CRESTSTREET

Excellence
in Flow-through Investing

Q1 2005

Creststreet Power & Income Fund LP

Message to Unitholders

Creststreet Power & Income Fund LP (the "Partnership") reports continued progress in the first quarter of 2005 on both the Quebec and Nova Scotia Projects and in our financing plans.

The Quebec Project, as of May 24, 2005 has completed erection of all turbines in the Infill Phase and has 25 of 25 Infill Phase turbines operating along with the 5 CRCE Phase turbines for a total of 30 operating turbines. All 30 turbines are scheduled to be fully commissioned and at full production by May 27, 2005. The Nova Scotia Project completed Phase II ("Infill Phase") erection of 15 wind turbines and achieved Substantial Completion on February 25, 2005. One of the Phase I turbines required replacement of a blade that was damaged during installation which was completed in April 2005 whereupon the Nova Scotia Project was at full production.

As of the end of the first quarter, 28 of 47 1.8 Megawatt Vestas V80 wind turbines and related infrastructure have been constructed including roads, electricity lines and substations. Total revenue of $2.0 million was earned during the first quarter. Capital spending for the Projects during the quarter for Infill Phase construction totalled $15.2 million and the total expected cost of the Infill Phase is approximately $102.5 million.

The Quebec Project - Mount Copper Wind Power Energy Inc.
In the first quarter of 2005, production from the five Phase 1 turbines was approximately 16% below the independent engineer's projection in the Q1 period. Availability of these turbines was approximately 90% during this quarter. Given the inherent variability of wind speeds, as well as the fact that the project is still under construction, the results fall within expectations.

On the construction, the Infill Phase is close to completion with all 25 Infill Phase turbines erected and 24 commissioned and operating. Commissioning of the remaining five turbines is expected by May 27, 2005.

The Nova Scotia Project - Pubnico Point Wind Farm Inc.
During the first quarter, one of the two Phase I turbines required replacement of a blade that was damaged during installation which resulted in only one turbine in operation for the full quarter. The other Phase 1 turbine generated approximately 3% below the independent engineer's projection for the quarter. During March, the first full month of operation for the facility, the production was 1% below the independent engineer's projection for that month, with availability greater than 90%. Given that one turbine was shut down for this month, and considering the inherent variability of wind speeds, the General Partner is pleased with these results.

Financing
On January 20, 2005, the Partnership closed a public offering of $27 million of 7.00% Convertible Subordinated Debentures maturing March 15, 2010. This financing reduced the cost of capital for the Partnership and reduced the size of the unit offering required to complete the refinancing of construction debt upon completion of the wind projects. The Debentures are currently listed on the TSX trading under the ticker symbol, CSR.DB. The Debentures will be convertible into limited partnership units of the Creststreet Power & Income Fund LP at a conversion price equal to 110% of the price at which the units are next offered to the public.

The Partnership presently anticipates completing its next public offering of units late in the second quarter of 2005 following the completion of construction of its Quebec wind energy project. At that time, the General Partner intends to have its units listed on a recognized stock exchange and monthly cash distributions commence to its Unitholders.

Given the refinancing requirements of the Construction Loan Facility, the Partnership has sought to reduce its exposure to movements in interest rates and their potential effect on its ability to raise sufficient funds to repay the Construction Debt. Upon closing of each projects' debt facility, Bond Forward Purchase Agreements were entered into for an aggregate principal amount of $65 million which provide protection to the Partnership's investments should interest rates increase materially. These will be closed out upon the refinancing of the term loan.

Creststreet continues to be excited about the growth of wind power in Canada. Wind power government initiatives are under way in several provinces as both the public and industry expand their recognition of the environmental benefits, growing productivity and cost effectiveness of wind power. Creststreet's windpower financing structure remains the premier financing vehicle for new windpower projects and the Partnership is committed to capitalizing on the growth opportunities available in Canada.

On behalf of Creststreet Power & Income Fund LP by its General Partner

Eric McFadden
President and Chief Executive Officer
Creststreet Power & Income General Partner Limited

May 2005

Management's Discussion and Analysis

Overview

In December 2003, Creststreet Power & Income Fund LP (the "Partnership") completed its initial public offering of limited partnership units, raising gross proceeds of $42,500,000. The Partnership invested in flow-through shares of two Canadian companies, which are constructing and will then operate wind energy projects to generate electricity for sale to provincial electricity utilities pursuant to long-term power purchase agreements. The majority of the cost of construction of the initial phase of these wind energy projects qualified as Canadian Renewable and Conservation Expense ("CRCE") under the Income Tax Act (Canada). CRCE eligible expenses are 100% deductible for income tax purposes and were flowed through to investors of the Partnership.

