NORTH WEST COMPANY FUND
PRESS RELEASE

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"NORTH WEST COMPANY FUND REPORTS SECOND QUARTER RESULTS"

WINNIPEG - North West Company Fund (the "Fund") today reported 2001 second quarter earnings for the period ended July 28, 2001.

CONSOLIDATED RESULTS

The North West Company Fund reported second quarter consolidated revenues at $173.3 million, up 5.5% (4.4% on a comparable stores basis) from 2000. Earnings before taxes were up 30%. Second quarter earnings finished at $7.1 million ($0.48 per unit) compared to $7.0 million ($0.46 per unit) in 2000. Trading profits or earnings before interest, income taxes, depreciation and amortization (EBITDA) increased 13.2% in the second quarter compared to a 10.6% increase in the first quarter. Interest expenses were reduced by 16.7% compared to last year due to lower rates. Reductions of corporate income tax rates in Manitoba, Ontario and Alberta caused a write down of future income tax asset values by $700,000 and a corresponding non-recurring charge to the provision for income taxes equal to $0.05 per unit in the quarter.

Year-to-date revenues at $334.0 million were 6.2% (5.5% on a comparable stores basis) over last year. Consolidated earnings were $12.0 million ($0.82 per unit) compared to $11.3 million or ($0.75 per unit) last year. Trading profits were $32.6 million, up $3.5 million or 12.1% over last year.

"Results for the second quarter were even stronger than indicated by our bottom line. Earnings before taxes were up 30% led by healthy comparable store increases in Canada and margin improvement in Alaska," said Edward Kennedy, President and CEO. "Our tax rate was the only negative. We are now fully taxable in Alaska. In Canada, we've taken a one-time tax hit due to the lowering of provincial corporate rates. These reductions will benefit us over the long term but the immediate impact is a five cents per unit adjustment to our tax provision in this quarter."

"Looking ahead, we expect to achieve improved pre-tax earnings in the second half. The economic outlook both in our markets and for the basic, everyday merchandise we sell remains very stable compared to southern urban markets. We see any potential weakness being limited to more discretionary general merchandise categories," added Mr. Kennedy.

CANADIAN OPERATIONS

Canadian sales were $131.3 million for the quarter, up 5.7% (4.5% on a comparable stores basis) from last year. Trading profit was up by 10.0% or $1,477,000 to $16.2 million and up 9.6% for the year to date.

Food sales continued on a positive trend in the quarter and increased 6.8% (up 6.5% on a comparable stores basis). Similar to the first quarter, food sales are benefiting from increased selling space created by reprofiling 53 store last year and by higher food inflation. These results met planned performance for the quarter. General merchandise sales were up 0.3% (down 0.1% on a comparable stores basis) affected by a weak July. As weather turned and stayed warmer in the North, stores lacked sufficient summer merchandise. Big-ticket sales also slowed due to credit capacity limits in some markets. Sales were strongest in hardware. This merchandise is now being sourced through *TruServ Canada Cooperative Inc.*

Canadian gross profit rates improved from last year due to better costs as a result of vendor consolidations. Groceries showed the strongest gross profit gains in the quarter. In general merchandise, gross profit rates increased due to improved mark-ups in selected categories and through lower costs. Expenses for the quarter were well controlled and in line with expectations.

ALASKAN OPERATIONS (stated in U.S. dollars)

Alaska Commercial Company ("**AC**") sales were $27.4 million for the quarter, up 1.7% (up 4.1% on a comparable stores basis) from last year.

AC's retail stores food sales were up 3.9% (up 2.5% on a comparable stores basis) and general merchandise sales were up 9.8% (up 9.6% on a comparable stores basis). Sales were stronger in communities less dependent on fishing as the prime source of income. Market share gains, especially in transportation categories, have been achieved due to weakening competition. Sales at **AC**'s wholesale business, Frontier Expeditors, were down 18.9% due to the introduction of a distribution tax levied against tobacco wholesalers in the city of Anchorage last fall. This tax has been successfully appealed and will be rescinded in October 2001.

AC's trading profit for the quarter was $1,761,000 compared to $1,336,000 last year, an increase of $425,000 or 31.8% and 30.9% increase on a year to date basis. In addition to sales gains, higher food margin rates were the biggest factor contributing to **AC**'s bottom line improvement.

BALANCE SHEET AND CASH FLOW

Assets employed at the end of the second quarter were $435.0 million compared to $420.0 million last year and $416.0 million at the end of the last fiscal year. Cash balances were higher due to a decrease in the value of outstanding cheques. Accounts receivable at $58.4 million have been increased from year-end balances of $56.9 million and were $9.6 million or 19.6% over last year. The increase was due to the promotion of extended terms accounts, the conversion of customer accounts from monthly charge accounts to revolving accounts and increased credit granted to First Nations governments to accommodate social assistance programs. Balances due related to tax recoveries and other commercial accounts that were higher than usual but have since been recovered. Increased service charge revenues are an offset to higher receivable balances. Inventories have increased by 4.3% over last year and are current and well balanced.

