



THE COMPANY

Newfoundland-based Fishery Products International (FPI) is one of North America's leading seafood companies. FPI produces and markets a full range of seafood products including cold water shrimp, snow crab, sea scallops, as well as, cod, flounder, turbot, sole, redfish, pollock, and haddock. The company has an extensive brokerage and distribution network throughout North America and Europe, selling to more than 15 countries.

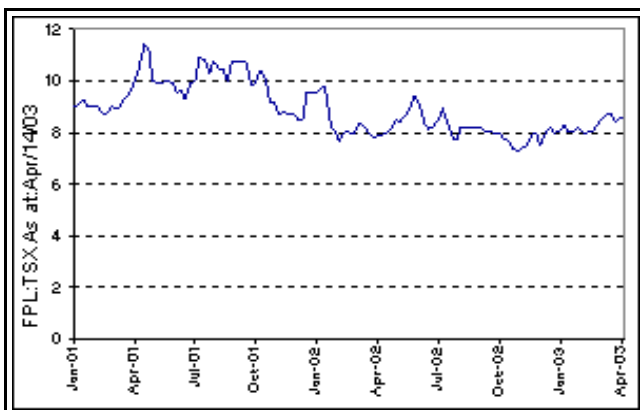
FPI sources raw materials from more than 30 countries to supply its harvesting and processing operations which include ten deep sea trawlers, two deep sea seiners, five scallop draggers, a shrimp freezer trawler, two value-added processing plants, three primary groundfish processing plants and six shellfish and pelagic processing plants.

FINANCIAL DATA

	2000	2001	2002
Earnings per Share (\$)*	0.90	0.71	0.89
Price to Earnings (times)	9.4	12.0	9.6
Dividend (\$)	0.15	0.18	0.20
Dividend Yield (%)	1.76	2.12	2.35
Book Value (\$)	12.96	12.75	13.04
Price to Book Value (times)	0.66	0.67	0.65

* Before unusual items

HISTORICAL SHARE PRICES



WHY ABC FUNDS BOUGHT FISHERY PRODUCTS

Fishery Products International is an under-followed fundamental value play with a significant catalyst for stock price appreciation on the horizon. Over the past five years FPI has proven itself to be an innovative, survivor company with solid fundamentals and a diverse business that touches upon every aspect of the fishery industry. The company was close to bankruptcy in the early 1990's and like the proverbial phoenix, has made an incredible recovery to become a significant world class leader in seafood procurement. Trading at 0.83 times book value, with a dividend yield of 1.7%, FPI is in the perfect position for the creation of shareholder value.

After the unsuccessful, unsolicited take-over bid by Neos Seafood in November 1999, CEO Victor Young has been proactive in preparing the company for any other potential mergers or acquisitions. In January, company shareholders voted in favour of removing the 15% shareholder ownership restriction with the Newfoundland government agreeing to remove its restriction for "the right" purchaser. In light of this information, it is interesting to note that both Sanford, a New Zealand seafood company and IFPC, an Icelandic seafood company have recently acquired approximately 14.8% each of FPI. While the removal of this corporate restriction has raised the potential for improvement in FPI's long-term competitive position, it also increases FPI's attractiveness as a takeover target.

In the meantime, FPI is in a business where production can prove to be volatile due to external risks such as government induced quotas and reduced fish stocks. Yet management, led by Victor Young, has seized the bull by the horns by using numerous new strategies, such as product innovation, a focus on higher margin products and the revitalization of its Newfoundland operations to offset risks and increase revenues and earnings. The company also plans to increase sales by growing its value-added business, particularly in North America. This coincides with attracting new business sales, such as restaurant chains. In addition, we live in a very health conscious society where fish is perceived to be a prime health food. This provides FPI with the opportunity to push its innovative value-added products with consumers purchasing more fish than meat.

Supporting FPI's strategies is its relatively solid and improving balance sheet. The company had shown confidence in its operations and strategy by announcing an annual dividend of \$0.12 per share in 1999. This was the first dividend since 1988. Reflecting on the company's improving operations, in the first quarter of 2000 FPI announced a 3.3% or 500,000-share buyback and increased its dividend to \$0.15. Further enhancing FPI's balance sheet are the company's hidden assets. These include a pension surplus of \$14.4 million or \$0.96 per share, tax loss carry forwards and its valuable fishing licenses.

