dedicated to sustainable seafood excellence

2004 FIRST QUARTER REPORT

2004 First Quarter Report to Unitholders

During the first quarter of 2004, Clearwater Seafoods Limited Partnership's ("Clearwater") earnings increased to $7.2 million from $5.4 million in 2003, prior to a non-cash foreign exchange loss of $10.2 million in 2004 and a gain of $4.5 million in 2003.

While sales volumes increased by 4% and home currency prices were stable in the first quarter, sales declined to $72.7 million from $75 million in 2003 largely because of U.S. exchange rates, which reduced sales by approximately $4.9 million.

Notwithstanding the challenges faced in Q1 2004, distributable cash increased due to cash gains on foreign exchange contracts to $12 million in 2004, or $0.23 per unit, from $8 million in 2003, or $0.17 per unit. We expect to continue our current distribution policy in 2004, which is to pay $1.15 per unit annually and pay out less than 100% of distributable cash for the year. Clearwater continues to distribute to the subordinated unitholders with confidence that the annual distribution targets will be met and monitors this quarterly.

For an analysis of Clearwater and the Fund's results for both the quarter and the year, please see the discussion and analysis included with this report.

Contents

FINANCIAL HIGHLIGHTS

CLEARWATER SEAFOODS LIMITED PARTNERSHIP

($000's except per unit amounts)	**13 weeks ended April 3, 2004**	13 weeks ended March 29, 2003
Sales	**$ 72,741**	$ 75,079
Net earnings	**$ (2,978)**	$ 9,881
Basic and diluted net earnings per unit	**$ (0.06)**	$ 0.21
Distributable cash [1]	**$ 11,963**	$ 8,027
Distributions paid or payable	**$ 15,171**	$ 13,778
Distributable cash per unit	**$ 0.23**	$ 0.17
Distributions per unit	**$ 0.29**	$ 0.29
Payout ratio	**127%**	172%
Weighted Average Units outstanding		
Limited Partnership Units	**52,788,843**	47,939,881

THE FUND

($000's except per unit amounts)	**13 weeks ended April 3, 2004**	13 weeks ended March 29, 2003
Equity in earnings (loss) of Clearwater 2	**$ (1,746)**	$ 5,538
Basic net earnings per unit	**$ (0.06)**	$ 0.23
Diluted net earnings per unit	**$ (0.06)**	$ 0.22
Distributable cash [1]	**$ 7,056**	$ 7,056
Distributions paid or payable	**$ 7,056**	$ 7,056
Distributable cash per unit	**$ 0.29**	$ 0.29
Distributions per unit	**$ 0.29**	$ 0.29
Weighted Average Units outstanding		
Trust Units	**29,407,626**	25,558,664
Special Trust Units	**23,381,217**	23,381,217

1. Please refer to the Distributable cash definition in the MD&A for detailed reconciliations of these amounts. The Fund receives distributions from Clearwater and in turn distributes them to its unitholders. As such distributable cash for the fund is equal to the distributions received and paid.

2. As the Fund does not currently have the right to nominate the majority of the board of directors (as Clearwater Fine Foods Incorporated owns more than 45% of the units of the Fund on a fully diluted basis through its ownership of Trust Units and Special Trust Units) it does not consolidate the results of Clearwater's operations but rather accounts for the investment using the equity method. Due to the limited amount of information that this would provide on the underlying operations of Clearwater the financial highlights of Clearwater are also enclosed.

Looking forward to the balance of the year we expect to see improvement in market prices in certain species and we have begun to see improvements in scallop prices in the month of March.

We also expect volumes to increase through the remainder of the year. Canned clam sales have been slow in the first quarter but subsequent to quarter end we have had success with new customers and expect volumes to increase over the next three quarters.

With respect to harvesting costs, we have seen improvements in much of our fleet in the first quarter and expect to continue to realize efficiencies as we continue our focus on efficient harvesting techniques, the use of frozen-at-sea vessels and cost control.

Administration and selling costs will continue to be higher through the remainder of 2004 as we continue our investment in our sales and marketing team and information technology systems as well as our work on the certification process.

In February 2004 we announced our intention to enter into a contract to construct a new factory freezer clam vessel, which will replace one of the three existing vessels. This new vessel is expected to cost approximately $50 million, will take approximately one and one-half to two years to build and will provide a solid return on investment, consistent with historical returns. We are nearing completion of the planning for this vessel and expect to enter into a contract over the course of the next 30-60 days. Once it is operational this new vessel is expected to generate significant incremental contribution by enabling Clearwater to increase the volume of product harvested and processed in a far more efficient manner. Clearwater will fund this vessel with a combination of debt and equity similar to what it has done in the past with other large capital projects.

In summary the first quarter of 2004 started slowly as expected. We remain focused on continuing to grow our sales volumes, reducing costs by increasing productivity and increasing U.S. dollar selling prices in select areas and expect to see the results of these activities realized in the remainder of 2004.

In the longer term we will continue to invest in our leading market position through organic growth and growth through new species and acquisitions and anticipate that it will enable Clearwater to continue to deliver stable earnings and distributions for our unitholders.

Colin MacDonald
Chief Executive Officer
Clearwater Seafoods Limited Partnership
May 13, 2004

ABOUT CLEARWATER

Clearwater is a leader in the global seafood industry and is the largest integrated shellfish company in North America, recognized for its consistent quality, wide diversity and reliable delivery of premium seafood including sea scallops, lobster, clams, cold water shrimp, Argentine scallops, crab and groundfish.

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") was prepared effective May 13, 2004.

This MD&A should be read in conjunction with the MD&A in the Fund's Annual Report for the year ended December 31, 2003; the attached unaudited interim consolidated financial statements and the Annual Information Form.

Management has filed the appropriate certifications for 2004 with respect to this interim filing under regulation 52-109.

Contents

Explanation of First Quarter Results

Consolidated Operating Results for the thirteen weeks comprising the first quarter

The results of operations of the Fund are entirely related to Clearwater's performance and therefore the commentary below is on the operations of Clearwater.