The Quebec Project is situated in the Gaspé Peninsula and located approximately 100 kilometres west of the town of Gaspé, Québec and approximately 80 kilometres south of the St. Lawrence River. The Quebec Project erected 5 test wind turbines early in 2004 ("CRCE Turbine Phase") which entered into commercial operations in May 2004. During the third quarter of 2004, The Quebec Project completed a 120-day test period of the initial 5 wind turbines, and began to erect a further 25 wind turbines ("Infill Construction Phase"). Completion and commissioning of the Infill Construction Phase is expected in May 2005.

The Nova Scotia Project is situated on the southern portion of Pubnico Point in southwest Nova Scotia, approximately 36 kilometres southeast of Yarmouth, Nova Scotia. The site of The Nova Scotia Project facility lies south of the village of West Pubnico, Nova Scotia. The Nova Scotia Project erected 2 CRCE Turbine Phase turbines early in 2004 which entered into commercial operations in May 2004. During the third quarter of 2004, The Nova Scotia Project completed a 120-day test period of the initial 2 wind turbines, and began to erect a further 15 Infill Construction Phase turbines. Completion and commissioning of the Infill Construction Phase occurred in late February 2005.

The Infill Construction Phases for the Quebec Project and the Nova Scotia Project are being funded by a construction debt facility totaling $107,295,248 which closed in the third quarter of 2004. On January 13, 2005, the Partnership filed a final prospectus for an offering of $27 million of convertible debentures. Net proceeds from the convertible debentures were used to make further investments in the Quebec Project and the Nova Scotia Project by way of subordinated notes to fund capital expenditures and to permit refinancing of a portion of their construction debt facilities and for general business purposes. In 2005 the construction facility was amended and reduced to $85,000,000 as a result of receiving the proceeds from the issue of convertible debentures.

The following discussion and analysis may contain forward-looking statements regarding the Partnership's future performance. All forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking statements.

Results of Operations

Revenues

For the three months ended March 31, 2005 the Partnership earned $2,000,194 in revenue from the delivery of a total of 31.3 gigawatt hours ("GWh") of electricity.

These revenues were generated by the seven CRCE Turbine Phase for the entire first quarter of 2005 and seventeen Infill Construction Phase turbines for one month in 2005. Upon the completion of the Infill Construction Phase in May 2005 revenues will increase substantially with 47 turbines in operation. The expected annual production for the Quebec Project is 185.9 GWh and 100.8 GWh for the Nova Scotia Project. Both Mount Copper and Pubnico Point have long-term power purchase agreements with their respective provincial utilities at set fixed prices per kilowatt hour, however, the amount of revenue earned is dependent on the amount of wind resource. The wind resource is seasonal with higher volumes in the winter and lower volumes in the summer. There were no revenues in the corresponding period in 2004 as no turbines had been erected.

Operating Costs

Operating costs incurred were $254,068 resulting in an operating margin of 87% of revenues. Upon the completion of the Infill Construction Phase in May 2005 operating expenses will increase substantially with 47 turbines in total in operation. When full production is achieved the operating cost margin is expected to be approximately 80% on an annual basis. The expenses related to the operation of Mount Copper and Pubnico Point are primarily fixed costs. There were no operating costs in the corresponding period in 2004 as no turbines had been erected.

Other operating costs for the first quarter of 2005 include management fees of $227,250 and administrative costs of $266,091 related to the operation of the Partnership. Other expenses for the first quarter in 2004 include management fees of $80,250 and administrative costs of $139,178 related to the operation of the Partnership.

Depreciation and Amortization

During the first quarter of 2005 the Nova Scotia Project commenced commercial operations of Phase II at which time the costs of construction in process were reclassified to plant and equipment and depreciation commenced. The depreciation on the property and equipment increased to $676,045 for the three months ended March 31, 2005.

During the first quarter of 2005 the Partnership re-financed its long term debt by issuing a $27 million subordinated debenture, replacing the junior debt facility. The subordinated debenture is paid 7% interest per annum, compared to the 12% interest rate under the junior term debt. Deferred charges of $856,342 were written off in the first quarter of 2005 relating to the cancellation of the junior debt facility.

