CRESTSTREET

Excellence
in Wind Power Investing

CRESTSTREET

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Q2 2005

Creststreet Power & Income Fund LP

Message to Unitholders

Creststreet Power & Income Fund LP (the "Partnership") is pleased to report continued progress in the second quarter of 2005 on both the Quebec project and Nova Scotia Project and in our financing plans.

On August 3 2005, the Partnership closed a treasury offering of units raising gross proceeds of $57.4 million and listed its units for trading on the TSX under the symbol "CRS.UN". The net proceeds of the offering will be used to repay construction bank debt and for general corporate purposes. Our first monthly distribution will be to Unitholders as of record date August 31, 2005 and will be paid September 15. The Partnership has now completed all of its financing activities for the two wind projects in Quebec and Nova Scotia.

On June 19, 2005, the Quebec Project, reached substantial completion of all 25 turbines in the Infill Phase. With the 5 CRCE Phase turbines, the Quebec Project now has a total of 30 operating turbines and is now at full production. The Nova Scotia Project completed Phase II ("Infill Phase") erection of 15 wind turbines and achieved Substantial Completion on February 25, 2005. In April 2005, replacement of a turbine blade damaged during installation in Phase I was completed whereupon the Nova Scotia Project was at full production.

As of the end of the second quarter 2005, all of the Partnership's 47 1.8 Megawatt Vestas V80 wind turbines and related infrastructure including roads, electricity lines and substations and have been constructed and are in full production. Total revenue of $3.2 million was earned during the second quarter. Capital spending for the Projects during the quarter for Infill Phase construction totalled $19.4 million and the total expected cost of the Infill Phase is approximately $100.3 million.

The Quebec Project - Mount Copper Wind Power Energy Inc.

In the second quarter of 2005, production from Mount Copper was approximately 6% above the independent engineers long-term projection when corrected for the number of turbines operating in each month. By the end of April, 16 turbines were operational, and by the end of May, all 30 turbines were operational, however some for only part of the month. The month of June 2004, was the first month of full operation at the site. Availability of the turbines during this quarter continued to average greater than 90%. These results fall within expections considering the inherent variability of wind speeds, and the fact that the project has recently completed construction.

The Nova Scotia Project - Pubnico Point Wind Farm Inc.

In the second quarter of 2005, production from Pubnico Point was approximately 16% below the independent engineers long-term projection. During the second quarter, two turbines were shut down for a period while they awaited warranty-covered part replacements. The greater of the two shutdown periods was the result of a delay in replacing a component which was damaged during construction. These parts have since been replaced and the wind farm is back at full operation. Availability of the turbines during this quarter continued to average greater than 90%. These results fall within expections considering the repairs during the quarter, the inherent variability of wind speeds, and the fact that the project has recently completed construction.

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Financing

On August 3, 2005, the Partnership closed a public offering of $57.4 million of units at an issue price per unit of $8.75 The net proceeds of the offering were invested in senior and subordinated notes of both Wind Energy Companies to repay construction debt and for general corporate purposes. The Units are currently listed on the TSX trading under the ticker symbol CRS.UN and the Partnership will commence monthly distribution of to unitholders of record at the end of each month, with the first distribution of $0.0627 per unit to occur on September 15, 2005 to unitholders of record August 31, 2005.

As a result of the unit offering, the Partnership's 7% Convertible Debentures maturing September 15, 2010 convertible into limited partnership units of the Partnership will have a conversion price equal to $9.625 per unit or 110% of the offer price on the public offering of units described above.

Given the refinancing requirements of the Construction Loan Facility, the Partnership 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 provided protection to the Partnership's investments should interest rates increase materially. These were closed out upon the refinancing of the construction debt at a total cash cost of $5.1 million.

