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OUR INTERNATIONAL OPERATIONS PUT OUR PRODUCTS INTO ALL MAJOR SEAFOOD MARKETS IN ASIA, EUROPE, AND NORTH AMERICA. WE ARE THE DOMINANT QUOTA HOLDER IN SIX PREMIUM SHELLFISH INDUSTRIES. WE HAVE TRANSFORMED NON-TRADITIONAL FISH SPECIES INTO HIGHLY PROFITABLE BOUTIQUE INDUSTRIES. ADVANCED TECHNOLOGY AND INNOVATIVE THINKING MAKE US **A GLOBAL LEADER** IN OUR INDUSTRY AND POSITIONS US FOR



Clearwater Seafoods Income Fund is a limited purpose, open-ended trust created to acquire and hold securities of Clearwater Seafoods Limited Partnership (“Clearwater”).

Established in 1976, Clearwater is a leader in the global seafood industry and the largest integrated shellfish company in North America. It is recognized for its consistent quality, wide diversity, and reliable delivery of premium shellfish including sea scallops, Arctic surf clams, Argentine scallops, lobster, cold water shrimp, and Jonah crab.

Clearwater is the largest holder of offshore rights to harvest each of these products in Canada, which provides it with a secure and stable source of a diverse range of premium shellfish; makes it one of the largest harvesters and processors of these products in the world; and provides it with stable cash flow and growth potential.

Clearwater harvests, processes, and sells more than 69 million pounds of seafood annually.

Its operations consist primarily of:

- harvesting premium shellfish in the offshore fisheries of Atlantic Canada and Argentina;
- processing shellfish onboard technologically advanced factory vessels or in modern shore-based processing plants; and
- marketing and distributing premium shellfish to over 1,100 customers in North America, Europe, and Asia.

DURING THE FIRST QUARTER Clearwater Seafoods Income Fund (the “Fund”) reported earnings of \$5.5 million from its investment in Clearwater Seafoods Limited Partnership (“Clearwater”). Clearwater had sales in the first quarter of \$74.9 million and generated net earnings of \$9.9 million. For an analysis of the Fund’s and Clearwater’s results, please see the Management’s Discussion and Analysis included with this report.

The Fund acquired its interest in Clearwater on July 30th, 2002. Therefore, no comparative figures are presented in the accompanying financial statements. Included in the Management’s Discussion and Analysis section of this report is comparative information for the first quarter of 2002, during which time the seafood business now operated by Clearwater was operated by Clearwater Fine Foods Incorporated.

FINANCIAL HIGHLIGHTS

(\$000’s except per unit amounts)	THE FUND Quarter Ended March 29, 2003	CLEARWATER Quarter Ended March 29, 2003
Sales		\$ 74,935
EBITDA ¹		\$ 17,490
Net earnings ²	\$ 5,538	\$ 9,881
Basic earnings per unit	\$ 0.23	\$ 0.21
Diluted earnings per unit	\$ 0.22	\$ 0.21
Distributable cash ³	\$ 7,056	\$ 8,027
Distributions paid or payable	\$ 7,056	\$ 13,778
Distributable cash per unit	\$ 0.29	\$ 0.17
Distributions per unit	\$ 0.29	\$ 0.29
Weighted Average Units outstanding		
Trust Units	24,558,664	
Special Trust Units	23,381,217	
Limited Partnership Units		47,939,881

1. Earnings before interest, tax, depreciation, amortization and minority interest is not a recognized measure under Canadian generally accepted accounting principles (GAAP). 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 or cash flows as measure of liquidity and cash flows. For a reconciliation of EBITDA to net earnings, please see note 3.
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) it does not consolidate the results of Clearwater’s operations but rather accounts for the investment using the equity method. Under this method, the Fund’s share of the earnings of Clearwater is reflected in the statement of earnings of the Fund as a one-line item titled equity in the earnings of Clearwater Seafoods Limited Partnership. 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.

REPORT TO UNITHOLDERS *(continued)*

3. EBITDA and distributable cash for Clearwater are determined for the year-to-date period as follows:

Net earnings	\$	9,881
Add:		
Bank interest and charges		211
Interest on long-term debt		1,262
Depreciation and amortization		3,842
Reduction in foreign currency translation account		790
Income taxes		1,504
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EBITDA		17,490
Less:		
Non-cash foreign exchange income		(4,521)
Minority interest in EBITDA		(1,534)
Proportionate interest expense		(1,388)
Proportionate cash income taxes		(1,507)
Proportionate maintenance capex		(513)
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Distributable cash	\$	8,027
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The first quarter results have provided a solid start for 2003. Sales increased by 15.2% in the first quarter of 2003 as compared to the first quarter of 2002 and gross margins have been stable. In addition, distributable cash levels for the quarter have met our expectations.