Derivative Loss

On August 19, 2004 and September 16, 2004, respectively, the Quebec Project and the Nova Scotia Project, pursuant to the construction debt facilities, entered into bond forward purchase agreements in the aggregate notional amount of $65,000,000 in order to reduce the interest rate exposure on a substantial portion of the refinancing of an aggregate of $77,295,248 of the construction debt facilities, each of which has a maturity of two years post completion of the Infill Construction Phase. The agreements will settle on August 15, 2005 and are based on the 5%, June 1, 2014 Government of Canada Bond. At March 31, 2005, the Quebec Project and the Nova Scotia Project accrued an aggregate total loss of $2,707,298, of which $344,457 related to the three months ended March 31, 2005, as a result of a decrease in interest rates since the inception of the bond forward agreements. To the extent the yield-to-maturity on the Government of Canada 5.00%, June 1, 2014 Bond increases above approximately 5.00% by August 15 2005, the hedge agreements will provide for payments to the Quebec Project and the Nova Scotia Project. To the extent the yield-to-maturity remains below that level, the Quebec Project and the Nova Scotia Project will be required to make payments. The mark-to-market adjustment on the agreements will be expensed each period.

Quarterly Financial Information

In $millions except per unit amounts:

	1st Qtr 2004	2nd Qtr 2004	3rd Qtr 2004	4th Qtr 2004	1st Qtr 2005
Revenues	-	0.24	0.53	0.34	2.00
Net loss	(0.21)	(0.50)	(0.97)	(1.08)	(0.73)
Net loss per unit	(0.05)	(0.12)	(0.23)	(0.25)	(0.17)

Commercial production of the Quebec Project and the Nova Scotia Project Point Phase I turbines commenced in the middle of the second quarter of 2004 resulting in the generation of revenue and operating expenses. The third quarter of 2004 reflected a full quarter of revenue and operating expenses from the initial 7 turbines. Expenses in the third quarter were higher due to losses on derivative instruments of $0.67 million. The fourth quarter of 2004 was impacted by a 6 week shut down at the Nova Scotia Project to install the permanent transformer as well as availability issues at the Quebec Project that resulted in lower revenue than the third quarter. There was not a significant impact on operating expenses. Other expenses in the fourth quarter were higher than other quarters due to losses on derivative instruments of $1.69 million.

Financial Condition

Liquidity

During Phase I construction of the Quebec Project and the Nova Scotia Project, cash was provided by investments from the Partnership which were funded by the initial public offering as well as from share capital issued to minority interests. Phase II construction is being funded by the construction loan facility and proceeds from the convertible debenture completed in January 2005. Following completion of construction, the Quebec Project and the Nova Scotia Project will be operating at full production levels and the amount of cash that will be generated is expected to be sufficient to cover working capital requirements and also provide for cash distributions to unitholders.

Cash and cash equivalents and cash held in escrow increased by $20,695,249 from $4,911,240 on December 31, 2004 to $25,606,489 at March 31, 2005 primarily due to proceeds from the convertible debenture offering offset by costs of construction.

Assets and Liabilities

At March 31, 2005, the Partnership had total assets of $148,061,860 compared to $111,915,476 at December 31, 2004. The increase was primarily due to the construction of the Infill Turbine Phase. Plant and equipment related to the Quebec Project and the Nova Scotia Project facilities totaled $113,747,488.

Construction of the initial seven CRCE Turbine Phase turbines was completed in May 2004 which resulted in the transfer of deferred development costs to plant and equipment and the commencement of depreciation of those costs. The deferred development costs of the CRCE Turbine Phase were funded primarily from cash held in escrow. The amount remaining in escrow is $996,922 which has not changed from December 31, 2004.

Following a 120 day test period of the CRCE Turbine Phase that was completed in September 2004, both the Quebec Project and the Nova Scotia Project commenced construction of a total of 40 turbines for the Infill Construction Phase.

Infill Construction Phase plant and equipment incurred prior to March 31, 2005 totaled $73,050,658. The Nova Scotia Project completed construction in late February 2005 and has commenced depreciation of plant and equipment. The Quebec Project will continue to capitalize construction costs until the completion of the installation of Infill turbines expected by mid-May 2005 and then begin to record depreciation. Further Infill Construction Phase costs to be incurred subsequent to March 31, 2005 are approximately $29 million.