FPI is not afraid to be innovative and it has the ability to do so with its value-added products and species substitution. Diversification and the ability to change prove to be one of FPI's biggest assets, being able to offset such things as the most recent cuts to crab quotas. The company's hidden assets, strong fundamentals and low valuation leaves FPI in the ideal position for share price appreciation or even an attractive take-over bid.

UPDATES

It came as a complete surprise to us to see a profit warning on our Bloomberg screen just prior to Fishery Products International (FPI) reporting its 2000 second quarter earnings. Fortunately, this turned out to be a *positive* profit warning, which is a very unusual occurrence on Bay Street.

FPI reported second quarter 2000 earnings per share of \$0.23 versus \$0.06 in 1999. In fact, earnings per share in the first half of fiscal 2000 are now \$0.42 versus \$0.18 in the comparable period of 1999. This increase in earnings largely stems from a 15.6% second quarter 2000 sales increase versus the similar period in 1999. Moreover, so far this year the company has purchased 67,100 of its shares at an average price of \$8.83 as part of its proposed 500,000-share buyback program.

FPI continues to explore growth opportunities through potential mergers, acquisitions and alliances. FPI remains very undervalued trading at 0.7 times its June 30, 2000 book value of \$12.41 and about 11 times expected 2000 earnings. In addition, FPI is a very attractive takeover candidate with three companies being significant shareholders. They include: Sanford, a New Zealand seafood company which owns 14.7%, IFPC, an Icelandic seafood company holding 14.5%, and Clearwater, a Canadian seafood company owning about 9%. In fact, as reported by FPI, there are now five shareholders who own approximately 64% of the company.

In the meantime, FPI continues to meet our expectations with its increasing sales and earnings. We feel that CEO, Victor Young's innovative and proactive management along with the company's low valuation and interesting shareholder makeup, shape FPI into a very attractive investment while patiently awaiting a merger/takeover or earnings catalyst.

ABC Funds
August 2000

For the third quarter of 2000, Fishery Products International reported impressive earnings of \$0.27 per share compared to \$0.17 in the same quarter of 1999. Moreover, for the first nine months of the year FPI earned \$0.69 per share versus \$0.35 in the comparable period, a remarkable increase of 97%.

While FPI's quarterly sales of \$188.2 million were relatively flat compared to the third quarter of 1999, the company has managed to continue to improve margins, particularly in its value-added category. FPI's stagnant quarterly sales growth is not a major concern as the 15.6% sales increase in the second quarter of 2000 reflected the sales of early crab fishing that would have normally taken place in the third quarter.

Although FPI's operations continue to show improvement, its share price has been lingering around the \$9.00 level. At this price, FPI remains undervalued, trading at a 30% discount to its \$12.65 book value and about 11 times the company's expected 2001 earnings of \$0.85 per share. At this point, we are anxiously awaiting the catalyst that will ultimately realize FPI's value. As noted in our previous write-ups FPI may be able to unlock shareholder value through potential mergers, acquisitions or alliances. Also, with three seafood companies each owning just under 15% of FPI and only five shareholders owning approximately 64% of the total shares, FPI appears primed for takeover.

ABC Funds
November 10, 2000

Fishery Products International reported its best year since 1987, marking its fifth consecutive year of profitability. Year 2000 earnings per share increased 76% from 1999 to \$0.90. The company's improved financial performance stems from both an increase in sales, particularly in its value-added segment, as well as further cost reductions. FPI's solid overall performance prompted an increase in its dividend to \$0.18 from \$0.15. The company's balance sheet has also been enhanced with a current book value of \$12.96, a strong working capital position, and lower debt.

FPI continues to be undervalued, trading at 0.7 times its book value with a 2% dividend yield. FPI also just announced that it has increased its normal course issuer bid to 700,000 shares from 500,000 shares, further highlighting it as an out-of-favour stock. FPI's strong results coupled with its strong candidacy for a take-over, as well as its low valuations, make this a very attractive company for value investors.