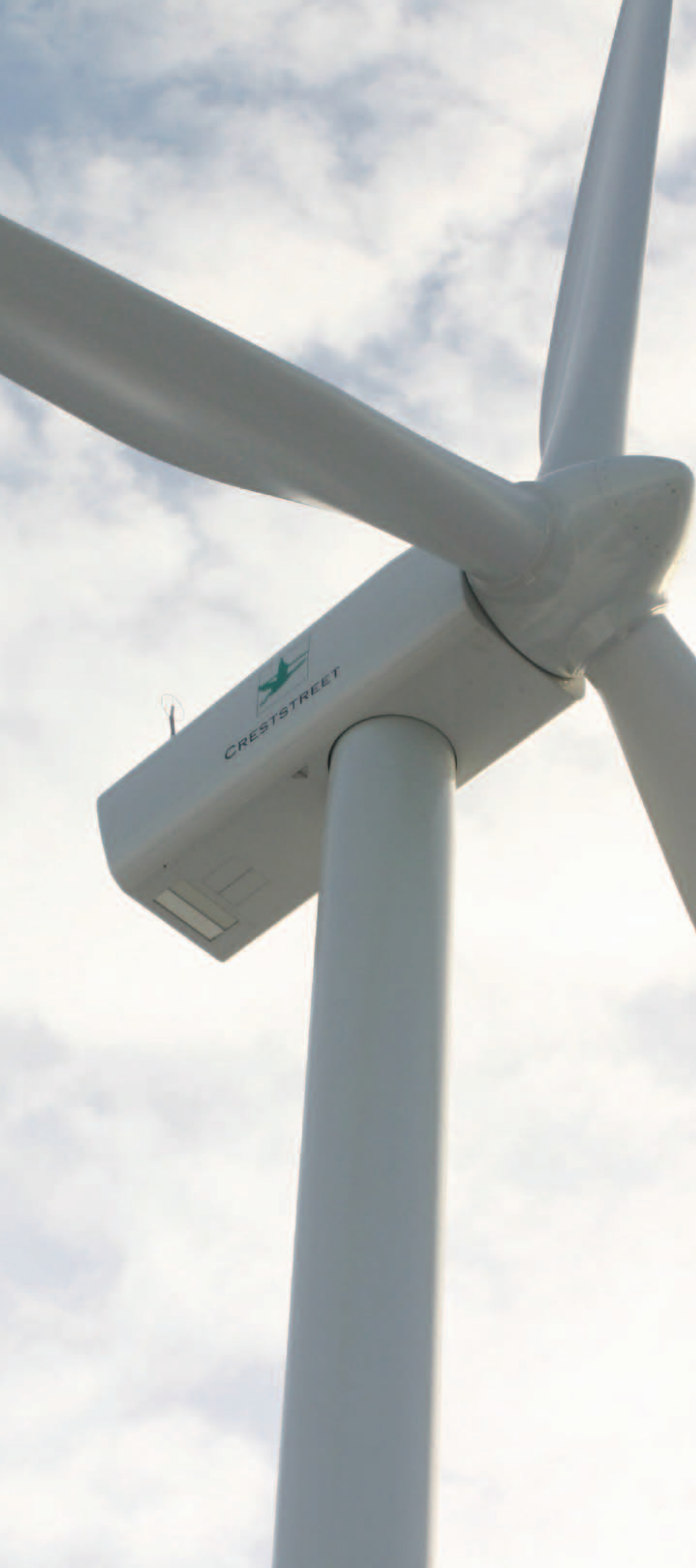
Creststreet continues to be excited about the growth of wind power in Canada. On July 11, 2005, Creststreet successfully completed a $40 million initial public offering of Creststreet Kettles Hill Windpower LP to fund a portion of the construction costs of a 63 MW windpower project in southern Alberta. The Partnership provided non-binding expressions of interest to invest in the project in 2006 and potentially to acquire ownership of the project upon completion which is expected in the summer of 2006.

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

August 2005



Management's Discussion and Analysis

Three months and six months ended June 30, 2005 and 2004
(unaudited, all dollar amounts stated in thousands of dollars except where otherwise stated)

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. The Partnership invested in flow-through shares of two Canadian companies, which operate wind energy projects to generate electricity for sale to provincial electricity utilities pursuant to long-term power purchase agreements.