Sales for the first quarter of the year typically represent approximately 20% of sales for the year and less than 20% contribution to annual earnings. Earnings for the eight months from inception have been \$40.3 million, distributable cash \$39.2 million, and distributions \$36.3 million or 93% of distributable cash (being the respective figures for the first quarter of 2003 from this report and the respective figures for the five months ended December 31st, 2002 from the Fund's 2002 Annual Report).

We continue to actively manage our foreign exchange exposures. Our hedging program, which at any point in time extends out 12-18 months, has effectively mitigated the impact of the continued strengthening of the Canadian dollar relative to the U.S. dollar on our first quarter results and will continue to offset the potential negative impact going forward as the bulk of our sales for the current year are fully hedged and hedges exist for some sales in 2004. Price increases may also offset some of the potential impact. However, if these foreign exchange trends continue for an extended period and if the ability to increase prices is inhibited by market pressures, then future results could be negatively impacted.

Sudden Acute Respiratory Syndrome or SARS has had a minimal impact in the first quarter. We had sales of \$28 million to Asian countries other than Japan in calendar 2002 so management continues to carefully monitor the status of SARS and the impact it may have on those markets. However, a large portion of our sales in Asia is to the retail trade, which has not been impacted as much as the restaurant trade.

The past few quarters have seen increased attention on United States cross-border security. We are pleased to have recently received our C-TPAT (Customs-Trade Partnership Against Terrorism) certification from U.S. Customs and Border Protection, which should ensure the efficient transport of product to our customers in the United States.

On April 29th, 2003 we announced the acquisition of certain scallop quotas and groundfish licences from High Liner Foods Incorporated. This is a very exciting acquisition for Clearwater that is consistent with our corporate strategy. Adding sea scallop and groundfish quotas to our assets will be immediately accretive to distributable cash per unit and further solidify our income stream. The acquisition will enhance Clearwater's position as a world leading sea scallop supplier, which will assist us in deepening our relationships with preferred customers. In addition, we currently have only a relatively small amount of groundfish quota. This is an opportunity to acquire groundfish quota at a time when several valuable groundfish stocks appear to be in the early stages of a recovery. If this recovery continues, it will result in significant benefits to Clearwater's business.

This transaction as well as the results for the first quarter shows our continuing commitment to delivering results for our unitholders.

ABOUT CLEARWATER

Clearwater Seafoods Limited Partnership 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, Arctic surf clams, cold water shrimp, Argentine scallops, Jonah crab, and groundfish.



Colin MacDonald

Chief Executive Officer

Clearwater Seafoods Limited Partnership

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis ("MD&A") for the first quarter of 2003 should be read in conjunction with the MD&A in the Fund's Annual Report for the period ended December 31st, 2002 and the attached unaudited interim consolidated financial statements.

RESULTS OF OPERATIONS

Consolidated Operating Results for the period January 1st, 2003 to March 29th, 2003

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. The statement of earnings disclosed below reflects the unaudited interim earnings of Clearwater for the first quarter period from January 1, 2003 to March 29, 2003. The statement of earnings for the 2002 first quarter period from January 1, 2002 to March 30, 2002 reflects the earnings of the Business as operated by Clearwater Fine Foods Incorporated ("CFFI"). This statement of earnings was included in the Initial Public Offering Prospectus on page F-6. The results for 2002 do not reflect the acquisition of the minority interest in a subsidiary and the current capital structure, which would have impacted bank interest, interest on long-term debt, income taxes and minority interest.