The estimated total cost of the Infill Construction Phase for both Facilities is $102.5 million, which has increased by $10.6 million over original estimates. Most of the increase relates to the Quebec Project which incurred cost increases resulting from the planned connection to the nearby 161 kV transmission line being switched by Hydro-Québec to a 69 kV transmission line, scheduling delays from the late delivery of a temporary transformer and higher operational expenses and financing costs.

The Quebec Project and the Nova Scotia Project entered into separate financing agreements to finance the construction of the Infill Construction Phase. The total of the two credit facilities was $107,295,248 and consisted of note facilities aggregating $30,000,000, term debt facilities aggregating $55,000,000 and junior subordinated debt facilities aggregating $22,295,248. The total amount advanced prior to March 31, 2005 was the full $30,000,000 of the note facilities and $33,700,000 of the term debt facilities. Financing costs incurred related to the credit facilities for the Infill Construction Phase and the convertible debentures are recorded as deferred charges and are being amortized over the term of the debt. At March 31, 2005 $5,573,589 of deferred financing costs remain unamortized.

The Partnership entered into a $27,000,000 subordinated debenture, due March 15, 2010. Net proceeds raised of $24,906,166 will be used to finance the remaining obligations relating to the Infill Construction Phase. Subsequent to this financing the Partnership cancelled the junior term debt.

Contractual Obligations

Information concerning contractual obligations is shown below (in $millions):

	Total	Due less than 1 year	Due 2 to 3 years	Due 4 to 5 years	Due after 5 years
Long-term debt obligations	90.7	-	33.7	27.0	30.0
Other obligations	35.0	27.3	3.0	2.7	2.0
Total obligations	125.7	27.3	36.7	29.7	32.0

Derivative Instruments

As at March 31, 2005 the Quebec Project and the Nova Scotia Project had $2,707,298 accured total loss on derivative instruments.

Related Party Transactions

Creststreet Power & Income Management Limited (the "Manager") is entitled to a base fee equal to $300,000 per annum, payable in equal monthly installments in arrears, and increased every twelve months in accordance with the percentage increases in the Canadian Consumers Price Index (the "CPI"). In addition, the Manager has been paid a one-time fee of $200,000 at the completion of the construction of the CRCE turbine Phase, and is entitled to a one-time fee of $200,000 at the completion of the construction of all the turbines at both facilities and $100,000 upon the listing of the Units on a Canadian stock exchange. The Manager is also entitled to reimbursement of its operating expenses incurred in providing the services under the Management Agreement.

Creststreet Power & Income General Partner Limited (the "General Partner") is reimbursed for reasonable costs incurred by it in acting as registrar and transfer agent and in attending to the administration of the Partnership.

The Quebec Project has entered into a Construction Services Agreement (CSA") and a Management Services Agreement ("MSA") with a shareholder, 3Ci Inc. ("3Ci"). The services to be provided under the CSA relate to assisting with the supervision of the construction of the facility. As consideration for its services, 3Ci will be paid a fee equal to 2.5 percent of the cost of constructing the turbines. The MSA provides that 3Ci will provide certain management services to the wind energy project for a monthly fee of $39,000 plus reimbursement of certain expenses. Prior to the CSA and MSA agreements, 3Ci was paid a monthly fee of $15,000 plus reimbursement of certain out-of-pocket expenses for management services.

The Nova Scotia Project has entered into a Construction Services Agreement (CSA") and a Management Services Agreement ("MSA") with a shareholder, Atlantic Wind Power Corporation ("AWPC"). The services to be provided under the CSA relate to assisting with the supervision of the construction of the facility. As consideration for its services, AWPC has been paid total fees of $370,000. The MSA provides that AWPC will provide certain management services to the wind energy project for a monthly fee of $10,000 plus reimbursement of expenses. Pubnico Point has also entered into a lease agreement with a corporate affiliate of AWPC with respect to the site for the wind energy project. The annual rent payable under the lease agreement is $100,000 and is adjusted annually in accordance with the Canadian Consumer Price Index.

The Quebec Project and the Nova Scotia Project have both entered into a Financial Services Agreement with the Manager, which provides that the Manager will maintain the books and records and provide other cash management services for a fee of $5,000 per month for the Quebec Project and $1,500 for the Nova Scotia Project.