	2004	2003
Sales	**$ 72,741**	$ 75,079
Cost of goods sold	**55,486**	56,019
Gross profit	**17,255**	19,060
	23.7%	25.4%
Administration and selling	**9,533**	7,779
Other income	**(981)**	(577)
Foreign exchange loss (income)	**3,375**	(5,632)
Bank interest and charges	**146**	211
Interest on long-term debt	**2,095**	1,262
Depreciation and amortization	**4,081**	3,842
Reduction in foreign currency translation account	**-**	790
	18,249	7,675
Earnings (loss) before income taxes and minority interest	**(994)**	11,385
Income taxes	**1,585**	1,504
Earnings (loss) before minority interest	**(2,579)**	9,881
Minority interest	**399**	-
Net earnings (loss)	**$ (2,978)**	$ 9,881

Net earnings decreased in 2004 due primarily to foreign exchange which negatively impacted sales, gross profit and other income, higher administration and selling expenses and higher interest costs. The table below illustrates the component changes in earnings from 2003 to 2004.

	2004	2003	Change
Net earnings (loss)	**$ (2,978)**	$ 9,881	(12,859)
Explanation of changes in earnings:			
change in non-cash foreign exchange in other income			(14,731)
Increase in cash foreign exchange in other income			5,724
Lower gross profit			(1,806)
Higher administration and selling costs			(1,754)
Higher other income			404
Higher interest costs			(768)
Other			72
			(12,859)

Sales for the quarter were $72.7 million, a decrease of $2.3 million or 3.1% over 2003. Gross profit decreased from 25.4% in 2003 to 23.7% in 2004. Gross profit is primarily impacted by selling prices, volumes, costs to harvest and procure and currency exchange rates. A stronger Canadian dollar relative to the U.S. dollar reduced sales and margins as converted into Canadian dollars by approximately $4.9 million or 6.7% of sales. In the first quarter of 2004 shrimp operations were impacted by lower prices and lobster operations were impacted by lower catches of offshore product, lower prices and higher costs of procured inshore

Management's Discussion and Analysis (cont'd)

product. This was partially offset by a higher contribution from scallop operations.

Sales volumes continue to show strength and have increased by 4% in 2004 as compared to 2003 due primarily to increased scallop sales from additional quota purchased in the second quarter of 2003 and additional sales of Argentine scallops. Sales of our clam product are stable and subsequent to the quarter end we have had success with new customers and expect volumes to increase over the next three quarters.

Prices of most species, in the currency transacted, were stable or higher in 2004 as compared to 2003, however, due to the impact of the strengthening of the Canadian dollar relative to the U.S. dollar, the amounts were lower when converted to Canadian dollars. As can be seen below we received about 16.4 cents less for each U.S. dollar in 2004, which resulted in receiving approximately $4.9 million less when converted to Canadian dollars:

	2004		2003	
Currency	**% sales**	**Rate**	% sales	Rate
US Dollars	**55.9%**	**1.364**	63.1%	1.528
Japanese Yen	**8.3%**	**0.013**	8.6%	0.013
Euros	**13.5%**	**1.789**	8.3%	1.623
UK pounds	**5.0%**	**2.432**	4.9%	2.528
Canadian dollar And other	**17.3%**		15.1%	
	100.0%		100.0%	

Annual net sales to customers by product category were as follows:

	2004	2003
Sea scallop	**$ 15,605**	$ 11,287
Lobster	**14,298**	17,679
Clam	**12,537**	13,541
Groundfish	**9,422**	8,901
Argentine scallop	**8,397**	8,784
Cold water shrimp	**7,108**	9,678
Jonah crab	**2,071**	2,508
Other	**1,973**	1,877
Hedging program	**1,330**	824
	$ 72,741	$ 75,079

Sea scallop sales are up due to increased volumes from the additional quota purchased in the second quarter of 2003 offset partially by lower prices in Canadian dollars. Prices of sea scallops in U.S. dollars were higher in 2004 due to a higher mix of frozen at sea product, but when converted to Canadian dollars were lower. We expect to see some upward movement in scallop sales prices in the remainder of the year. Lobster sales were down due to lower volumes and lower prices. Volumes were down primarily due to poor weather, which impacted our fleet and catches. We expect to catch up on this harvesting activity in the second quarter. Lobster prices are down due to mix, we had harvested less offshore product and a late molting season in 2003 resulted in lower grade inshore product. Clam sales are down due to decreased sales prices, primarily due to foreign exchange. Cold water shrimp sales decreased primarily due to the mix of product harvested, which impacted the sales prices received.

Costs of production for clams, scallops, Argentine scallops and cold water shrimp decreased in 2004 as compared to 2003. Argentine scallop production costs declined despite a decline in catch rates in 2004. The costs of crewing the majority of our vessels decreased as they are based on the value of the related catch and with decreased selling prices in 2004 the related cost of the catch decreased proportionately. Other positive impacts on costs have been increased efficiencies in our clam and scallop operations. Clam harvesting was more efficient due to the greater use of technology such as ocean mapping as well as a focus on cost control. Scallop harvesting was more efficient due to the greater use of frozen at sea vessels.

Overall gross profit margins were 23.7% in 2004 as compared to 25.4% in 2003. The primary reason for the decline is due to the impact on selling prices in Canadian dollars of sales made in U.S. dollars offset partially by stable to higher prices in the currency transacted, higher volumes and lower costs.

Administration and selling costs increased by $1.8 million or 23% in 2004 due to a planned additional investment in our sales force, a large portion of which was invested in the first quarter, and the continued development of sales support and manufacturing information technology systems. Administration and selling costs will continue to be higher through the remainder of 2004 as we continue our investment in our sales and marketing team and information technology systems as well as our work on the certification process.

Management's Discussion and Analysis (cont'd)

Other income was $981,000 in 2004 versus $577,000 in 2003, an increase of $405,000. The increase in 2004 relates primarily to increased quota royalties from groundfish quotas acquired in the second quarter of 2003.

Foreign exchange in 2004 is a loss of $3.4 million versus income of $5.6 million in 2003, a change of $9 million. The business generated $6.8 million of cash from foreign exchange management to offset the reduced value of U.S. denominated sales proceeds. In 2004 foreign exchange income includes approximately $10.2 million of unrealized exchange losses, primarily on foreign exchange options, net of realized gains of $6.8 million. In 2003 foreign exchange income included approximately $4.5 million of unrealized exchange gains and $1.1 million of realized gains.