The future income taxes asset has been reduced from the year end balance due to the application of current income taxes and the rate reduction discussed earlier. These assets were higher than last year due to the recording of US tax loss carryforwards and timing differences and Canadian tax adjustments as detailed in the annual report.

The increase in bank advances and short-term notes was a result of the increase in assets employed, net of accounts payable and accrued expenses and was consistent with normal seasonal fluctuations.

Long-term debt remained relatively unchanged in the quarter after adjusting for foreign currency fluctuations. The cumulative currency translation adjustments recognize the strengthening of the US dollar versus the Canadian dollar.

Capital expenditures were $5.5 million in the quarter and mainly related to reprofiling expenditures and general expenditures on computer equipment, fixtures and equipment for store operations.

Cash distributions were paid to unitholders on March 15th, June 15th and September 15th of $0.36 per unit compared to $0.30 per unit paid last year on the corresponding dates. The number of units outstanding remained unchanged from the year end balance at 14,691,000.

OTHER HIGHLIGHTS

- The Company opened its first *Giant Tiger* family discount store in Thompson, Manitoba on June 23, 2001 and plans to open a second store in Winnipeg at the end of October. These stores will be operated under a Master Franchise Agreement with *Giant Tiger Stores Limited* of Ottawa, Ontario. Initial customer reaction to the Thompson store has been favourable and we expect a similar response to the Winnipeg store.

- The Company's Canadian store reprofiling program continued through the quarter with six stores completed. To date, 109 stores have been reprofiled leaving 24 stores to be completed this year and seven to be completed next year in conjunction with scheduled major renovations.

- The North West Company and *H&R Block Canada, Inc.* have entered into a three year agreement to offer *H&R Block* tax preparation services to customers in all **Northern** / ***NorthMart*** stores commencing the 2002 tax season.

- A quarterly cash distribution of $0.36 per unit was made on September 15, 2001. The final distribution for 2001 will be $0.375 per unit and will be made on December 15, 2001.

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The North West Company Inc. (NWC) is North America's leading provider of products and services to northern communities across Canada and Alaska. NWC is a multi-channel retailer operating 154 food, family apparel and general merchandise stores under the *Northern*, *NorthMart* and *Giant Tiger (*under a master franchise) banners plus *Selections* catalogue in Canada, and 23 *AC Value Centers* in Alaska.

NWC trades on the Toronto Stock Exchange under the symbol "NWF.UN".

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CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands of Canadian dollars)

	July 28 2001	July 29 2000	January 27 2001
ASSETS			
Current assets			
Cash	**$ 11,579**	$ 8,152	$ 8,588
Accounts receivable	**58,374**	48,816	56,856
Income taxes recoverable	**-**	3,880	62
Future income taxes	**1,906**	2,884	2,695
Inventories	**140,846**	135,058	122,980
Prepaid expenses	**2,827**	2,600	1,069
	215,532	201,390	192,250
Capital assets	**192,233**	191,450	194,448
Future income taxes	**17,123**	14,999	19,212
Other assets	**10,087**	12,160	10,055
	$ 434,975	$ 419,999	$ 415,965
LIABILITIES			
Current liabilities			
Bank advances and short-term notes	**$ 60,410**	$ 53,677	$ 49,979
Accounts payable and accrued	**55,289**	50,566	49,200
Income taxes payable	**665**	-	-
Current portion of long-term debt	**1,715**	1,663	1,707
	118,079	105,906	100,886
Long-term debt	**123,996**	125,599	124,106
	242,075	231,505	224,992
EQUITY			
Capital	**145,526**	148,198	145,526
Retained earnings	**42,954**	37,319	41,502
Cumulative currency translation adjustments	**4,420**	2,977	3,945
	192,900	188,494	190,973
	$ 434,975	$ 419,999	$ 415,965

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS
(unaudited, in thousands of Canadian dollars)

	13 Weeks Ended July 28 2001	13 Weeks Ended July 29 2000	**26 Weeks Ended July 28 2001**	26 Weeks Ended July 29 2000
SALES AND OTHER REVENUE				
Canadian operations	**$ 131,291**	$ 124,221	**$ 254,977**	$ 239,614
Alaskan operations	**42,017**	40,003	**78,989**	74,825
	$ 173,308	$ 164,224	**$ 333,966**	$ 314,439
Cost of sales, selling and administrative expenses				
Canadian operations	**$(115,080)**	$(109,487)	**$(226,138)**	$(213,291)
Alaskan operations	**(39,308)**	(38,030)	**(75,266)**	(72,105)
Earnings before interest, income taxes and amortization				
Canadian operations	**16,211**	14,734	**28,839**	26,323
Alaskan operations	**2,709**	1,973	**3,723**	2,720
Amortization				
Canadian operations	**(4,878)**	(4,542)	**(9,623)**	(9,165)
Alaskan operations	**(824)**	(742)	**(1,656)**	(1,458)
EARNINGS BEFORE INTEREST & INCOME TAXES	**13,218**	11,423	**21,283**	18,420
Interest	**(2,896)**	(3,475)	**(5,920)**	(6,478)
Earnings before income taxes	**10,322**	7,948	**15,363**	11,942
Provision for income taxes (Note 3)	**(3,229)**	(948)	**(3,333)**	(638)
EARNINGS FOR THE PERIOD	**7,093**	7,000	**12,030**	11,304
Retained earnings, beginning of period				
as previously reported	**41,150**	34,827	**41,502**	18,182
Accounting changes (Notes 2 & 4)	**-**	-	**-**	16,864
as restated	**41,150**	34,827	**41,502**	35,046
Distributions	**(5,289)**	(4,490)	**(10,578)**	(8,990)
Premium on units purchased for cancellation (Note 5)	**-**	(18)	**-**	(41)
RETAINED EARNINGS, END OF PERIOD	**$ 42,954**	$ 37,319	**$ 42,954**	$ 37,319
EARNINGS PER UNIT	**$ 0.48**	$ 0.46	**$ 0.82**	$ 0.75
Weighted Average Number of Units Outstanding (000's)	**14,691**	14,961	**14,691**	14,976