ABC Funds
March 2, 2001

UPDATES (cont'd)

Recall that three seafood companies own just under 15% each of Fishery Products International: Clearwater Fine Foods owns 13.4%; Icelandic Freezing Plants (IFPC) has accumulated a 15 % ownership; and Sanford now holds 14.9% of FPI. In previous commentary we have alluded that this type of ownership structure could lead to a merger or takeover. In fact, in November 1999 Clearwater along with IFPC and the Barry Group, a participant in Newfoundland Freezing Plants (owns 10.6% of FPI) launched a hostile takeover bid for FPI which was subsequently withdrawn in December 1999.

Over the past year and a half, the major rivals of FPI have remained on the back burner as each one accumulated its desired position. But on March 26, 2001, Vic Young, CEO of FPI issued a press release announcing that he had become aware of an attempt to oust FPI's board and senior management by forming an alternative slate of nominees for election as directors. The key underlying initiator of this movement is John Risley of Clearwater Fine Foods. It is believed the Mr. Risley has already briefed the Government of Newfoundland and Labrador on this matter. It is important to remember that provincial regulation prevents any one company from owning more than 15% of FPI; but this can be changed.

We continue to believe that FPI is a well-run, undervalued company but current events imply that a catalyst may be on the horizon.

ABC Funds
March 30, 2001

On May 1, at FPI's annual meeting the group of dissident shareholders, led by John Risley of Clearwater Fine Foods won its proxy battle with an 82% majority vote. Former CEO, Vic Young was forced to step down to make way for Derek Rowe and the new Board of Directors. Although we voted for Vic Young's team, we feel that new management will provide FPI with fresh entrepreneurial direction, albeit with increased risk.

ABC Funds
May 18, 2001

On September 6, 2001 it was announced that FPI signed an agreement to acquire the assets of Clearwater Fine Foods' harvesting, processing and marketing business for \$510 million. This transaction will create the largest seafood company in Canada, making it a much more competitive global player. Management has stated that it will be accretive to earnings and pro forma revenues will exceed \$1 billion.

The purchase will be financed through the issuance of up to 16 million non-voting common shares, the issuance of \$100 million redeemable retractable preferred shares with a dividend of 5%, and the assumption of \$210 million of existing debt.

Once we have received the information circular and further analyzed the transaction we will provide a further update. The transaction is dependent on regulatory and shareholder approval. In the meantime, we feel that our holding in FPI remains undervalued and has potential for further share price appreciation.

ABC Funds
September 14, 2001

Since our last update on Fishery Products International, its share price has been volatile. Most recently it is trading near the \$10 level, up from the November lows of almost \$8. Although FPI's stock price has been erratic in recent months due to the proposed acquisition of Clearwater Fine Foods we feel that there is value within the stock that has yet to be realized.

FPI is continuing its due diligence on the proposed Clearwater acquisition. It is expected that there will be a definitive agreement in the near future. FPI has stated that this acquisition is a critical part of its growth strategy and will benefit the company both strategically and operationally. Sanford Ltd., which currently owns a 15% interest in FPI has announced that upon the Clearwater acquisition it may restore its stake by buying more shares to uphold its 15% interest in the company which will be diluted to 7% through the deal.

In the meantime FPI has implemented a 5% or 767,479 share buyback. In light of recent events we feel that FPI continues to hold long-term share price appreciation potential.

ABC Funds
January 4, 2002

UPDATES (cont'd)

The disagreement between the management of FPI and the Government of Newfoundland has reached the front pages of many newspapers. It is the talk of Newfoundland where it has spawned significant controversy. We appreciate the point of view of both sides:

- FPI management wishes to streamline its operations more efficiently and profitably.
- The government of Newfoundland wishes to maintain employment for its citizens.

Unfortunately it will take time to sort out but we are hopeful that a resolution will be reached between both sides. We intend to retain our FPI holdings at this time since the present situation is too emotionally/politically charged to make a sensible investment decision. As more information is forthcoming we will offer further commentary.

ABC Funds
February 1, 2002

FPI's situation in Newfoundland continues to be emotionally/politically charged. Due to the controversy that job layoffs and the proposed acquisition of Clearwater sparked, management has chosen to change its focus.