The amounts paid to related parties are as follows:

	1st Qtr 2005	1st Qtr 2004
3Ci	$143,903	$172,843
AWPC	39,708	-
General Partner	35,000	7,500
Manager	99,750	99,750
	$318,361	$280,093

Change in Partners' Equity

For the three months ended March 31, 2005, Partners' equity decreased by $196,207 from $22,482,124 at December 31, 2004 to $22,285,917 at March 31, 2005. The decrease was due to the net loss from operations of $726,487 partially offset by the $530,280 related to the value of the conversion option of the unsecured convertible debentures.

Critical Accounting Estimates

Depreciation of plant and equipment is based on a useful life of 20 years which is in accordance with the estimates from the turbine manufacturer.

Outlook

Completion of the Infill Construction Phase occurred in February 2005 for the Nova Scotia Project and is expected to occur in May, 2005 for the Quebec Project.

After the completion of both Facilities the Partnership expects to execute a treasury offering of Units to complete the refinancing of the construction debt facilities, list the Units on a recognized Canadian stock exchange and then commence monthly cash distributions to Limited Partners. The price at which the Units of the treasury offering are issued and the number of Units issued will impact the return to be realized by the holders of Units. If the treasury offering does not occur, all or substantially all of the cash available to the Partnership will be required to repay the construction debt facilities, which may result in the reduction or elimination of cash distributions to holders of Units and adversely impact the value of the Units.

Risks and Uncertainties

Construction of the wind energy projects is dependent on turbines being installed and tested. Until the Infill Construction Phase is complete there is a risk that the completion date for the turbines could be delayed or that material cost overruns could be incurred.

The terms of the Nova Scotia Project power purchase agreement with Nova Scotia Power Inc. ("NSPI") provide that NSPI can terminate the agreement in the event that wind turbines totaling at least 28 megawatts ("MW") are not brought into service by June 2005. If the Nova Scotia Project power purchase agreement is terminated, it could have a material adverse impact on the Partnership and cash distributions.

Following completion of the Infill Construction Phase the Partnership intends to issue units and to use the proceeds to invest further in the Quebec Project and the Nova Scotia Project to reduce the Construction Debt Facilities. The ability of the Partnership to undertake an issue of units will depend on many factors, some beyond the control of the Partnership, including the performance of the Quebec Project and the Nova Scotia Project, conditions generally in the energy sector and conditions in the capital markets. The price at which those units are issued, and the number of units issued, will impact the return to be realized by the holders of units.

The force with which the wind will blow at the Quebec Project and the Nova Scotia Project sites will vary, weather patterns could change or the historical data could prove not to accurately reflect the strength and consistency of the wind in the future and have an adverse impact on cash distributions.

The profitability of the Quebec Project and the Nova Scotia Project will be in part dependent upon the continuation of a favourable regulatory climate with respect to the continuing operations and the future growth and development of the independent power industry. Government regulations and incentives currently have a favourable impact on the building of wind power facilities but should they be modified, cash distributions could be adversely affected.

The operations of the Partnership, the Quebec Project and the Nova Scotia Project are highly dependent upon parties to certain agreements fulfilling their contractual obligations, especially the turbine supplier, NSPI, Hydro Québec, AWPC, and 3Ci. An inability or failure by any such party to meet its contractual commitments may adversely affect cash distributions.

The occurrence of a significant event which disrupts the ability of the Quebec Project and the Nova Scotia Project to produce or sell power for an extended period, including events which preclude existing customers from purchasing power, could have a material adverse effect on the Partnership and cash distributions.

While the General Partner believes that the insurance coverages for the Facilities will address material insurable risks, provide coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and be subject to deductibles, limits, and exclusions which are customary or reasonable given the cost of procuring insurance, current operating conditions and insurance market conditions, no such insurance will be purchased until construction commences and there can be no assurance that insurance coverages for the Quebec Project and the Nova Scotia Project will be sufficient, will address all material insurable risks and will continue to be offered on an economically feasible basis, and there can be no assurance that the income tax laws in the various jurisdictions of Canada, or the interpretation thereof, will not be changed in a manner which will fundamentally alter the tax consequences to Limited Partners of holding or disposing of Units.

In any fiscal year of the Partnership, the possibility exists that Limited Partners will receive allocations of income and capital gains without receiving cash distributions from the Partnership in such year sufficient to satisfy their tax liability with respect to such allocations.