	2004	2003
Unrealized exchange losses (gains)	**10,210**	(4,521)
Realized exchange gains	**(6,835)**	(1,111)
	$ 3,375	$ (5,632)

Bank interest and interest on long-term debt increased by $768,000 or 52% due to higher average outstanding debt balances in 2004. Debt levels were higher than 2003 primarily due to the acquisition of quotas in May 2003, which was partially funded by debt.

The reduction in the foreign currency translation account in 2003 was a non-cash adjustment, which related to the reduction of Clearwater's net investment in its subsidiary in Argentina, primarily due to the payment of dividends from the subsidiary.

Income taxes were $ 1.6 million in 2004 as compared to $1.5 million in 2003. Tax expense relates to taxable subsidiaries. Tax expense was higher in 2004 due to a planned reorganization in 2004, which had the impact of creating a one-time net tax expense of approximately $840,000, being cash taxes of approximately $6 million net of future tax reductions of $5.2 million. Going forward as a result of reorganization, one of our Canadian subsidiaries will pay a reduced amount of tax. We estimate that in 2004 the effective tax rates, excluding the impact of this reorganization and any significant foreign exchange, will be in the 6% range.

Distributable Cash and Cash Distributions

In the first quarter of 2004 Clearwater generated $12 million of distributable cash (2003 - $ 8.0 million) and declared distributions of $15.1 million (2003 - $13.8 million) for a payout ratio of 127% of distributable cash (2003 – 172%).

However, the operations of Clearwater are seasonal in nature and, as a result, gross profit and earnings are typically higher in the second half of the calendar year than the first half of the year. For the rolling 12 months (first quarter of 2004 plus last three quarters of 2004) Clearwater has generated $65.4 million of distributable cash and has declared distributions of $59.9 million or 92% of distributable cash.

For the 17 months since the IPO Clearwater had generated $104.6 million and has declared distributions of $96.1 million or 92% of distributable cash leaving a surplus of $8.5 million of distributable cash. Please refer to the distributable cash reconciliation included in this document for detailed reconciliations of these amounts.

During the quarter Clearwater made distributions to both the subordinated and unsubordinated unitholders of $0.0958 per month for the quarter ended April 3, 2004.

Until December 31, 2005 9,352,487 Class B Partnership Units of Clearwater are subordinated to the publicly traded Units with respect to distributions. Based on distributions of $1.15 per unit, approximately $10.8 million of distributions remain subordinated on an annual basis. The unsubordinated units have a right to receive regular monthly distributions and, at the option of the holder, are exchangeable for units of the Fund.

Management's Discussion and Analysis (cont'd)

Liquidity and Capital Resources

As at April 3, 2004 the Fund owns 55.71% (December 31, 2003 - 55.71%) of the outstanding partnership units of Clearwater. However, as Clearwater Fine Foods Incorporated has maintained the right to nominate the majority of the board of directors of Clearwater at the time of the initial investment by the Fund, the assets and liabilities at acquisition have been recorded using the book values as recorded by Clearwater Fine Foods Incorporated.

As at April 3, 2004 the Fund and Clearwater had similar capital structures as illustrated in the table below:

	Fund	Clearwater
Publicly listed Units		
Trust Units	29,407,626	
Class A Partnership Units		29,407,626
Units Held solely by Clearwater Find Foods Incorporated		
Special Trust Units	23,381,217	
Class B Partnership Units		23,381,217
	52,788,843	52,788,843

The Special Trust Units were issued solely to provide voting rights to Clearwater Class B Partnership units. The right of 9,352,487 Class B Partnership units to receive distributions is subordinated to the rights of the Class A units. Class B units that are no longer subject to subordination may at any time at the option of the holder be exchanged for units of the Fund.

Clearwater has two primary debt facilities, approximately Canadian $83 million in five and ten year notes in Canadian and U.S. dollars from a group of institutional lenders and a $120 million revolving term debt facility from a syndicate of banks. The revolving term credit facility, which has a balance outstanding of $46 million at April 3, 2004, is due in May 2005. In May 2004, at the request of Clearwater, the syndicate may extend the credit until May 2006.

Due to the nature of Clearwater's operations, there are seasonal demands on working capital. These primarily relate to the segments of the business that purchase product from independent fishermen. These purchases cannot be controlled as efficiently as raw materials harvested by Clearwater's own fleet of vessels. However, Clearwater has sufficient capital resources to meet all of its obligations and purchase the product required to meet its operating plans.

Cash flow generated by Clearwater is used to fund current operations, seasonal working capital demands as well as capital expenditures, other commitments and distributions to Unitholders. In addition, Clearwater uses its banking facilities to fund a portion of capital expenditures and seasonal variations in working capital. Clearwater's sales are seasonal in nature and, as a result, gross profit is typically higher in the second half of the calendar year than the first half of the year.

Clearwater's debt facilities contain various covenants. Clearwater is in compliance with all debt covenants at April 3, 2004.

Capital expenditures were $2.6 million for the quarter. Of this amount, $2.1 million was considered ROI (return on investment) capital and $386,000 was maintenance capital. The ROI capital investments included the investment in new technology for our clam vessels and lobster business.

In February 2004 Clearwater announced that it intended to enter into a contract to construct a new factory freezer clam vessel, which will replace one of the three existing vessels. This new vessel is expected to cost approximately $50 million and will take approximately one and one-half to two years to build. We are nearing completion of the planning for this vessel and expect to enter into a contract over the course of the next 30-60 days. Once it is operational this new vessel is expected to generate significant incremental contribution by enabling Clearwater to increase the volume of product harvested and processed in a far more efficient manner. Clearwater will fund this vessel with a combination of debt and equity similar to what it has done in the past with other large capital projects.

In February 2004 Clearwater also announced that it intended to spend approximately $28 million on capital projects in 2004, including a deposit on the new clam vessel, additional expenditures on scallop vessels and new processing technology in its clam, scallop and lobster businesses. Given the timing of expenditures to date it is possible that some of these expenditures may be made in fiscal 2005.