	2003	2002
Sales	\$ 74,935	\$ 65,055
Cost of goods sold	56,019	48,742
Gross profit	18,916 25.2%	16,313 25.1%
Administration and selling	7,779	7,334
Other income	(577)	(592)
Foreign exchange	(5,776)	(457)
	1,426	6,285
Earnings before interest, depreciation and amortization, taxes and minority interest	17,490 23.3%	10,028 15.4%
Bank interest and charges	211	864
Interest on long-term debt	1,262	3,252
Depreciation and amortization	3,842	3,594
Reduction in foreign currency translation account	790	-
	6,105	7,710
Earnings before income taxes and minority interest	11,385	2,318
Income taxes	1,504	(592)
Earnings before minority interest	9,881	2,910
Minority interest	-	33
Net earnings	\$ 9,881	\$ 2,877

RESULTS OF OPERATIONS *(continued)*

Sales for the quarter were \$74.9 million, an increase of \$9.9 million or 15.2% over 2002. Selling prices for the first quarter of 2003 for sea scallops, Arctic surf clams, Argentine scallops, and lobster met or exceeded 2002 prices. Cold water shrimp, Jonah crab, and cod selling prices were lower in 2003 than 2002.

Sea scallop prices increased in 2003 from the soft pricing conditions experienced in late 2001 and the first part of 2002. Sea scallop volumes were down in 2003 due to tough fishing conditions caused by poor weather and also due to the large volume of inventory brought to market in the first quarter of 2002. Clam volumes increased in 2003 due to strong market acceptance of our new canned product. Argentine scallop sales volumes increased in 2003 due to strong fishing results, in particular the Surf III had improved catch rates, and also due to the timing of landings. Lobster costs increased in 2003 due to higher costs of purchased lobster, not all of which was passed on to our customers. Cold water shrimp volumes increased as compared to 2002 due to having two vessels fish for all of the first quarter of 2003 as well as improved catch rates. Clearwater did not take delivery of its second shrimp factory freezer vessel until May 2002. The increased landings were offset by lower prices achieved in 2003.

Administration and selling costs increased by \$0.5 million or 6.1% in 2003 due to general wage increases and the addition of sales staff to properly service the canned clam market.

Foreign exchange income was \$5.8 million in 2003 versus \$0.5 million in 2002. Approximately \$3.1 million of foreign exchange income is the non-cash, period-end fair-value adjustment of the liability associated with foreign exchange options and approximately \$1.4 million represent non-cash exchange gains associated with long-term debt denominated in foreign currency.

Bank interest and interest on long-term debt were both lower in 2003 as compared to 2002 due to the fact that Clearwater operates with a different capital structure as compared to CFFI.

The reduction in the foreign currency translation account is a non-cash adjustment, which relates to the reduction of Clearwater's net investment in a 70% 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. The Argentina subsidiary continues to generate a significant amount of cash and profits and therefore in the first quarter a dividend of approximately 20 million Argentine Pesos was declared which resulted in a reduction in Clearwater's net investment in that subsidiary. Accordingly, a proportionate share of the cumulative translation account was recognized in earnings upon the permanent reduction in the net investment in the subsidiary. 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 March 29th, 2003 is \$19.1 million (December 31st, 2002 – \$19.8 million).

Income taxes were \$1.5 million or 13.2% of pre-tax earnings in 2003 as compared to \$-0.6 million or -25.5% for 2002 due mainly to the use of loss carryforwards of a foreign subsidiary in 2002.

Net earnings increased from \$2.9 million in 2002 to \$9.9 million in 2003.

MANAGEMENT'S DISCUSSION AND ANALYSIS *(continued)*

DISTRIBUTABLE CASH AND CASH DISTRIBUTIONS

For the period from January 1st to March 29th, 2003, Clearwater generated \$8.0 million of distributable cash and declared distributions of \$13.8 million to the unitholders of Clearwater. However, the operations of Clearwater 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. Earnings for the eight months from inception have been \$40.3 million with distributable cash being \$39.2 million and distributions representing \$36.3 million or 93% of distributable cash (being the respective figures for the first quarter of 2003 from this report and the respective figures for the five months ended December 31st, 2002 from the Fund's 2002 Annual Report).

All distributions that were paid by Clearwater to the Fund were, in turn, distributed to Unitholders, which resulted in distributions per month of \$0.0958 for the period from January 1st, 2003 to March 29th, 2003.

LIQUIDITY AND CAPITAL RESOURCES

As at March 29th, 2003 the Fund owns 51.23% of the outstanding partnership units of Clearwater.

On April 29th, 2003, Clearwater entered into the High Liner Purchase Agreement pursuant to which Clearwater has agreed to acquire certain scallop and groundfish licences, quotas, and other assets from High Liner Foods Incorporated and to extend three loans to unrelated entities that will purchase certain of High Liner's assets previously used in connection with such licences and quotas at an aggregate cost of approximately \$65.4 million (excluding fees payable and expenses associated with the High Liner acquisition and related transactions).