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 occurred in June 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 February 2005.

The Infill Construction Phases for the Quebec Project and the Nova Scotia Project were funded by a construction debt facility totaling $107,295 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 January 2005 the construction debt facilities was amended and reduced to $84,450 as a result of receiving the proceeds from the issue of convertible debentures.

On August 3 2005, the Partnership completed offering of limited partnership units, raising gross proceeds of $57,430, and listed all outstanding units on the Toronto Stock Exchange. The net proceeds were used to further invest in the Wind Energy Companies by way of subordinated notes and senior notes issued by the Wind Energy Companies. The Wind Energy Companies used the net proceeds to repay term debt facilities and for general corporate purposes.

The following discussion and analysis may contain forward-looking statements regarding the Partnership's future performance based on assumptions the Manager of the Partnership considered reasonable at the time it was prepared on August 4 2005. 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 June 30, 2005, the Partnership generated revenue of $3,169 compared to $240 for the same period of 2004. This increase of $2,929 is largely due to completion and commissioning of 40 Infill Construction Phase turbines for the Quebec and the Nova Scotia Projects. The Infill Construction Phase commercial operations commenced in the first quarter of 2005 for the Nova Scotia Project and in the second quarter of 2005 for the Quebec Project. There were 47 turbines in operation at quarter end which delivered 52.5 gigawatt hours ("GWh") of electricity for the three months ended June 30, 2005. In 2004, seven CRCE Turbines were erected and commissioned in May and delivered 6.2 gigawatt hours ("GWh") of electricity up to June 30, 2004.

For the six months ended June 30, 2005, the Partnership earned $5,170 in revenue, from the delivery of a total of 83.8 gigawatt hours ("GWh") of electricity. The increase over $240 in 2004 is largely due to completion and commissioning of 40 Infill Construction Phase turbines for the Quebec and the Nova Scotia Projects. 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.

Operating Costs

For the three months ended June 30, 2005, operating costs incurred were $392 ($48 in 2004) resulting in an operating margin of 88% of revenues. The expenses related to the operation of the Wind Energy Companies are primarily fixed costs. Other operating costs for the second quarter of 2005 include management fees of $441 ($340 in 2004). The increase is due to a longer time period over which costs were expensed in 2005 compared to 2004. The administrative costs for the second quarter increased to $207 from $150 in 2004 due to administrative costs being expensed during the second quarter of 2005 compared to being primarily capitalized in 2004.

For the six months ended June 30, 2005, operating costs incurred were $646 ($48 in 2004) resulting in an operating margin of 88% of revenues. Other operating costs for the six months ended June 30, 2005 include management fees of $669 ($420 in 2004) and administrative costs of $474 ($290 in 2004) related to the operation of the Partnership. These increases were both related to the longer time period over which costs were expensed in 2005 compared to 2004.

Amortization

During the second quarter of 2005 the Quebec Project commenced commercial operations of the Infill Construction Phase turbines at which time the costs of construction in process were reclassified to plant and equipment and amortization commenced. Amortization of the plant and equipment for the Nova Scotia Project was taken for the entire quarter. Therefore, the depreciation on the property and equipment increased to $1,066 ($204 in 2004) and $1,742 ($204 in 2004) for the three months and the six months ended June 30, 2005 respectively.

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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 in order to reduce the interest rate exposure on a substantial portion of the refinancing of an aggregate of $77,295 of the construction debt facilities, each of which had a maturity of two years post completion of the Infill Construction Phase. The agreements were based on the 5%, June 1, 2014 Government of Canada Bond. At June 30, 2005, the Quebec Project and Nova Scotia Project accrued an aggregate total loss of $5,669 of which $2,961 related to the three months ended June 30, 2005 and $3,306 related to the six months ended June 30, 2005, as a result of a decrease in interest rates since the inception of the bond forward agreements. After the completion of the offering on August 3, 2005 and the repayment of the term debt facilities, the agreements were settled with payments of $3,280 by Mount Copper and $1,787 by Pubnico Point.