Limited Partners remain liable to return to the Partnership such part of any amount distributed to them as may be necessary to restore the capital of the Partnership to the amount existing before such distribution if, as a result of any such distribution, the capital of the Partnership is reduced and the Partnership is unable to pay its debts as they become due.

Consolidated Balance Sheet

As at March 31, 2005 and December 31, 2004

	(Unaudited) Quarter Ended **March 31, 2005**	Year Ended **December 31, 2004**
Assets:		
Current Assets		
Cash and cash equivalents	$ 24,609,567	$3,914,318
Cash held in escrow	996,922	996,922
Accounts receivable	2,851,858	3,323,746
Prepaid expense	282,436	45,000
	28,740,783	8,279,986
Deferred charges (Note 4)	5,573,589	4,445,469
Plant and equipment (Note 5)	113,747,488	99,190,021
	$148,061,860	$111,915,476
Liabilities:		
Current Liabilities		
Accounts payable and accrued liabilities	$ 16,951,165	$ 7,218,366
Derivative instruments (Note 3)	2,707,298	2,362,841
Due to related parties (Note 7)	44,671	50,544
	19,703,134	9,631,751
Notes payable (Note 8)	63,700,000	63,700,000
Unsecured convertible debentures (Note 9)	26,487,275	-
Future income tax liability	11,983,559	12,155,626
	121,873,968	85,487,377
Minority interest	3,901,975	3,945,975
Partners' equity	22,285,917	22,482,124
	$148,061,860	$111,915,476

Commitments (Note 6)

See accompanying notes to consolidated financial statements

Approved by Creststreet Power & Income General Partner Limited as General Partner on behalf of Creststreet Power & Income LP

Director

Director

Consolidated Statement of Operations

For the period from January 1 to March 31, 2005 and 2004

	(Unaudited) Quarter Ended **March 31, 2005**	(Unaudited) Quarter Ended **March 31, 2004**
Revenue:		
Electricity sales	$ 2,000,194	$ -
Expenses:		
Administrative costs (Note 7)	266,091	139,178
Management fees (Note 7)	227,250	80,250
Operating costs	254,068	-
	747,409	219,428
Income/(loss) before the undernoted	1,252,785	(219,428)
Loss on derivative instruments (Note 3)	(344,457)	-
Amortization of deferred charges	(109,372)	-
Write off of deferred charges (Note 4)	(856,342)	-
Depreciation	(676,045)	-
Interest expense, net	(209,123)	10,836
Loss before the undernoted	(942,554)	(208,592)
Future income tax recovery	172,067	-
Minority interest	44,000	-
Net loss	$ (726,487)	$ (208,592)
Net loss per unit	$ (0.17)	$ (0.05)

See accompanying notes to financial statements

Consolidated Statement of Partner's Equity

For the period from January 1 to March 31, 2005 and 2004

	(Unaudited) Quarter Ended **March 31, 2005**	(Unaudited) Quarter Ended **March 31, 2004**
Partners' equity - beginning of period	$ 22,482,124	$ 36,424,470
Net loss	(726,487)	(208,592)
Unsecured convertible debentures		
option value (Note 9)	530,280	-
Recovery of costs of issue	-	22,490
Future income tax resulting from renunciation	-	(5,103,312)
Partners' equity - end of period	**$ 22,285,917**	**$ 31,135,056**

See accompanying notes to financial statements

Consolidated Statement of Cash Flows

For the period from January 1 to March 31, 2005 and 2004

	(Unaudited) Quarter Ended **March 31, 2005**	(Unaudited) Quarter Ended **March 31, 2004**
Cash flow from operating activities:		
Net loss	$ (726,487)	$ (208,592)
Add items not affecting cash:		
Loss on derivative instruments	344,457	-
Amortization of deferred charges	109,372	-
Accretion of interest expense (Note 9)	17,555	-
Write off of deferred charges	856,342	-
Depreciation	676,045	-
Future income tax recovery	(172,067)	-
Minority interest	(44,000)	-
	1,061,217	(208,592)
Non-cash operating working capital:		
Decrease in accounts receivable	471,888	592,605
Increase in prepaid expense	(237,436)	-
Increase in accounts payable and accrued liabilities	900,553	-
Decrease in amounts due to related parties	(5,873)	(38,001)
	2,190,349	346,012
Cash flows from financing activities:		
Issue of unsecured convertible debentures	27,000,000	-
Financing issuance costs	(2,093,834)	-
Recovery of issue costs	-	22,490
Issue of share capital by subsidiary to minority interest	-	912,791
	24,906,166	935,281
Cash flows from investing activities:		
Additions to plant and equipment	(15,233,512)	-
Increase in accounts payable for additions to plant and equipment and deferred development costs	8,832,246	1,725,896
Increase in deferred development costs	-	(14,660,751)
	(6,401,266)	(12,934,855)
Net increase (decrease) in cash	20,695,249	(11,653,562)
Cash and cash equivalents, beginning of period	4,911,240	30,848,730