Management's Discussion and Analysis (cont'd)

Outlook

In looking at quarterly results we remind readers that Clearwater's operations are seasonal in nature and the resulting gross profit and distributable cash can vary by quarter due to weather and other factors and as well are historically higher in the second half of the calendar year than the first half of the year.

The outlook for the balance of 2004 is for increases in sales volumes on an annual basis and some upward movement in market prices on selected species. Management expects improvements in sales mix in certain areas (in particular frozen-at-sea scallops) and the continued realization of harvesting and production efficiencies.

Foreign exchange, in particular the volatility of the Canadian dollar relative to the U.S. dollar will be a challenge in 2004 and could continue to have an impact on results.

The overall result of the above is expected to be sales growth at lower than historic levels and the maintenance of our current distribution policy, which is to pay $1.15 per unit annually and pay out less than 100% of distributable cash for the year. Clearwater continues to distribute to the subordinated unitholders with confidence that the annual distribution targets will be met and monitors this quarterly.

Looking out further the investments that Clearwater continues to make in technology such as the scallop factory freezer vessels, the planned new clam factory freezer vessel and in new processing equipment to name a few, will provide a solid base to future growth.

Summary of Quarterly Results

The table provides historical financial data for the nine most recently completed quarters. Clearwater Seafoods Limited Partnership has operated this business since July 30, 2002. However, prior to that period the business operated as a division of Clearwater Fine Foods Incorporated ("CFFI"). Net earnings prior to July 30, 2002 do not fully reflect the current capital structure, which would have impacted bank interest, interest on long-term debt, income taxes and minority interest.

(In 000's except per unit amounts)

	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Fiscal 2004				
Sales	72,741	-	-	-
Net earnings (loss)	(2,978)	-	-	-
Basic and diluted loss per unit	(0.06)	-	-	-
Fiscal 2003				
Sales	75,079	76,579	96,514	101,565
Net earnings	9,881	16,913	11,569	23,754
Basic and diluted earnings per unit	0.21	0.33	0.22	0.45
Fiscal 2002				
Sales	65,055	68,502	90,037	96,334
Net earnings	2,877	1,939	3,482	21,235
Basic and diluted earnings per unit	N/A	N/A	N/A	0.45

Clearwater's business is seasonal in nature with sales and net earnings typically higher in the second half of the calendar year than the first half of the year, a trend clearly illustrated in the results above.

In comparing results on a quarterly basis the general trend of increase in sales and earnings reflects the continued expansion and growth of the business. Net earnings also reflect that continued growth pattern but have also been

Management's Discussion and Analysis (cont'd)

impacted by changes in foreign exchange rates, primarily the U.S. dollar, as well as lower interest and income tax costs under the current capital structure.

For a more detailed analysis of each quarter results please refer to our quarterly reports for first, second and third quarter of 2003 and our annual report for 2003, which contains an analysis of the fourth quarter of 2003.

Definitions and Reconciliations

EBITDA

Earnings before interest, taxes, depreciation and amortization, reduction in the foreign currency translation account and minority interest ("EBITDA") is not a recognized measure under Canadian generally accepted accounting principles (GAAP) and therefore is unlikely to be comparable to EBITDA measures presented by other companies. Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides an indication of cash available for distribution prior to interest, taxes, and capital expenditures. EBITDA should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of performance, as a measure of liquidity or as a measure of cash flows.

Distributable Cash

Distributable cash is not a recognized measure under Canadian generally accepted accounting principles (GAAP) and therefore is unlikely to be comparable to similar measures presented by other companies. Management believes that distributable cash is a useful supplemental measure as it provides an indication of cash available for distribution. Distributable cash should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of performance, as a measure of liquidity or as a measure of cash flows.

Reconciliation of Distributable Cash

($000's except per unit amounts)	**13 weeks ended April 3, 2004**	**13 weeks ended March 29, 2003**	**Four quarters ended April 3, 2004**	**Period from July 30, 2002 to April 3, 2004**
Cash flow from operating activities	**19,919**	18,310	**63,604**	104,754
Add (deduct):				
Change in non-cash working capital [A]	**(13,144)**	(8,321)	**1,396**	5,586
Minority share EBITDA, int., taxes [B]	**(443)**	(1,449)	**(3,685)**	(7,184)
Proportionate maint. capital [C]	**(386)**	(513)	**(2,603)**	(5,452)
Taxes on reorganization [D]	**6,002**	-	**6,002**	6,002
Gain on disposal capital assets/licences [E]	**15**	-	**732**	892
Distributable cash	**$ 11,963**	$ 8,027	**$ 65,446**	$ 104,598
Distributions	**$ 15,171**	$ 13,778	**$ 59,894**	$ 96,148
Payout ratio	**127%**	172%	**92%**	92%

Management's Discussion and Analysis (cont'd)

A. Change in non-cash working capital is excluded as changes in working capital are financed using Clearwater's debt facilities.

B. Minority share in EBITDA, interest and taxes represents cash flows attributable to the minority interest in certain non-wholly owned subsidiaries.

C. Proportionate maintenance capital represents capital expenditures that are related to sustaining existing assets rather than expansion or productivity improvement.

D. During the first quarter of 2004 Clearwater invested $6 million in cash taxes in order to effect a reorganization of a subsidiary, which will have the impact of reducing cash taxes on that subsidiary in future years.

E. Gains and losses on capital assets are added back (deducted) as during the course of operating the business Clearwater will typically realize gains and losses from the turnover of assets, which occurs frequently due to Clearwater's focus on innovation.

Clearwater's business is seasonal in nature with the result being that lower amounts of distributable cash are generated in the first half of the year than in the second half. As a result, Clearwater will typically use excess cash generated in the latter half of the year to fund a portion of the distributions paid in the earlier portion of the year. Clearwater funds a portion of the distributions paid in the first half of the year using an advance on its existing debt facilities and repays those advances in the latter portion of the year.

Gross Profit

Gross profit consists of sales less harvesting, production, distribution, and manufacturing costs.