Comparison of 2005 results to Projection and Forecast

The actual revenue for the first quarter of 2005 was less than assumed in both the financial projection contained in the prospectus filed by the Partnership on December 11, 2003 and the financial forecast included in the Partnership's offering of Convertible Debentures dated January 13, 2005 due to delays in construction at both Mount Copper and Pubnico Point. Operating costs were also less than assumed in both the IPO projection and the Convertible Debenture forecast since expenses were capitalized for a longer period of time.

Quarterly Financial Information

In $millions except per unit amounts:

	1st Qtr2004	2nd Qtr 2004	3rd Qtr 2004	4th Qtr 2004	1st Qtr 2005	2nd Qtr 2005
Revenues	-	0.24	0.53	0.34	2.00	3.17
Net loss	(0.21)	(0.50)	(0.97)	(1.08)	(0.73)	(1.82)
Net loss per unit	(0.05)	(0.12)	(0.23)	(0.25)	(0.17)	(0.43)

Commercial production of the Quebec Project and the Nova Scotia Project CRCE Phase 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 of 2004 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. The first quarter of 2005 reflected revenue from the CRCE Phase turbines and a portion of the Infill Construction Phase turbines. The expenses for the first quarter of 2005 included a write off of deferred charges related to the cancellation of the junior debt facilities of $0.86 million. The second quarter of 2005 includes revenue from the CRCE Phase turbines, the Infill Construction Phase turbines at the Nova Scotia project and a portion of the Infill Construction Phase turbines at the Quebec project. The expenses in the second quarter of 2005 include a loss on derivate instruments of $2.96 million.

Financial Condition

Liquidity

Cash and cash equivalents and cash held in escrow increased in total by $6,292 from $4,911 on December 31, 2004 to $11,203 at June 30, 2005 primarily due to proceeds from the convertible debenture offering, and an increase in the amount outstanding on senior term loans, which was partially offset by costs of construction.

Assets and Liabilities

At June 30, 2005, the Partnership had total assets of $156,776 compared to $111,915 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 $131,993.

Infill Construction Phase plant and equipment incurred prior to June 30, 2005 totaled $92,411. The Nova Scotia Project completed construction in February 2005 and commenced depreciation of plant and equipment. The Quebec Project completed construction in June 2005 and commenced depreciation of plant and equipment.

The estimated total cost of the Infill Construction Phase for both Facilities is $100.3 million, which has increased by $9.0 million over original estimates. Most of the increase relates to the Quebec Project which incurred cost increases resulting from scheduling delays including 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 in 2004 to finance the construction of the Infill Construction Phase. The total of the two credit facilities was $107,295 and consisted of note facilities aggregating $30,000 term debt facilities aggregating $55,000 and junior subordinateddebt facilities aggregating $22,295.

On January 20, 2005, the Partnership issued $27,000 convertible subordinated debentures, due March 15, 2010. Net proceeds raised of $24,906 were used to finance the remaining obligations relating to the Infill Construction Phase. Subsequent to this financing the Partnership cancelled the junior term debt facilities.

On April 29, 2005, $550 of the term facility was repaid by Pubnico Point, thus reducing the overall available credit to $84,450. The total amount advanced prior to June 30, 2005 was the full $30,000 of the note facilities and $46,850 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. During the first quarter of 2005, $856 of these costs were written off in connection with the cancellation of the junior debt facilities. At June 30, 2005 $5,499 of deferred financing costs remain unamortized.

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	$103.9	$ -	$46.9	$27.0	$30.0
Other obligations	11.9	3.7	3.0	2.8	2.4
Total obligations	$115.8	$3.7	$49.9	$29.8	$32.4

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Derivative Instruments

As at June 30, 2005 the Quebec Project and the Nova Scotia Project had $5,669 accrued total loss on derivative instruments.

