,432)	(527)
Operating activities	75,289	48,925
Investing Activities		
Purchase of property and equipment	(24,833)	(22,323)
Proceeds from disposal of property and equipment	848	694
Investing activities	(23,985)	(21,629)
Financing Activities		
Change in bank advances and short-term notes	(4,899)	1,885
Net purchase of units for unit purchase loan plan	(5,536)	(779)
Repayment of long-term debt	(102)	(4,486)
Distributions	(30,317)	(29,105)
Financing activities	(40,854)	(32,485)
NET CHANGE IN CASH	10,450	(5,189)
Cash, beginning of year	11,438	16,627
CASH, END OF YEAR	\$ 21,888	\$ 11,438
Supplemental disclosure of cash paid for:		
Interest expense	\$ 6,166	\$ 6,076
Income taxes	9,260	7,453

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

January 28, 2006

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 subsidiary The North West Company Inc. (NWC), administer the assets and liabilities of NWF and make distributions to the unitholders all in accordance with the Declaration of Trust.

2. 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 Canadian dollars unless otherwise noted.

These consolidated financial statements include the accounts of NWF, NWC and its wholly owned subsidiaries (the "Company"), Alaska Commercial Company (AC) and the group of Tora companies, operating as Giant Tiger stores. All significant inter-company amounts and transactions have been eliminated on consolidation.

Fiscal Year The fiscal year ends on the last Saturday in January. Accordingly, the 2005 fiscal year ended January 28, 2006 (52 weeks) and the 2004 fiscal year ended January 29, 2005 (52 weeks). Approximately every five years an additional week of sales and expenses are included in the financial results to bring results back in line with the 52-week year.

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 classified as current assets include customer installment accounts of which a portion will not become due within one year.

Inventories Inventories are valued at the lower of cost and net realizable value less normal profit margins. 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.

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 recorded at cost. Amortization is provided using the straight-line method over their estimated useful lives, as follows:

Buildings.....	2%-5%
Leasehold improvements.....	5%-20%
Fixtures and equipment.....	8%
Computer equipment and software.....	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.

Other Assets The investment in a transportation company is accounted for on the equity basis. Deferred financing costs are being amortized over the life of the debt. Prepayments under lease agreements are being amortized over their respective lease terms.

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

Foreign Currency Translation The accounts of Alaskan 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 self-sustaining Alaskan operations and the portion of the U.S. denominated debt designated as a hedge against this investment are deferred and included in a separate component of equity as a cumulative currency translation adjustment. These cumulative currency translation adjustments are recognized in income when there has been a reduction in the net investment in the self-sustaining foreign operation.

Income Taxes 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.

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.

Employee Future Benefits The Company maintains both defined benefit and defined contribution pension plans for substantially all of its 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 value 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 (2004 - 15 years). Contributions to the defined contribution pension plan are expensed as incurred.

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 adjusted to reflect the passage of time and changes in the estimated future costs underlying the obligation.

Unit Appreciation Rights (UARs) Plans Compensation expense under the Company's UARs plans is charged to operations as it accrues using the fair value method. No units of the Fund are issued under these plans.

Financial Instruments The Company uses various financial instruments to reduce its exposure to fluctuations in interest and U.S. currency exchange rates. The Company does not hold or issue any derivative financial instruments for speculative trading purposes. The interest differential to be paid or received under interest rate swap agreements is recognized over the life of the contracts as an adjustment to interest expense. The Company translates its U.S. denominated debt that is hedged by cross currency swaps at the rate implicit in the swap agreement.

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.

3. PROPERTY AND EQUIPMENT (\$ in thousands)

Year Ended	January 2006		January 2005	
	Accumulated Cost	Amortization	Accumulated Cost	Amortization
Land	\$ 6,420	\$ -	\$ 6,498	\$ -
Buildings & leasehold improvements	208,879	101,560	201,775	93,385
Fixtures & equipment	127,217	79,520	121,051	73,223
Computer equipment & software	65,844	45,172	62,967	39,579
	\$ 408,360	\$ 226,252	\$ 392,291	\$ 206,187
Net book value	\$ 182,108		\$ 186,104	

4. OTHER ASSETS (\$ in thousands)

Year Ended	January 2006	January 2005
Investments in transportation companies	\$ 3,585	\$ 5,036
Accrued benefit asset	7,431	294
Deferred financing costs	667	853
Prepayments under lease agreements	957	1,052
Long-term receivable	3,601	3,839
Other*	1,065	1,179
	\$ 17,306	\$ 12,253

*Other includes redeemable deposits with suppliers

5. BANK ADVANCES AND SHORT-TERM NOTES

The Canadian operation has available operating loan facilities of \$85 million at interest rates ranging from prime to prime plus 0.75%. These facilities are secured by a floating charge against the assets of the Company on a parri-passu basis with the senior note holders. As at January 28, 2006, the Company had drawn on the facilities \$27,041,000 (2004 - \$29,191,000).