This purchase will be funded by the issuance to the Fund of 4,000,000 partnership units for net proceeds of \$39.8 million (gross proceeds of \$42,400,000 less fees and expenses of the offering, including underwriting fees, estimated at \$2.6 million), together with a draw on the revolving term loan facility.

Clearwater has in place a term credit facility that is classified as long-term debt. Clearwater uses this facility to fund Clearwater's current operations as well as capital expenditures and other operating commitments. As at March 29th, 2003, \$76.1 million was drawn under this facility. On April 29th, 2003 the amount of the credit facility was increased by \$30 million to \$120 million.

Capital expenditures were \$7.0 million for the period from January 1st, 2003 to March 29th, 2003. Of this amount, \$0.5 million was maintenance capital and \$6.5 million was considered ROI (return on investment) capital. The ROI capital related primarily to vessels.

OUTLOOK

The outlook for 2003 is for continued stability in the market. Our new canned clam product continues to be well received by the market place.

Harvesting activity is predicted to remain strong for 2003 for all our species with no material changes in quota levels. Our two sea scallop freezer vessels are operating well.

We have met all planned distribution targets since the IPO and we expect to be able to continue to do so.

In 2003 we anticipate that the continued profitability of our operations in Argentina will result in minority interest expense being recorded attributed to the 30% minority shareholder. Our minority partner's share of the cash flows has been deducted in the calculation of distributable cash flow since the IPO.

The positive developments noted above continue to reflect well and the Trustees intend to look to increase distributions per unit in the future when they believe that an increase could be sustained over the long-term.

OUTLOOK *(continued)*

Management believes that the completion of the High Liner acquisition will enhance Clearwater's position as the world's leading sea scallop supplier, which will assist Clearwater in deepening its relationships with preferred customers. In addition, Clearwater currently has only a relatively small amount of groundfish quota. We anticipate that the acquisition of the additional groundfish quotas at a time when a number of valuable groundfish stocks appear to be in the early stages of a recovery will result in significant benefits to Clearwater's business as the stocks recover. Management expects this acquisition to result in accretive distributable cash per unit in 2003 and in future years.

EBITDA AND GROSS PROFIT

Earnings before interest, tax, depreciation, amortization, and minority interest is not a recognized measure under Canadian generally accepted accounting principles (GAAP). 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 or cash flows as measure of liquidity and cash flows.

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

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.

CONSOLIDATED BALANCE SHEETS

As at March 29, 2003 with comparative figures for December 31, 2002

(In thousands of dollars)

(unaudited)

	March 29, 2003	December 31, 2002
ASSETS		
Current Assets		
Distribution receivable from Clearwater Seafoods Limited Partnership	\$ 2,352	\$ 2,352
Investment in Clearwater Seafoods Limited Partnership (note 2)	247,835	249,353
	\$ 250,187	\$ 251,705
LIABILITIES AND UNITHOLDERS' EQUITY		
Current Liabilities		
Distribution payable to unitholders	\$ 2,352	\$ 2,352
Unitholders' Equity		
Trust Units	245,625	245,625
Cumulative earnings	20,542	15,004
Cumulative distributions	(18,332)	(11,276)
	247,835	249,353
	\$ 250,187	\$ 251,705

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF EARNINGS AND CUMULATIVE EARNINGS

For the thirteen weeks ended March 29, 2003

(In thousands of dollars)

(unaudited)

Equity in earnings of Clearwater Seafoods Limited Partnership and net earnings	\$ 5,538
Cumulative earnings at beginning of period	15,004
Cumulative earnings at end of period	\$ 20,542
Net earnings per trust unit	\$ 0.23
Diluted earnings per trust unit	\$ 0.22

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the thirteen weeks ended March 29, 2003

(In thousands of dollars)

(unaudited)

Cash flows from operating activities	
Net earnings	\$ 5,538
Items not involving cash	
Equity in earnings of Clearwater Seafoods Limited Partnership, net of cash distributions received of \$7,056	1,994
Other	(476)
	<hr/> 7,056
Cash flows from financing activities	
Distributions to unitholders	(7,056)
	<hr/>
Increase (decrease) in cash	–
Cash – beginning of period	–
	<hr/>
Cash – end of period	\$ –

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. BASIS OF PRESENTATION

The unaudited interim period consolidated financial statements have been prepared by 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 2002 Annual Report.