Related Party Transactions

Creststreet Power & Income Management Limited (the "Manager") is entitled to a base fee equal to $300 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 at the completion of the construction of the CRCE turbine Phase, a one-time fee of $200 at the completion of the construction of all the turbines at both facilities and a one-time fee of $100 upon the listing of the Units on the TSX. 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 plus reimbursement of certain expenses. Prior to the CSA and MSA agreements, 3Ci was paid a monthly fee of $15 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. The MSA provides that AWPC will provide certain management services to the wind energy project for a monthly fee of $10 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 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 per month for the Quebec Project and $1.5 for the Nova Scotia Project.

The amounts paid to related parties are as follows:

	Three months ended June30,		Six months ended June 30,	
	2005	2004	2005	2004
3Ci	$164	$537	$308	$710
AWPC	42	86	82	86
General Partner	35	32	70	39
Manager	314	314	414	414
	$555	$969	$874	$1,249

Change in Partners' Equity

For the six months ended June 30, 2005, Partners' equity decreased by $2,014 from $22,482 at December 31, 2004 to $20,468 at June 30, 2005. The decrease was due to the net loss from operations of $2,544 partially offset by the $530 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 in June 2005 for the Quebec Project. The third quarter of 2005 will be the first quarter with full production from all 47 turbines.

The Partnership is expected to commence monthly cash distribution to unitholders of record at the end of each month. The first distribution of $0.0627 per unit to unitholders of record on August 31, 2005 will be paid to Limited Partners in September 2005.

As a result of the unit offering, the Partnership's 7% Convertible Debentures which mature September 15, 2010 and are convertible into limited partnership units of the Partnership will have a conversion price equal to $9.625 per unit or 110% of the offer price on the public offering of units described above.

The Partnership has provided a non-binding expression of interest to invest in the Creststreet Kettles Hill Windpower LP and potentially acquire ownership of a 63 megawatt windpower project in southern Alberta upon completion of construction which is expected in the summer of 2006.

Risks and Uncertainties

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.

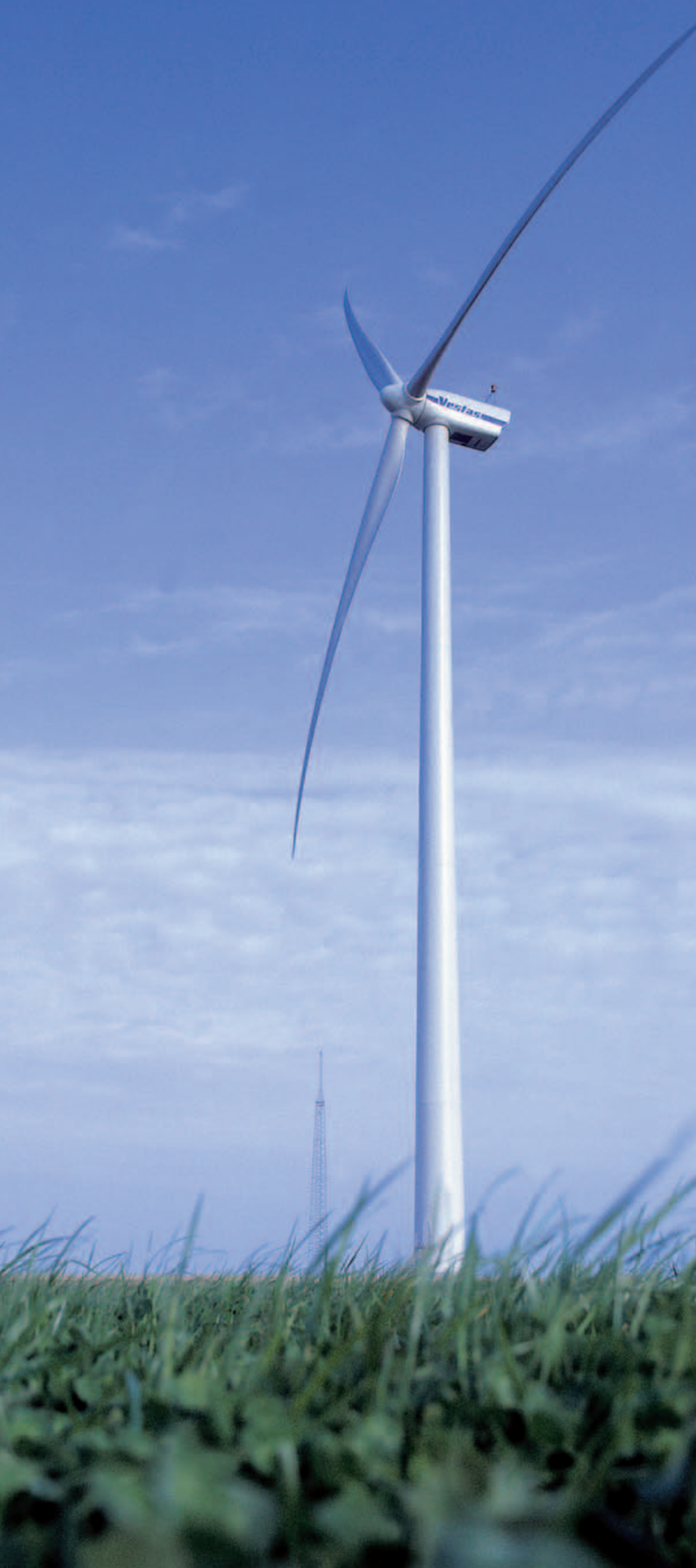
The occurrence of a significant event which disrupts the ability of the Quebec Project or the Nova Scotia Project to produce or sell power for an extended period, including events which preclude existing customers from purchasing power, could have a material adverse effect on the Partnership and cash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