Commentary Regarding Forward-Looking Statements

This Report may contain forward-looking statements. Such statements involve known and unknown risks, uncertainties, and other factors outside management's control that could cause actual results to differ materially from those expressed in the forward-looking statements. The Fund does not assume responsibility for the accuracy and completeness of the forward-looking statements and does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Clearwater Seafoods Income Fund
Consolidated Balance Sheet

(In thousands of dollars)
(unaudited)

	April 3, 2004	December 31, 2003
ASSETS		
Current Assets		
Distribution receivable from Clearwater Seafoods Limited Partnership	**$ 2,817**	$ 2,817
Investment in Clearwater Seafoods Limited Partnership (note 2)	**293,560**	303,757
	$ 296,377	$ 306,574
LIABILITIES AND UNITHOLDERS' EQUITY		
Current Liabilities		
Distribution payable to unitholders	**$ 2,817**	$ 2,817
Unitholders' Equity		
Trust units (note 3)	**298,454**	298,454
Cumulative earnings	**46,456**	48,202
Cumulative distributions (note 4)	**(51,350)**	(42,899)
	293,560	303,757
	$ 296,377	$ 306,574

See accompanying notes to consolidated financial statements

Clearwater Seafoods Income Fund
Consolidated Statement of Earnings and Cumulative Earnings

(In thousands of dollars)
(unaudited)

	13 weeks ended April 3, 2004	13 weeks ended March 29, 2003
Equity in earnings (loss) of Clearwater Seafoods Limited Partnership and net earnings (loss)	**$ (1,746)**	$ 5,538
Cumulative earnings at beginning of period	**$ 48,202**	$ 15,004
Cumulative earnings at end of period	**$ 46,456**	$ 20,542
Basic net earnings (loss) per trust unit	**$ (0.06)**	$ 0.23
Diluted net earnings (loss) per trust unit	**$ (0.06)**	$ 0.22

See accompanying notes to consolidated financial statements

Clearwater Seafoods Income Fund
Consolidated Statement of Cash Flows

(In thousands of dollars)
(unaudited)

	13 weeks ended April 3, 2004	13 weeks ended March 29, 2003
Cash flows from operating activities		
Net earnings (loss)	**$ (1,746)**	$ 5,538
Items not involving cash		
Equity in earnings of Clearwater Seafoods Limited Partnership, net of cash distributions received of $8,451 (2003 – $7,056)	**10,110**	1,994
Other	**87**	(476)
	8,451	7,056
Cash flows from financing activities		
Distributions to unitholders (note 4)	**(8,451)**	(7,056)
Increase (decrease) in cash	**–**	–
Cash - beginning of period	**–**	–
Cash - end of period	**$ –**	$ –

See accompanying notes to consolidated financial statements

Clearwater Seafoods Income Fund
Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars)
(unaudited)

Note 1 - BASIS OF PRESENTATION

Clearwater Seafoods Income Fund (the “Fund”) is a limited purpose, open-ended trust established under the laws of the Province of Ontario. The Fund was created to acquire and indirectly hold the securities of Clearwater Seafoods Limited Partnership (“Clearwater”).

The unaudited interim period consolidated financial statements have been prepared by Clearwater Seafoods Income Fund (the “Fund”) in accordance with Canadian generally accepted accounting principles. The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. These unaudited interim period consolidated financial statements do not contain all the disclosures required in annual audited financial statements by Canadian generally accepted accounting principles, and accordingly should be read together with the audited annual consolidated financial statements and the accompanying notes included in the Fund’s 2003 Annual Report.

These consolidated financial statements consolidate the accounts of the Fund and its subsidiary, Clearwater Seafoods Holdings Trust. Clearwater Seafoods Holdings Trust owns 55.71% (December 31, 2003 – 55.71%) of the units of Clearwater Seafoods Limited Partnership (“Clearwater”). However, as the Fund does not have the right to nominate the majority of the board of directors, it does not consolidate the results of Clearwater’s operations but rather accounts for the investment using the equity method. Under this method, the cost of the investment is increased by the Fund’s proportionate share of Clearwater’s earnings and reduced by any distributions paid to the Fund by Clearwater and amortization of the purchase price discrepancy. Due to the limited amount of information that this provides on the underlying operations of Clearwater the financial statements of Clearwater are also enclosed.

Note 2 - INVESTMENT IN CLEARWATER SEAFOODS LIMITED PARTNERSHIP

The investment in Clearwater Seafoods Limited Partnership consists of the following:

	April 3, 2004	December 31, 2003
Investment in units, at cost	**$ 298,454**	$ 298,454
Add: Cumulative equity in earnings	**46,456**	48,202
Less: Cumulative distributions received	**(51,350)**	(42,899)
	$ 293,560	$ 303,757

Included in equity in earnings is an expense of $87,000 (2003 – income of $476,000) for amortization and other adjustments relating to purchase price discrepancies recognized by the Fund in accounting for its investment in Clearwater using the equity method.

Clearwater Seafoods Income Fund

Notes to Consolidated Financial Statements

Note 3 - TRUST UNITS AND SPECIAL TRUST UNITS

The Declaration of Trust provides that an unlimited number of units and an unlimited number of Special Trust Units may be issued. The Special Trust Units have been issued solely to provide voting rights to Clearwater Class B units ("CSLP Exchangeable Units"). Special Trust Units were issued in conjunction with the CSLP Exchangeable Units and cannot be transferred separately from them.

CSLP Exchangeable Units that are no longer subject to subordination may at any time thereafter at the option of the holder be exchanged on a one-for-one basis for units of the Fund. As at April 3, 2004 there are 9,352,487 CSLP Exchangeable Units that will remain subordinated until December 31, 2005.

CSLP Exchangeable Units that are subject to subordination as described above are not during such period of subordination exchangeable into units of the Fund and their entitlement to distributions from Clearwater in respect of any month during such period is subordinated until CSLP Ordinary Units and CSLP Exchangeable Units that at the time are not subject to subordination have received distributions of at least $0.0958 per unit in respect of such month.

	Units	Special Trust Units	$
	29,407,626	23,381,217	298,454

As at April 3, 2004 there were in total 52,788,843 units outstanding (December 31, 2003 – 52,788,843).