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Presentations and Disclosures

These interim financial statements follow the same accounting policies and their methods of application as the 2000 annual financial statements. Not all disclosures required by generally accepted accounting principles for annual financial statements are presented, and accordingly, the interim financial statements should be read in conjunction with the 2000 Annual Report.

2. Accounting Change - Income Taxes

Effective January 31, 2000, the Company changed its accounting policy and adopted the new CICA recommendations on accounting for income taxes. The new standard requires the implementation of the asset and liability method of accounting for income taxes. These financial statements have been prepared on the new basis. The retained earnings as at January 31, 2000 had increased $16,864,000 with a corresponding increase to future income taxes.

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 available to the Company and Alaska Commercial Company have been recorded in these financial statements as a future income tax asset.

4. Accounting Change - Employee Future Benefits

Effective January 31, 2000, the Company changed its accounting policy and adopted the new CICA recommendations on accounting for employee future benefits. Previously the Company had been accounting for its defined benefit plans using a long-term discount rate to measure its accrued benefit obligation. Effective January 31, 2000 the Company began using a market discount rate to measure its accrued benefit obligation. The unamortized transitional asset at January 31, 2000 is being amortized over the expected average remaining service lives of the employees. The requirements of the standard were adopted on a prospective basis. The prospective adoption did not have a significant effect on net earnings in 2000.

5. Normal Course Issuer Bid

The Fund commenced a normal course issuer bid program on The Toronto Stock Exchange on March 27, 2000 which terminated on March 23, 2001. The Fund purchased 21,100 units and 18,200 units during the first and second quarters of 2000, respectively.

6. Net Identifiable Assets (in thousands of Canadian dollars)	**July 28 2001**	July 29 2000
Canadian operations	**$ 300,986**	$ 300,811
Alaskan operations	**78,035**	68,622

7. Comparative Amounts

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands of Canadian dollars)

	13 Weeks Ended July 28 2001	13 Weeks Ended July 29 2000	**26 Weeks Ended July 28 2001**	26 Weeks Ended July 29 2000
CASH PROVIDED BY (USED IN)				
Operating Activities				
Earnings for the period	**$ 7,093**	$ 7,000	**$ 12,030**	$ 11,304
Non-cash items				
Amortization	**5,702**	5,284	**11,279**	10,623
Future income taxes	**3,102**	852	**2,955**	1,458
Amortization of bond warrant proceeds and interest rate fixing payment	**(312)**	(311)	**(623)**	(622)
Gain on disposal of capital assets	**(173)**	(215)	**(173)**	(218)
Cash flow from operations	**15,412**	12,610	**25,468**	22,545
Change in other non-cash items	**(8,586)**	(10,437)	**(14,001)**	(18,440)
Operating activities	**6,826**	2,173	**11,467**	4,105
Investing Activities				
Purchase of capital assets	**(5,510)**	(2,615)	**(8,304)**	(6,201)
Proceeds from sale of capital assets	**195**	229	**195**	692
Investing activities	**(5,315)**	(2,386)	**(8,109)**	(5,509)
Financing Activities				
Change in bank advances and short-term notes	**140**	266	**10,431**	9,001
Purchase of units for cancellation	**-**	(198)	**-**	(430)
Repayment of long-term debt	**(118)**	(104)	**(220)**	(180)
Financing activities	**22**	(36)	**10,211**	8,391
Distributions	**(5,289)**	(4,490)	**(10,578)**	(8,990)
CHANGE IN CASH	**(3,756)**	(4,739)	**2,991**	(2,003)
Cash, beginning of period	**15,335**	12,891	**8,588**	10,155
CASH, END OF PERIOD	**$ 11,579**	$ 8,152	**$ 11,579**	$ 8,152
Supplemental Disclosure of Cash Flow Information				
Cash paid during the period for				
Interest expense	**$ 1,151**	$ 986	**$ 7,246**	$ 6,970
Income taxes	**142**	397	**332**	650
Cash Flow From Operations Per Unit	**$ 1.05**	$ 0.85	**$ 1.73**	$ 1.51