The Alaskan operation has available an operating loan facility of US\$4 million at an interest rate of prime plus 1.0% secured by a floating charge against the assets of the Company. As at January 28, 2006, the Alaskan operations had no outstanding amount drawn on the facility (2004 - US\$2,281,000).

6. LONG-TERM DEBT

Year Ended (\$ in thousands)	January 2006	January 2005
Senior notes ¹	\$ 74,581	\$ 80,679
Effect of foreign currency swaps ¹	8,831	6,805
Obligation under capital lease ²	1,220	1,425
	84,632	88,909
Less: Current portion of long-term debt	108	106
	\$ 84,524	\$ 88,803

1 The US\$65 million senior notes mature on June 15, 2009 and bear an interest rate of 5.89% payable semi-annually. Repayment of 20% of the principal is required on June 15, 2007 and June 15, 2008. The notes are secured by a floating charge against the assets of the Company. The Company has entered into various cross currency interest rate and interest rate swaps resulting in floating interest costs on US\$36 million of its senior notes. After giving effect to the interest rate swaps and cross currency interest rate swaps the effective interest rate for 2005 was 6.1% (2004 - 5.3%).

2 The obligation under a capital lease of US\$1,063,000 (2004 - US\$1,148,000) is repayable in blended principal and interest payments of US\$200,000 annually. The obligation will be fully repaid on October 31, 2013.

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

Years Ending January	(\$ in thousands)
2007	\$ 108
2008	15,036
2009	15,049
2010	44,896
2011	163

7. ASSET RETIREMENT OBLIGATIONS

The Company has recognized a discounted liability associated with obligations arising from the operation of petroleum dispensing units and specific provisions in certain lease agreements regarding the exiting of leased properties at the end of the respective lease terms. At January 28, 2006, the undiscounted cash flows required to settle the obligations is \$6.5 million, which is expected to be settled between 2006 and 2058. The credit-adjusted risk free rate at which the estimated cash flows have been discounted is 8%.

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

Year Ended (\$ in thousands)	January 2006	January 2005
Balance, beginning of year	\$ 1,105	\$ 1,033
Liabilities incurred during the year	99	-
Accretion expense included in cost of sales, selling and administrative expenses	81	72
Balance, end of year	\$ 1,285	\$ 1,105

8. CAPITAL

Authorized The Fund has an unlimited number of units.

(units and \$ in thousands)		January 2006	January 2005
Year Ended			
Issued and outstanding	16,126	\$165,205	16,126 \$165,205

9. 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. These loans are non-interest bearing and are repayable from the Company's after tax distributions or if the officer sells the units or leaves the Company. The loans are secured by a pledge of 305,456 units of NWF with a quoted value of \$10,996,000 as at January 28, 2006. Loans receivable at January 28, 2006 of \$9,965,000 (2004 - \$4,429,000) are recorded as a reduction of equity. The loans have terms of three to five years. The maximum amount of the loans under the plan is currently limited to \$15,000,000.

10. CUMULATIVE CURRENCY TRANSLATION ADJUSTMENTS (\$ in thousands)

Year Ended	January 2006	January 2005
Balance, beginning of year	\$ 4,949	\$ 5,244
Movement in exchange rate	(749)	(295)
Balance, end of year	\$ 4,200	\$ 4,949

The cumulative currency translation adjustments account represents the net changes due to exchange rate fluctuations in the equivalent Canadian dollar book values of the net investment in self-sustaining Alaskan operations since the date of acquisition. A portion of the U.S. denominated senior notes in the amount of US\$43 million has been designated as a hedge against the Alaskan operations.