Note 4 - DISTRIBUTIONS

During the quarter ended April 3, 2004, the Fund declared the following cash distributions:

Declaration Date	Record Date	Payment Date	Distribution Per Unit	Total
January 19, 2004	January 30, 2004	February 13, 2004	$ 0.0958	$ 2,817
February 16, 2004	February 27, 2004	March 15, 2004	0.0958	2,817
March 17, 2004	March 31, 2004	April 15, 2004	0.0958	2,817
				$ 8,451

Since inception the Fund has distributed $51,350,000.

Clearwater Seafoods Limited Partnership
Consolidated Balance Sheet

(In thousands of dollars)
(unaudited)

	April 3, 2004	December 31, 2003
ASSETS		
Current Assets		
Cash	**$ 2,160**	$ 564
Accounts receivable	**39,180**	52,763
Inventories	**46,526**	47,749
Prepaids and other	**5,405**	9,144
	93,271	110,220
Other long-term assets	**17,427**	18,500
Capital assets	**125,847**	126,749
Licences	**108,412**	108,443
Goodwill	**8,972**	8,972
Minority interest	**2,073**	1,598
	$ 356,002	$ 374,482
LIABILITIES AND UNITHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 40,942**	$ 38,320
Distributions payable	**6,849**	9,537
Income taxes payable	**5,495**	453
Current portion of long-term debt (note 3)	**1,007**	3,515
	54,293	51,825
Long-term debt (note 3)	**144,652**	142,287
Future income taxes	**7,895**	13,004
Due to joint venture partner	**1,995**	1,995
Unitholders' Equity		
Partnership units (note 4)	**172,251**	172,251
Cumulative earnings	**89,562**	92,540
Cumulative distributions (note 5)	**(96,149)**	(80,978)
Cumulative foreign currency translation account (note 6)	**(18,497)**	(18,442)
	147,167	165,371
	$ 356,002	$ 374,482

See accompanying notes to consolidated financial statements

Clearwater Seafoods Limited Partnership
Consolidated Statement of Earnings and Cumulative Earnings

(In thousands of dollars)
(unaudited)

	13 weeks ended April 3, 2004	13 weeks ended March 29, 2003
Sales	**$ 72,741**	$ 75,079
Cost of goods sold	**55,486**	56,019
Gross profit	**17,255**	19,060
Administration and selling	**9,533**	7,779
Other income	**(981)**	(577)
Foreign exchange income (expense)	**3,375**	(5,632)
Bank interest and charges	**146**	211
Interest on long-term debt	**2,095**	1,262
Depreciation and amortization	**4,081**	3,842
Reduction in foreign currency translation account (note 6)	**-**	790
	18,249	7,675
Earnings (loss) before the undernoted	**(994)**	11,385
Income taxes	**1,585**	1,504
Earnings (loss) before minority interest	**(2,579)**	9,881
Minority interest	**399**	-
Net earnings (loss)	**$ (2,978)**	$ 9,881
Cumulative earnings at beginning of period	**$ 92,540**	$ 30,423
Cumulative earnings at end of period	**$ 89,562**	$ 40,304
Basic and diluted net earnings per unit	**$ (0.06)**	$ 0.21

See accompanying notes to consolidated financial statements

Clearwater Seafoods Limited Partnership
Consolidated Statement of Cash Flows

(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	13 weeks ended April 3, 2004	13 weeks ended March 29, 2003
Cash flows from operating activities		
Net earnings (loss)	**$ (2,978)**	$ 9,881
Items not involving cash		
Depreciation and amortization	**4,081**	3,842
Foreign exchange on long-term debt	**(169)**	(1,394)
Future income taxes recovery	**(4,922)**	(3)
Reduction in foreign currency translation account	**-**	790
Minority interest	**399**	-
Unrealized foreign exchange on currency option contracts	**10,379**	(3,127)
Gain on disposal of capital assets and licences	**(15)**	-
	6,775	9,989
Change in non-cash operating working capital	**13,144**	8,321
	19,919	18,310
Cash flows from financing activities		
Proceeds from long-term debt	**17,857**	6,127
Reduction of long-term debt	**(17,825)**	(2,235)
Other	**(349)**	(110)
Distributions to minority partners	**(874)**	(2,826)
Distributions to unitholders (note 5)	**(15,171)**	(13,778)
	(16,362)	(12,822)
Cash flows from investing activities		
Decrease in other long-term assets and other	**602**	2,782
Purchase of capital assets and licences	**(2,578)**	(6,997)
Other		(386)
Proceeds on disposal of capital assets, licences and assets held for resale	**15**	-
	(1,961)	(4601)
Increase (decrease) in cash	**1,596**	887
Cash - beginning of period	**564**	759
Cash - end of period	**$ 2,160**	$ 1,646
Supplementary cash flow information		
Interest paid	**$ 838**	$ 1,332
Income taxes paid	**1,297**	847
Change in non-cash working capital consists of changes in the following accounts:		
Accounts receivable	**13,583**	13, 254
Inventories	**1,223**	6,539
Foreign exchange on currency contracts	**(10,379)**	3,127
Prepaids and other	**3,739**	(1,175)
Accounts payable and accrued liabilities	**(64)**	(14,070)
Income taxes payable	**5,042**	660
	$ 13,144	$ 8,321

There were no material non-cash transactions during the quarters
See accompanying notes to consolidated financial statements

Clearwater Seafoods Limited Partnership
Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars)
(unaudited)

Note 1 - BASIS OF PRESENTATION

Clearwater Seafoods Limited Partnership ("Clearwater") is a limited partnership that acquired the seafood business of Clearwater Fine Foods Incorporated ("CFFI") on July 30, 2002.

The unaudited interim period consolidated financial statements have been prepared by Clearwater Seafoods Limited Partnership ("Clearwater") in accordance with Canadian generally accepted accounting principles. The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. These unaudited interim period consolidated financial statements do not contain all the disclosures required in annual audited financial statements by Canadian generally accepted accounting principles, and accordingly should be read together with the audited annual consolidated financial statements and the accompanying notes included in Clearwater Seafoods Income Fund's (the "Fund") 2003 Annual Report.

As CFFI maintained the right to nominate the majority of the board of directors both before and after the acquisition of its seafoods business by Clearwater Seafoods Limited Partnership the acquisition was accounted for using the book values of the assets and liabilities as recorded by CFFI.