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 June 30,2005 and December 31, 2004

(in thousands)	(Unaudited) **June 30, 2005**	December 31, 2004
Assets:		
Current Assets		
Cash and cash equivalents	$ 9,673	$ 3,914
Cash held in escrow (Note 3)	1,530	997
Accounts receivable	7,700	3,324
Prepaid expense	381	45
	19,284	8,280
Deferred charges	5,499	4,445
Plant and equipment (Note 5)	131,993	99,190
	$ 156,776	$ 111,915
Liabilities:		
Current Liabilities		
Accounts payable and accrued liabilities	$ 10,588	$ 7,194
Derivative instruments (Note 4)	5,669	2,363
Due to related parties (Note 7)	1,555	51
	17,812	9,608
Notes payable (Note 8)	76,850	63,700
Unsecured convertible debentures (Note 9)	26,514	-
Asset Retirement Obligation	224	23
Future income tax liability	11,233	12,156
	132,633	85,487
Minority interest	3,675	3,946
Partners' equity	20,468	22,482
	$ 156,776	$ 111,915

Commitments (Note 6)

Subsequent Events (Note 10)

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

R.S. McLeese

Director

CRESTSTREET POWER & INCOME FUND LP

Consolidated Statement of Operations (Unaudited)

For the three months and six months ended June 30, 2005 and 2004

(in thousands)	Three Months ended June 30, 2005	Three Months ended June 30, 2004	Six Months ended June 30, 2005	Six Months ended June 30, 2004
Revenue:				
Electricity sales	$ 3,169	$ 240	$ 5,170	$ 240
Expenses:				
Operating costs	392	48	646	48
Management fees (Note 7)	441	340	669	420
Administrative costs (Note 7)	207	150	474	290
	1,041	538	1,789	758
Income/(loss) before the undernoted	2,129	(298)	3,381	(518)
Loss on derivative instruments (Note 4)	2,961	-	3,306	-
Amortization of deferred charges	201	-	310	-
Write off of deferred charges (Note 8)	-	-	856	-
Amortization	1,066	204	1,742	204
Interest expense, net	721	(2)	930	(13)
Loss before the undernoted	(2,820)	(500)	(3,763)	(709)
Future income tax recovery	(750)	-	(923)	-
Minority interest	(252)	-	(296)	-
Net loss	(1,818)	(500)	(2,544)	(709)
Net loss per unit	$ (0.43)	$ (0.12)	$ (0.60)	$ (0.17)