The Clearwater acquisition has now been terminated and management has chosen to concentrate on improving its core operations. We welcome this new focus and look forward to seeing the benefits over the next few quarters. While it is possible that FPI may look into opportunistic purchases in the future, we are encouraged by management's promise to better its existing asset base and operations.

ABC Funds
March 15, 2002

Now that the Clearwater acquisition has been abandoned, FPI's management has returned to the business it knows best. For the first half of 2002, the Company earned \$5.4 million, or \$0.35 per share before unusual items, compared to \$3.2 million the previous year. The 69% increase in net income was driven by sales growth of 4.6% to \$348.2 million from \$332.8 million. Further, the gross margin improved to 12.3% from 10.9% for the first six months of 2002 and 2001 respectively. However, FPI's shares still trade well below the Company's \$12.44 book value, reflecting the uncertainty that has surrounded the stock.

After the failure of the reverse takeover of Clearwater Fine Foods, FPI's new management team has focused on improving profitability and accelerating growth. The Company's operations have been restructured into two separate divisions. The Primary Group is responsible for harvesting, processing and selling seafood across international markets and the Marketing and Value Added Group is responsible for sourcing seafood from domestic and international suppliers and adding value through additional processing. The reorganization should allow management to concentrate its efforts on the areas of the business that most need improvement, to identify cost-cutting opportunities and to better allocate capital in order to improve returns.

Management has explicitly stated its longer-term strategic goals of "becoming the leading marketer and integrated supplier of seafood in North America" and "delivering value for our shareholders by achieving double-digit returns on their investment". To achieve these objectives, FPI will likely consider partnerships or strategic alliances with other major players in the industry, some of whom already have a minority stake in the Company. Challenges still remain, including the expectation of weak pricing in the second half of 2002, but we believe that management is genuinely committed to rebuilding market confidence, unlocking shareholder value and ensuring acceptable rates of return for investors.

ABC Funds
August 30, 2002

In the Company's first complete year under new management, Fishery Products International Limited successfully achieved its two primary goals. FPI grew annual revenues to the highest level in the Company's history and grew earnings per share on a year over year basis, before unusual items. For the year, revenue totaled \$740.9 million compared to \$703.1 million last year, an increase of 5.4%. Earnings per share increased 25% to \$0.89 in 2002 from \$0.71 in 2001, before unusual items. Offering a vote of confidence, FPI's Board of Directors authorized a quarterly dividend increase to \$0.05 per share, which currently yields approximately 2.3%.

In order for FPI to achieve its long-term goal of acceptable shareholder returns, management is now concentrating on the individual segments of the business. The Marketing and Value Added Group, responsible for processing, sourcing, marketing and selling products to customers across North America, has made the most progress thus far. By adding experienced people, investing in product research and development and restructuring the sales and marketing channel to best suit key customer needs, management hopes that this segment can eventually become North America's seafood leader. The Primary Group, responsible for harvesting, primary processing and international sales and marketing, has underperformed for the past several years and has been a drag on the overall performance of the Company. Management plans to invest approximately \$28 million to improve plant infrastructure and

UPDATES (cont'd)

modernize operations, which should lower the cost structure and improve profitability. Once both segments are running smoothly, the anticipated revenue and earnings growth should be reflected in the share price.

ABC Funds
March 7, 2003

After holding Fishery Products Limited for more than 4 years, we have made the difficult decision to sell our entire position. Unfortunately, both previous and current management teams have had a difficult time creating value for shareholders. The nature of the fisheries business, which necessitates working closely with government and union representatives, has been frustrating. Fish stocks, quotas, currencies and prices are tough to predict at the best of times. In addition, FPL is shackled with a 15% maximum investor ownership restriction by the Newfoundland government.

Current management has made an attempt to create a larger and leaner organization but their aggressiveness led to a union and government backlash. In the end, they were forced to abandon their plans. Cost control and modernization initiatives now seem to hold the most promise but will take time to implement. In the long run the Company may do very well, however, we are unable to envision a scenario where shareholders benefit significantly in the near to mid-term.

For thinly traded stocks, sometimes you must "leave a little on the table" and sell when there is demand. Such was the case with Fishery Products. We believe that the capital could be better employed elsewhere.

ABC Funds
April 14, 2003