These consolidated financial statements consolidate the accounts of the Fund and its subsidiary, Clearwater Seafoods Holdings Trust. Clearwater Seafoods Holdings Trust owns 51.23% 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.

2. INVESTMENT IN CLEARWATER SEAFOODS LIMITED PARTNERSHIP

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

	March 29, 2003	December 31, 2002
Investment in units, at cost	\$ 245,625	\$ 245,625
Equity in earnings	20,542	15,004
Less: Distributions received	(18,332)	(11,276)
	\$ 247,835	\$ 249,353

3. TRUST UNITS

Special Trust Units were 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.

	Units	Special Trust Units	\$
Outstanding, March 29, 2003	24,558,664	23,381,217	\$ 245,625

As at March 29, 2003 there were in total 47,939,881 units outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

4. DISTRIBUTIONS

During the quarter ended March 29, 2003, the Fund declared the following cash distributions:

Declaration Date	Record Date	Payment Date	Distribution Per Unit	Total (in \$000's)
January 20, 2003	January 31, 2003	February 17, 2003	\$ 0.0958	\$ 2,352
February 17, 2003	February 28, 2003	March 17, 2003	0.0958	2,352
March 17, 2003	March 31, 2003	April 15, 2003	0.0958	2,352
				\$ 7,056

5. SUBSEQUENT EVENTS

On April 29, 2003, the Fund agreed to issue 4,000,000 Special Warrants for gross proceeds of \$42,400,000. Each Special Warrant will be exercisable on the date that is the earlier of (a) the third business day after the earliest date on which both a receipt for the prospectus related to the Units to be issued upon the exercise of the Special Warrants has been issued by each of the provincial and territorial securities regulators with whom the prospectus has been filed and the TSX has granted approval for the listing of the Units to be issued upon the exercise of the Special Warrants and (b) September 22, 2003. In the event that a receipt for the prospectus is not obtained by the Fund from a securities regulator in any province or territory or approval for the listing of the Units to be issued upon the exercise of the Special Warrants has not been granted by the TSX on or prior to July 7, 2003 (the "Qualification Deadline"), then each holder of the Special Warrants in such jurisdiction shall be entitled to receive on the exercise or deemed exercise of the Special Warrants following the Qualification Deadline 1.1 Units for each such Special Warrant so exercised without additional payment.

The proceeds will be used to acquire 4,000,000 units of Clearwater bringing the Fund's ownership in Clearwater to 54.98%.

CONSOLIDATED BALANCE SHEETS

As at March 29, 2003 with comparative figures for December 31, 2002

(In thousands of dollars)

(unaudited)

	March 29, 2003	December 31, 2002
ASSETS		
Current Assets		
Cash	\$ 1,646	\$ 759
Accounts receivable	38,713	51,967
Inventories	39,415	45,954
Prepays	6,869	5,694
	86,643	104,374
Other long-term assets	7,357	10,266
Capital assets	128,185	124,502
Licences	41,773	41,805
Goodwill	8,972	8,972
Minority interest	2,826	–
	\$ 275,756	\$ 289,919
LIABILITIES AND UNITHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 30,963	\$ 45,033
Distributions payable	9,072	9,072
Income taxes payable	3,692	3,032
Current portion of long-term debt (note 3)	3,404	2,794
	47,131	59,931
Long-term debt	109,864	107,975
Future income taxes	9,716	9,719
Due to joint venture partner	1,995	1,995
Unitholders' Equity		
Partnership Units (note 4)	122,133	122,133
Cumulative earnings	40,304	30,423
Cumulative distributions (note 5)	(36,254)	(22,476)
Cumulative foreign currency translation account	(19,133)	(19,781)
	107,050	110,299
	\$ 275,756	\$ 289,919

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF EARNINGS AND CUMULATIVE EARNINGS

For the thirteen weeks ended March 29, 2003

(In thousands of dollars)
(unaudited)

Sales	\$ 74,935
Cost of goods sold	56,019
Gross profit	18,916
Administration and selling	7,779
Other income	(577)
Foreign exchange	(5,776)
	1,426
Earnings before interest, depreciation and amortization, taxes and reduction in foreign currency translation account	17,490
Bank interest and charges	211
Interest on long-term debt	1,262
Depreciation and amortization	3,842
Reduction in foreign currency translation account (note 6)	790
	6,105
Earnings before the undernoted	11,385
Income taxes	1,504
Net earnings	\$ 9,881
Cumulative earnings at beginning of period	30,423
Cumulative earnings at end of period	\$ 40,304
Net earnings per unit, basic and diluted	\$ 0.21