Note 2 - SEASONALITY

Due to the seasonal nature of the business, gross profit is typically higher in the second half of the calendar year than the first half of the year.

Note 3 - LONG-TERM DEBT

	April 3, 2004	December 31, 2003
Notes payable (a)		
Canadian	**$ 63,000**	$ 63,000
United States dollars	**19,725**	19,448
Term credit facility (b)		
Canadian	**25,419**	8,797
Pounds Sterling	**9,538**	-
Euros	**4,738**	9,372
United States dollars	**6,575**	-
Yen	**-**	10,299
Marine mortgage, due in 2017 (c)		
Canadian	**3,809**	3,809
Danish Kroner	**2,656**	2,736
Yen	**2,239**	2,159
Term loan, due in 2091 (d)	**3,500**	3,500
Other loans	**4,460**	5,046
Marine mortgage	**-**	17,636
	145,659	145,802
Less current portion	**1,007**	3,515
	$ 144,652	$ 142,287

(a) Notes payable, Senior secured notes issued in three series:

$43,000,000 Canadian Series A Notes bearing interest at 6.4% payable semi-annually, maturing December 8, 2008.

$15,000,000 U.S. dollars Series B notes bearing interest at 5.65% payable semi-annually, maturing December 8, 2008.

$20,000,000 Canadian Series C Notes bearing interest at 7.23% payable semi-annually, maturing December 8, 2013.

The notes are secured by mortgages and charges on all of the present and future property and assets of Clearwater Seafoods Limited Partnership and certain of its wholly owned subsidiaries, the interests of Clearwater Seafoods Income Fund in Clearwater Seafoods Holdings Trust and all the issued shares of CS ManPar Inc., the general partner of Clearwater. The security arrangement is guaranteed by an inter-creditor agreement with the banking syndicate members

Clearwater Seafoods Limited Partnership

Notes to Consolidated Financial Statements

participating in the term credit facility disclosed in section b of this note.

(b) Term credit facility, maturing in May 2005. In May 2004 the banking syndicate at the request of Clearwater may extend the credit for an additional two years until May 2006. The balance outstanding as at April 3, 2004 was CDN $25,419,000 (December 31, 2003 - CDN $8,797,000), Pounds Sterling 4,000,000 (December 31, 2003 – nil), United States dollars $5,000,000 (December 31, 2003 – nil), Euros 3,000,000 (December 31, 2003 - 5,763,000) and YEN nil (December 31, 2003 – 852,000,000). The facility bears interest at rates ranging from prime plus 0.5 – 1.25% and Libor plus 1.5 - 2.25% and has no scheduled repayments. The facility is secured by mortgages and charges on all of the present and future property and assets of Clearwater and of certain of its wholly-owned subsidiaries, the interests of Clearwater Seafoods Income Fund in Clearwater Seafoods Holdings Trust, the interests of Clearwater Seafoods Holdings Trust in Clearwater and all the issued shares of CS ManPar Inc., and is subject to the maintenance of certain financial covenants. As part of the master netting arrangement, bank account balances associated with the facility are netted with the term credit facility balance.

(c) Marine mortgage payable in the principal amount of CDN $7,617,000 (December 31, 2003 - $7,617,000), DKK 25,045,000 (December 31, 2003– DKK 25,045,000) and YEN 357,206,000 (December 31, 2003 – 357,206,000) bearing interest at UNIBOR plus 1% payable semi-annually, 50% of which represents Clearwater's proportionate share. Principal payments are required annually with CDN $517,000, DKK 1,391,000 and YEN 19,845,000 due in 2004-2007, CDN $776,000, DKK 2,087,000 and YEN 29,767,000 due in 2008-2014, CDN $120,000 due in 2015, DKK 2,087,000 and YEN 29,767,000 due in 2015-2016 and DKK 696,000 and YEN 9,923,000 due in 2017, 50% of which represents Clearwater's proportionate share. The loan matures in 2017 and is secured by a first mortgage over the related vessel and covenants concerning certain fishing licences.

(d) Term loan, payable in 2091. In connection with this loan Clearwater makes a royalty payment of $350,000 per annum in lieu of interest.

Clearwater's debt facilities contain various covenants. Clearwater is in compliance with all debt covenants at April 3, 2004.

Principal repayments required in each of the next five years are approximately as follows:

2004	$ 1,007
2005	46,732
2006	963
2007	958
2008	83,642

Note 4 - PARTNERSHIP UNITS

Clearwater is authorized to issue an unlimited number of Class A limited partnership units, an unlimited number of Class B general partnership units, issuable in series, and an unlimited number of Class Y general partnership units, issuable in series.

The right of the holders of unsubordinated Class B units to receive distributions from Clearwater is subordinated to the rights of holders of Class A units until December 31, 2005. As at April 3, 2004 this represents 9,352,487 units. Class B units that are subject to such subordination are entitled to receive distributions from Clearwater only quarterly, rather than monthly, and only after distributions of at least $0.0958 per unit in respect of each month during such quarter have first been paid to the holders of Class A units and Class B units that at the time are not subject to such subordination.

Class B units that are no longer subject to subordination may at any time thereafter at the option of the holder thereof in effect be exchanged for units of the Fund whereupon CSHT will be issued Class A units and the Class B units that were so exchanged will be cancelled.

Class A Units	Class B Units	($ in 000's)
29,407,626	23,381,217	$ 172,251

As at April 3, 2004 there were in total 52,788,843 units outstanding (December 31, 2003 - 52,788,843).

Note 5 - DISTRIBUTIONS

Clearwater's distribution policy is to make distributions to unitholders of its available cash to the maximum extent possible consistent with good business practices. Clearwater intends to make monthly cash distributions of its net monthly cash receipts, less estimated amounts required for the payment of expenses and capital expenditures as determined appropriate.

Cash distributions will be payable monthly to the unsubordinated unitholders of record on the last business day of each month and will be paid no later than the 15th day of the following month or, if such day is not a business day, not later than the next business day.