11. INCOME TAXES (\$ in thousands)

Significant components of the Company's future tax assets are as follows:

Year Ended	January 2006	January 2005
Future tax assets		
Non-capital loss carryforwards	\$ 245	\$ 472
Tax values of capital assets in excess of accounting values	7,915	7,545
Provisions and other temporary differences	(643)	2,382
Net future tax asset	\$ 7,517	\$ 10,399
Comprised of		
Current	\$ 1,824	\$ 2,467
Long-term	5,693	7,932
	\$ 7,517	\$ 10,399

Income tax expense differs from the amounts, which would be obtained by applying the combined statutory income tax rate to earnings due to the following:

Year Ended	January 2006	January 2005
Net earnings before income taxes	\$ 54,369	\$ 46,940
Combined statutory income tax rate	36.34%	36.67%
Income taxes based on combined statutory income tax rate	19,757	17,212
Increase (decrease) in income taxes resulting from:		
Large corporation tax	525	620
Amounts not subject to income tax	(1,112)	(160)
Income tax deductions on interest paid to the Fund	(9,340)	(9,425)
Withholding tax	314	815
Recognition of Canadian income tax rate changes on future income taxes	34	(39)
Other	1,301	652
Provision for income taxes	\$ 11,479	\$ 9,675
Effective income tax rate	21.11%	20.61%

Significant components of the provision for income taxes are as follows:

Year Ended	January 2006	January 2005
Current income tax expense	\$ 8,699	\$ 9,039
Future income tax expense (benefit) relating to:		
Temporary differences and loss carryforwards	2,746	675
Recognition of Canadian income tax rate changes on future income taxes	34	(39)
Provision for income taxes	\$ 11,479	\$ 9,675

12. NET EARNINGS PER UNIT

Basic net earnings per unit are calculated based on the weighted-average units outstanding of 15,898,000 (2004 - 15,918,000).

The diluted net earnings per unit takes into account 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.

(\$ and units in thousands except earnings per unit)

Year Ended	January 2006	January 2005
Diluted earnings per unit calculation:		
Net earnings for the year (numerator for basic earnings per unit)	\$ 42,890	\$ 37,265
After tax interest cost of unit purchase loan plan	266	163
Numerator for diluted earnings per unit	\$ 43,156	\$ 37,428
Weighted average units outstanding (denominator for basic earnings per unit)	15,898	15,918
Effect of diluted unit purchase loan plan	228	208
Denominator for diluted earnings per unit	16,126	16,126
Basic earnings per unit	\$ 2.70	\$ 2.34
Diluted earnings per unit	\$ 2.68	\$ 2.32

13. SEGMENTED INFORMATION (\$ in thousands)

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

Year Ended	January 2006	January 2005
Sales		
Canada	\$ 689,340	\$ 629,822
Alaska	160,313	158,871
Total	\$ 849,653	\$ 788,693
Net earnings before amortization, interest and income taxes		
Canada	\$ 70,561	\$ 62,629
Alaska	14,941	13,977
Total	\$ 85,502	\$ 76,606
Net earnings before interest and income taxes		
Canada	\$ 49,458	\$ 42,652
Alaska	11,031	10,049
Total	\$ 60,489	\$ 52,701
Identifiable assets		
Canada	\$ 293,606	\$ 293,254
Alaska	60,640	63,963
Total	\$ 354,246	\$ 357,217

14. 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 28, 2006 and January 29, 2005. The accrued pension benefits and the market value of the plans' net assets were last determined by actuarial valuation as at January 1, 2005. The next actuarial valuation is required as at January 1, 2006. 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 3% 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 was \$9,712,000 (2004 - \$2,395,000).

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

Year Ended	January 2006	January 2005
Accrued benefit obligations		
Discount rate	5.0%	6.0%
Rate of compensation increase	4.0%	4.0%
Benefit plan expense		
Discount rate	6.0%	6.5%
Expected long-term rate of return on plan assets	7.0%	7.0%
Rate of compensation increase	4.0%	4.0%

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

Year Ended (\$ in thousands)	January 2006			January 2005		
	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	\$ 2,673	\$ -	\$ 2,673	\$ 2,244	\$ -	\$ 2,244
Interest on accrued benefits	2,819	-	2,819	2,745	-	2,745
Return on plan assets	(4,031)	909	(3,122)	(2,869)	(1)	(2,870)
Actuarial (gain) loss	10,164	(9,805)	359	3,312	(3,240)	72
Past service costs	-	(11)	(11)	-	(11)	(11)
Amortization of net transition asset	-	(308)	(308)	-	(308)	(308)
Net benefit plan expense	\$ 11,625	\$ (9,215)	\$ 2,410	\$ 5,432	\$ (3,560)	\$ 1,872

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 is US\$138,000 (2004-US\$131,000).