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the thirteen weeks ended March 29, 2003

(In thousands of dollars)

(unaudited)

Cash flows from operating activities	
Net earnings	\$ 9,881
Items not involving cash	
Depreciation and amortization	3,842
Foreign exchange on long-term debt	(1,394)
Future income taxes	(3)
Reduction in foreign currency translation account	790
Other	(14)
	13,102
Change in non-cash operating working capital	5,208
	18,310
Cash flows from financing activities	
Proceeds from long-term debt	6,127
Reduction of long-term debt	(2,235)
Other	(110)
Distributions to partners	(2,826)
Distributions to unitholders	(13,778)
	(12,822)
Cash flows from investing activities	
Decrease in other long-term assets and other	2,782
Purchase of capital assets and licences	(6,997)
Other	(386)
	(4,601)
Increase in cash	887
Cash – beginning of period	759
Cash – end of period	\$ 1,646
Supplementary cash flow information	
Interest paid	\$ 1,332
Income taxes paid	847
Changes in non-cash working capital consists of changes in the following accounts:	
Accounts receivable	13,254
Inventories	6,539
Prepays	(1,175)
Accounts payable and accrued liabilities	(14,070)
Income taxes payable	660
	\$ 5,208

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. BASIS OF PRESENTATION

The unaudited interim period consolidated financial statements have been prepared by the Partnership 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 2002 Annual Report.

As Clearwater Fine Foods Incorporated ("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 has been accounted for using the book values of the assets and liabilities as recorded by CFFI.

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.

3. LONG-TERM DEBT

	March 29, 2003	December 31, 2002
Term credit facility (a)	\$ 76,132	\$ 71,525
Marine mortgage, due in 2011 (b)	18,860	20,716
Marine mortgage, due in 2017 (c)	10,638	10,878
Term loan, due in 2092 (d)	3,500	3,500
Other loans	4,138	4,150
	113,268	110,769
Less current portion	3,404	2,794
	\$ 109,864	\$ 107,975

(a) Term credit facility. On April 29, 2003, as part of the High Liner transaction (see note 9) the term credit facility was increased from CDN \$90,000,000 to CDN \$120,000,000 or the equivalent thereof and the maturity was extended from July 31, 2004 to May 2005. The balance outstanding as at March 29, 2003 was CDN \$34,615,000, US \$14,920,000 (CDN \$21,963,000), and YEN 1,576,438,000 (CDN \$19,554,000). 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., the general partner of Clearwater, and is subject to the maintenance of certain financial ratios. As part of the master netting arrangement, bank account balances associated with the facility are netted with the term credit facility balance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

3. LONG-TERM DEBT (continued)

(b) Marine mortgage. This mortgage was replaced with a new mortgage on April 25, 2003 and the balance at that time, being CDN \$18,798,000, was replaced with a facility in the principal amount of CDN \$10,804,000, DKK 21,790,000 (CDN \$4,676,000), and YEN 275,494,000 (CDN \$3,318,000) bearing interest at Libor plus 1.5%. Principal payments are required in 15 semi-annual repayments in the currencies in which the loan was drawn.

(c) Marine mortgage payable in the principal amount of CDN \$10,341,000, DKK 27,828,080 (CDN \$6,011,000), and YEN 396,895,158 (CDN \$4,923,000) bearing interest at UNIBOR plus 1% payable semi-annually, 50% of which represents Clearwater's proportionate share. Principal payments are required annually with CDN \$517,067, DKK 1,391,404, and YEN 19,844,758 due in 2003-2007, CDN \$775,600, DKK 2,087,106, and YEN 29,767,137 due in 2008-2017, 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 fishing licences.

(d) Term loan, payable in 2092. In connection with this loan, Clearwater makes a royalty payment of \$350,000 per annum in lieu of interest.

4. PARTNERSHIP UNITS

	Class A Units	Class B Units	\$
Outstanding, March 29, 2003	24,558,664	23,381,217	\$ 122,133

As at March 29, 2003 there were in total 47,939,881 units outstanding.