During the quarter ended April 3, 2004, Clearwater declared the following cash distributions:

Declaration Date	Record Date	Payment Date	Distribution Per Unit	Total
To the Fund, as holders of CSLP Class A partnership units				
January 19, 2004	January 30, 2004	February 13, 2004	$ 0.0958	$ 2,817
February 16, 2004	February 27, 2004	March 15, 2004	0.0958	2,817
March 17, 2004	March 31, 2004	April 15, 2004	0.0958	2,817
				8,451
To CFFI, as holders of unsubordinated CSLP Class B partnership units				
February 23, 2004 – concurrent with release of 2003 results			0.1916	2,688
March 17, 2004	March 31, 2004	April 15, 2004	0.0958	1,344
				4,032
To CFFI, as holders of subordinated CSLP Class B partnership units				
March 17, 2004	March 31, 2004	April 15, 2004	0.2874	2,688
				$ 15,171

Since inception Clearwater has distributed $96,149,000.

Note 6 - REDUCTION IN FOREIGN CURRENCY TRANSLATION ACCOUNT

The reduction in the foreign currency translation account is a non-cash adjustment, which relates to the reduction of Clearwater's net investment in an 80% (70% prior to September 2003) owned subsidiary in Argentina. The cumulative translation account largely arose because of the significant devaluation of the peso in Argentina versus the Canadian dollar in 2001. It is Clearwater's desire to continue to manage its exposure to Argentina pesos by repatriating its capital as quickly as possible while not impairing local operations. Dividends declared have resulted in a reduction in Clearwater's net investment in that subsidiary and accordingly, a proportionate share of the cumulative translation account has been recognized in earnings. Clearwater anticipates that continued repayments of its advances to and the payment of dividends from the subsidiary in Argentina may result in additional reduction of the cumulative translation account in the future. The cumulative translation account is included in the Unitholders Equity section of the balance sheet and the remaining balance at April 3, 2004 is $18.5 million (December 31, 2003 - $18.4 million).

Note 7 - SEGMENTED INFORMATION

(a) General information

Clearwater operates primarily within one industry, that being the harvesting, procurement, processing, and sale of seafood with no separately reportable business segments. The products are sold primarily to customers in the United States, Asia, Europe, and Canada.

(b) Net sales to customers by product category

	13 weeks ended April 3, 2004	13 weeks ended March 29, 2003
Lobster	**$ 14,298**	$ 17,679
Sea scallop	**15,605**	11,287
Clam	**12,537**	13,541
Argentine scallop	**8,397**	8,784
Groundfish	**9,422**	8,901
Cold water shrimp	**7,108**	9,678
Jonah crab	**2,071**	2,508
Other	**1,973**	1,877
Hedging program	**1,330**	824
	$ 72,741	$ 75,079

(c) Geographic information

	13 weeks ended April 3, 2004	13 weeks ended March 29, 2003
Sales		
United States	**$ 24,406**	$ 30,355
Europe	**25,162**	19,307
Asia	**11,590**	14,996
Canada	**9,896**	8,997
Other, including hedging program	**1,687**	1,424
	$ 72,741	$ 75,079

	April 3, 2004	December 31, 2003
Capital assets, licences and goodwill		
Canada	**$ 221,800**	$222,722
Argentina	**20,205**	20,193
Other	**1,226**	1,249
	$ 243,231	$244,164

Note 8 - RELATED PARTY TRANSACTIONS

During the first quarter Clearwater was charged $47,000 by CFFI for use of a corporate airplane (2003 - $46,000), charged CFFI $65,000 for rent and other services (2003 – $55,000) and had an amount owing to CFFI of $4,041,000 (2003 - $6,720,000) relating to the most recent quarter distribution on subordinated units.

Clearwater was charged approximately $68,000 for vehicle leases in 2004 (2003 - $53,000) and approximately $8,000 for other services (2003 - $13,000) by companies controlled by a relative of an officer of Clearwater.

These transactions are in the normal course of operations and have been recorded at fair market value.

In addition, CFFI provides certain treasury functions at no charge.

Quarterly and Unit Information

The financial information disclosed below was derived from the unaudited interim earnings statements of Clearwater for periods from July 30, 2002 to April 3, 2004. The financial information from January 1, 2002 until July 29, 2002 was derived from the unaudited interim earnings statements of the Business as operated by Clearwater Fine Foods Incorporated ("CFFI"). The results prior to July 30, 2002 do not reflect the current capital structure, which would have impacted bank interest, interest on long-term debt, income taxes and minority interest.

The third quarter of 2002 was derived by adding the results for the Business for the month of July 2002 to the results of Clearwater for the two months ended September 28, 2002.

	2004	2003				2002			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Clearwater Seafoods Limited Partnership ($000's except per unit amounts)									
Sales	72,741	101,565	96,514	76,579	75,079	96,334	90,037	68,502	65,055
Net earnings (loss)	(2,978)	23,754	11,569	16,913	9,881	21,235	3,482	1,939	2,877
Distributable cash	11,963	22,028	19,447	12,008	8,027	21,863			
Distributions	15,171	15,171	15,009	14,545	13,778	13,534			
Per unit data									
Basic and diluted net earnings (loss)	(0.06)	0.45	0.22	0.33	0.21	0.45			
Distributable cash	0.23	0.42	0.37	0.24	0.17	0.47			
Distributions	0.29	0.29	0.29	0.29	0.29	0.29			
Trading information, Clearwater Seafoods Income Fund, symbol CLR.UN, IPO July 30, 2002									
Trading price range of units (board lots)									
High	12.95	12.41	13.15	12.55	11.28	10.75	10.71		
Low	11.80	10.10	11.07	10.94	10.19	9.55	9.85		
Close	12.40	12.00	11.78	12.35	11.15	10.36	10.26		
Trading volumes (000's)									
Total	4,704	5,303	8,607	3,925	3,445	6,739	9,909		
Average daily	71	83	137	60	54	102	225		
Units outstanding at end of quarter									
Units	29,407,626	29,407,626	29,407,626	28,558,664	24,558,664	24,558,664	23,287,478		
Special	23,381,217	23,381,217	23,381,217	23,381,217	23,381,217	23,381,217	23,381,217		
Total	52,788,843	52,788,843	52,788,843	51,939,881	47,939,881	47,939,881	46,668,695		

Corporate Information

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