Cash and cash equivalents, end of period	**$ 25,606,489**	**$ 19,195,168**
Cash and cash equivalents is comprised of:		
Cash	$ 24,609,567	$ 929,111
Cash in escrow	996,922	18,266,057
	$ 25,606,489	**$ 19,195,168**
Supplemental cash information:		
Interest paid	$ 1,186,976	$ -

See accompanying notes to financial statements

Notes to Consolidated Financial Statements

March 31, 2005

1. Creststreet Power & Income Fund LP

Creststreet Power & Income Fund LP (the "Partnership") invested in flow-through shares of two Canadian companies, Mount Copper Wind Power Energy Inc. ("Mount Copper" or the "Quebec Project") and Pubnico Point Wind Farm Inc. ("Pubnico Point" or the "Nova Scotia Project") that are constructing and will then operate wind energy projects to generate electricity for sale to provincial electricity utilities pursuant to long-term power purchase agreements.

The General Partner of the Partnership is Creststreet Power & Income General Partner Limited ("General Partner"). The General Partner has a 0.01 percent beneficial interest in the Partnership. The Partnership has entered into an agreement dated December 11, 2003 with Creststreet Power & Income Management Limited ("the Manager") pursuant to which the Manager will perform certain management, administration and other services for the Partnership.

The General Partner and the Manager are wholly owned subsidiaries of Creststreet Asset Management Limited.

2. Basis of presentation

The interim period consolidated financial statements have been prepared by the Partnership in accordance with Canadian generally accepted accounting principles. The preparation of the financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated statements. The accompanying unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, accordingly, certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed or omitted. These financial statements have been prepared using the same accounting principles as used in the annual audited consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Partnership for the year ended December 31, 2004. The results of operations of any interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

3. Derivative Instruments

Bond forward purchase agreements are used to reduce interest rate exposure on the refinancing of the indebtedness. Mount Copper and Pubnico Point do not enter into bond forward purchase agreements, interest rate contracts or swap agreements for trading or speculative purposes. However, the bond forward purchase agreements entered into by Mount Copper and Pubnico Point do not qualify for hedge accounting and, as such, are recorded at their fair value as either an asset or liability, with changes in fair value recognized in income in the period they occur.

On August 19, 2004 and September 16, 2004, Mount Copper and Pubnico Point entered into bond forward purchase agreements in the notional amount of $65,000,000 in order to reduce, to the extent possible, the interest rate exposure on the refinancing of its indebtedness. The agreements will settle on August 15, 2005 and are based on the 5%, June 1, 2014 Government of Canada Bond. At March 31, 2005, Mount Copper and Pubnico Point recorded a mark-to-market loss of $2,707,298 of which $344,457 was expensed in the period ended March 31, 2005 as determined by the counterparties to the agreements.

4. Deferred Charges

During the first quarter of 2005, Mount Copper and Pubnico Point cancelled the junior facility of $22,295,248 as a result they expensed $856,342 of deferred financing costs.

5. Plant and Equipment

		March 31, 2005		December 31, 2004
Quebec Project	$	30,874,640	$	30,585,881
Nova Scotia Project		46,602,445		11,592,615
		77,477,085		42,178,496
Less: accumulated depreciation		1,892,133		1,216,089
	$	75,584,952	$	40,962,407
Quebec Project construction in progress	$	38,162,536	$	29,641,995
Nova Scotia Project construction in progress		-		28,585,619
		38,162,536		58,227,614
Total	$	113,747,488	$	99,190,021

During the second quarter of 2004 the Quebec Project and the Nova Scotia Project commenced commercial operations of Phase I of the wind energy projects. During the first quarter of 2005, the Nova Scotia Project commenced commercial operations of Phase II. At the time of commercial operation, construction in progress is reclassified to plant and equipment and depreciation commences. During the first quarter, $948,482 of interest expense was capitalized (2004 - $209,720 of interest income was capitalized). The Quebec Project and the Nova Scotia Project have recorded asset retirement obligations primarily associated with certain closure and restoration costs for their wind energy turbines of $26,876 and $55,006 respectively during the quarter ended March 31, 2005.