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

Year Ended (\$ in thousands)	January 2006	January 2005
Plan assets		
Fair value—beginning of year	\$ 39,199	\$ 37,026
Actual return on plan assets	4,031	2,870
Employer contributions	9,533	2,212
Employee contributions	46	46
Benefits paid	(4,197)	(2,955)
Fair value—end of year	\$ 48,612	\$ 39,199
Plan obligations		
Accrued benefit obligation—beginning of year	\$ 49,083	\$ 43,704
Current service cost	2,705	2,277
Accrued interest on benefits	2,819	2,745
Benefits paid	(4,197)	(2,955)
Actuarial loss	10,164	3,312
Accrued benefit obligation—end of year	\$ 60,574	\$ 49,083
Funded status		
Fair value plan assets	\$ 48,612	\$ 39,199
Accrued benefit obligation	60,574	49,083
Plan deficit	(11,962)	(9,884)
Unamortized net actuarial losses	21,837	12,941
Unamortized net transitional asset	(2,382)	(2,690)
Unamortized past service costs	(62)	(73)
Accrued benefit asset	\$ 7,431	\$ 294

The accrued benefit asset is included in other assets in the Company's consolidated balance sheet.

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

Year Ended	January 2006	January 2005
Plan assets consist of:		
Equity securities	54%	51%
Debt securities	33%	38%
Other	13%	11%
Total	100%	100%

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

15. 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 28, 2006 the Company has opened 14 Giant Tiger stores and is in compliance with the terms of the agreement.

b) In 1992, the Company entered into an agreement to lease the land on which the Winnipeg Logistics Service Centre is located from the City of Winnipeg for \$1 per year for 15 years subject to attaining agreed-upon job creation targets. Management anticipates that the agreed targets will be met; accordingly, no additional lease payments have been accrued. The Company is obligated to buy the land for the greater of \$1,710,000 or fair market value at August 31, 2007.

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

Years Ending January	Minimum Lease Payments (\$ in thousands)
2007	\$ 10,815
2008	10,492
2009	9,596
2010	8,141
2011	7,478
Thereafter	51,171

Contingencies

a) Canada Revenue Agency is currently conducting an audit for the taxation years 1996 -1999. It is the opinion of management that the pending reassessments will be resolved without material effect on the financial statements.

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.

16. UNIT APPRECIATION RIGHTS (UARs) PLANS

The Company has a non-contingent UARs plan which forms part of the long-term incentive program for senior management. The UARs program was discontinued in 2000, however previously issued UARs continued to vest in 2005. The expense incurred during the year under the plan was \$40,000 (2004 - \$252,000).

A summary of the Company's plan and changes during the year is presented below:

Year Ended	January 2006		January 2005	
	UARs (000's)	Price*	UARs (000's)	Price*
Outstanding at beginning of year	9	\$12.34	128	\$13.55
Exercised	(9)	12.34	(113)	25.66
Forfeited	-	-	(6)	10.50
Outstanding at end of year	-	-	9	\$12.34
UARs exercisable at year end	-	-	4	-

*Weighted-average

17. FINANCIAL INSTRUMENTS (\$ in thousands)

Short-Term Financial Instruments Short-term financial instruments which include cash, accounts receivable, bank advances and short-term notes, accounts payable and accrued liabilities, and income tax payable are valued at their carrying amounts included in the balance sheet, which are reasonable estimates of fair value due to the relative short period to maturity of the instruments.

Long-Term Financial Instruments The Company has the following long-term financial instruments outstanding as at January 28, 2006:

	Maturity	Interest Rate	Carrying Value	Fair Value	Unrealized Loss
Debt					
US\$65 million Senior notes	2009	5.89% ¹	\$ 74,581 ²	\$ 75,275	
Swaps					
US\$14 million Interest rate	2007-2009	LIBOR ³ plus 1.87%		\$ 426	
US\$22 million Cross currency Interest rate	2007-2009	B.A. ⁴ plus 2.99% to B.A. plus 3.16%		\$ 10,325	

1 Weighted-average

2 The senior notes (note 6) recorded on the balance sheet includes unrealized losses of \$8,831 on the foreign currency portion of the US\$22 million cross currency interest rate swaps

3 London Interbank Offered Rate

4 Bankers' Acceptances

Interest Rate Risk The Company has exposure to interest rate fluctuations on the swapped amount of its senior notes.

Credit Risk The Company is exposed to credit risk, primarily in relation to credit card customer accounts and notes receivable from First Nations governments. The Company performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable.

18. COMPARATIVE AMOUNTS

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

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