5. DISTRIBUTIONS

During the quarter ended March 29, 2003, Clearwater declared the following cash distributions:

Declaration Date	Record Date	Payment Date	Distribution Per Unit	Total (in \$000's)
To the Fund, as holders of CSLP Class A partnership units				
January 20, 2003	January 31, 2003	February 17, 2003	\$ 0.0958	\$ 2,352
February 17, 2003	February 28, 2003	March 17, 2003	0.0958	2,352
March 17, 2003	March 31, 2003	April 15, 2003	0.0958	2,352
				\$ 7,056
To CFFI, as holders of CSLP Class B partnership units				
March 17, 2003	March 31, 2003	April 15, 2003	\$ 0.2874	\$ 6,722
				\$ 13,778

Since inception Clearwater has distributed \$36,254,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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 a 70% 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. The Argentina subsidiary continues to generate a significant amount of cash and profits and therefore in the first quarter a dividend of approximately 20 million Argentine Pesos was declared which resulted in a reduction in Clearwater's net investment in that subsidiary. Accordingly, a proportionate share of the cumulative translation account was recognized in earnings upon the permanent reduction in the net investment in the subsidiary. 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 March 29, 2003 is \$19.1 million (December 31, 2002 – \$19.8 million).

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

Shellfish	\$ 63,469
Groundfish	8,898
Other	2,568
	\$ 74,935

(c) Geographic information

Sales

United States	\$ 30,355
Asia	14,996
Europe	19,307
Canada	8,997
Other	1,280
	\$ 74,935

	March 29, 2003	December 31, 2002
Capital assets, licences, and goodwill		
Canada	\$ 170,458	\$ 166,922
Argentina	7,074	6,900
Other	1,398	1,457
	\$ 178,930	\$ 175,279

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

8. RELATED PARTY TRANSACTIONS

During the first quarter Clearwater was charged \$46,000 by CFFI for use of a corporate airplane, charged CFFI \$55,000 for rent and other services, had an amount receivable from CFFI of \$52,000 (December 31, 2002 due to CFFI – \$2,541,000), and a distribution payable to CFFI of \$6,720,000 (December 31, 2002 – \$6,720,000).

Clearwater had an amount due from a minority owner in a subsidiary located in Argentina of \$367,000 (December 31, 2002 – \$3,302,000).

In addition, Clearwater has commitments for vehicle leases aggregating in total approximately \$400,000 that are committed to be paid to a company controlled by a relative of an officer of Clearwater over a period of years ending in 2006.

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

In addition, CFFI provides certain treasury functions related to derivative financial instruments at no charge.

9. SUBSEQUENT EVENTS

On April 29, 2003, Clearwater entered into the High Liner Purchase Agreement pursuant to which Clearwater has agreed to acquire certain scallop and groundfish licences, quotas, and other assets from High Liner and to extend three loans to unrelated entities that will purchase certain of High Liner's assets previously used in connection with such licences and quotas at an aggregate cost of approximately \$65.4 million (excluding fees payable and expenses associated with the High Liner acquisition and related transactions).

This purchase will be funded by the issuance to the Fund of 4,000,000 partnership units for net proceeds of \$39.8 million (gross proceeds of \$42,400,000 less fees and expenses of the offering, including underwriting fees, estimated at \$2.6 million), together with a draw on the revolving term loan facility.

Our corporate website, www.clearwater.ca, contains a wide array of information.

INVESTOR RELATIONS

The investor relations section of the website is a comprehensive library of information for the investor and includes the following:

- Current stock quotes
- Contact information
- News releases
- Articles
- Senior management bios
- Board of directors bios
- Events, including conference calls, webcast and investor presentations
- Financial and other reports
- Summary of distributions

SUBSCRIBE TO OUR WEBSITE

Our site also provides you with the option to subscribe to automatic email updates of additions to the website as they occur, such as press releases.

CORPORATE INFORMATION

In addition, the website contains information on a variety of other topics including:

- About us – our history and background
- Our products – overview of each of our seafood products
- Innovation – research and development, our vessels, responsible fishing and ocean management
- Our plants – information on each of our seafood plants

ON-LINE STORE

Our website also has an on-line store that gives you the opportunity to purchase some of our premium seafood for direct shipment to your door.

VISIT US AT WWW.CLEARWATER.CA

**TRUSTEES OF CLEARWATER SEAFOODS
INCOME FUND**

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Chairman, AT&T Canada Inc.

Counsel, Osler, Hoskin and Harcourt LLP

James W. Gogan

President, High Street Investments Limited

Thomas D. Traves

President and Vice-Chancellor, Dalhousie University

**DIRECTORS OF CS MANPAR INC.,
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