6. Commitments

The Quebec Project's remaining commitment under the Engineering Procurement and Construction Agreement ("EPC Agreement") and the Warranty Maintenance Agreements ("WMS Agreement") with Vestas-Canadian Wind Technology at March 31, 2005 is $28,287,902. At March 31, 2005, $996,922 of this amount was held in escrow under a letter of credit in favour of Vestas. The letter of credit will expire the earlier of December 17, 2005 and the date the amount of the commitment has been reduced to nil.

The Nova Scotia Project's remaining commitment under the Engineering, Procurement and Construction Agreement ("EPC agreement") and the Warranty, Maintenance and Service Agreement ("WMS Agreement") with Vestas-Canadian Wind Technology at March 31, 2005, is $3,876,941.

7. Related Party Transactions

The amounts due to related parties as at March 31, 2005 are as follows:

	March 31, 2005	December 31, 2004
Due to the Manager	$ 44,671	$ 43,766
Due to 3Ci Inc.	-	6,778
	$ 44,671	$ 50,544

For the period ended March 31, 2005, fees charged by the Manager and General Partner to the Partnership in accordance with the Management Agreement and Financial Service Agreement amounted to $134,750 (2004 - $107,250).

For the period ended March 31, 2005, fees charged by 3Ci Inc. (a shareholder of the Quebec Project) to the Quebec Project under the Construction Services Agreement and Management Services Agreement amount to $143,903 (2004 - $172,843).

For the period ended March 31,2005, fees charged by Atlantic Wind Power Corporation (an affiliate of a shareholder of the Nova Scotia Project) to the Nova Scotia Project under the lease agreement, Construction Management Agreement and Management Services Agreement amount to $39,708 (2004-$Nil.)

8. Notes Payable

On August 19, 2004 the Quebec Project entered into a financing agreement with a syndicate of lenders establishing a credit facility totalling $67,270,225. On January 20, 2005 the agreement was amended and the junior facility of $13,570,225 was cancelled and the related deferred financing costs of $497,809 were expensed.

Facility	Available Credit	Amount Advanced	Interest	Commitment Fees	Maturity
Note	$18,952,941	$18,952,941	6.55%	n/a	March 31, 2011
Term	34,747,059	13,500,000	Floating	0.5%	Estimated to be June 30, 2007
	$53,700,000	$32,452,941			

On September 16, 2004 the Nova Scotia Project entered into a financing agreement with a syndicate of lenders establishing a credit facility totalling $40,025,023. On February 2, 2005 the agreement was amended and the junior facility of $8,725,023 was cancelled and the related deferred financing costs of $358,533 were expensed.

Facility	Available Credit	Amount Advanced	Interest	Commitment Fees	Maturity
Note	$11,047,059	$11,047,059	6.491%	n/a	March 31, 2011
Term	20,252,941	20,200,000	Floating	0.5%	April 29, 2007
	$31,300,000	$31,247,059			

9. Unsecured Convertible Debentures

On January 20, 2005 the Partnership issued 27,000 Unsecured Convertible Debentures for total proceeds of $27,000,000. The Debentures have a coupon rate of 7% and mature March 15, 2010. Each debenture is convertible into Units at the option of the holder at any time following the listing of the Units on a recognized stock exchange in Canada at a conversion price equal to 110% of the price per Unit at which Units are offered to the public. The conversion option was valued at $530,280 and included in the statement of partners' equity. The liability portion of the Unsecured Convertible Debentures is being accreted such that the liability of maturity will equal the gross proceeds less conversions, for the period ended March 31, 2005, $17,555 of accretion expense has been included in the statement of operation.

The net proceeds of approximately $24,906,166 after underwriter fees and other expenses were used to fund further investment by the Partnership in the Wind Energy Companies by way of subordinated notes issued by the Quebec Project and the Nova Scotia Project to fund capital expenditures, to permit the refinancing of a portion of their construction debt facilities and for general business purposes.

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