Consolidated Statement of Partner's Equity (Unaudited)

For the period from January 1 to June 30, 2005 and 2004

(in thousands)	Three Months ended June 30, 2005	Three Months ended June 30, 2004	Six Months ended June 30, 2005	Six Months ended June 30, 2004
Partners' equity - beginning of period	$ 22,286	$ 31,135	$ 22,482	$ 36,424
Net loss	(1,818)	(500)	(2,544)	(709)
Unsecured convertible debentures option value (Note 9)	-	-	530	-
Recovery of costs of issue	-	(116)	-	(93)
Future income tax resulting from renunciation	-	(1,491)	-	(6,594)
Partners' equity - end of period	$ 20,468	$ 29,028	$ 20,468	$ 29,028

See accompanying notes to consolidated financial statements

 CRESTSTREET POWER & INCOME FUND LP

Consolidated Statement of Cash Flows (Unaudited)

For the three months and six months ended June 30, 2005 and 2004

	Three Months ended		Six Months ended	
(in thousands)	**June 30, 2005**	June 30, 2004	**June 30, 2005**	June 30, 2004
Cash flow from operating activities:				
Net loss	$ (1,818)	$ (500)	$ (2,544)	$ (709)
Add items not affecting cash:				
Loss on derivative instruments	2,961	-	3,306	-
Amortization of deferred charges	201	-	310	-
Accretion of interest expense (Note 9)	26	-	45	-
Write off of deferred charges	-	-	856	-
Amortization	1,066	204	1,742	204
Future income tax recovery	(750)	-	(923)	-
Minority interest	(252)	-	(296)	-
	1,434	(296)	2,496	(505)
Non-cash operating working capital:				
Increase in asset retirement obligation	90	-	201	-
(Increase) decrease in accounts receivable	(213)	(3,232)	259	(2,639)
Increase in prepaid expense	(98)	(20)	(336)	(20)
Increase in accounts payable and accrued liabilities	313	36	1,104	36
Decrease in amounts due to related parties	1,511	284	1,504	246
	3,037	(3,228)	5,228	(2,882)
Cash flows from financing activities:				
Increase in notes payable	13,150	-	13,150	-
Issue of unsecured convertible debentures	-	-	27,000	-
Issue of share capital by subsidiary to minority interest	25	1,129	25	2,041
Financing issuance costs	(126)	(116)	(2,220)	(93)
	13,049	1,013	37,955	1,948
Cash flows from investing activities:				
Additions to plant and equipment	(19,312)	(14,009)	(34,546)	(28,670)
Increase (decrease) in accounts payable for additions to plant and equipment and deferred development costs	(6,542)	12,233	2,290	13,959
(Increase) decrease in accounts receivable for reduction to plant and equipment	(4,635)	-	(4,635)	-
	(30,489)	(1,776)	(36,891)	(14,711)
Net increase (decrease) in cash	(14,403)	(3,991)	6,292	(15,645)
Cash and cash equivalents, beginning of period	25,606	19,195	4,911	30,849
Cash and cash equivalents, end of period	$ 11,203	$ 15,204	$ 11,203	$ 15,204
Cash and cash equivalents is comprised of:				
Cash	9,673	(81)	9,673	(81)
Cash in escrow (Note 3)	1,530	15,285	1,530	15,285
	$ 11,203	$ 15,204	$ 11,203	$ 15,204
Supplemental cash information:				
Interest paid	$ 755	-	$ 1,638	-

See accompanying notes to consolidated financial statements

Notes to Consolidated Financial Statements

For the three months and six months ended June 30, 2005 and 2004
(unaudited, all dollar amounts stated in thousands of dollars)

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. Certain amounts have been reclassified on the comparative statements of operations and cash flow to conform with the current period's presentation.

3. Cash held in Escrow

The partnership entered into an escrow agreement dated January 18, 2005 in connection with the Partnership's offering of convertible debentures that required a defined portion of the offering to be held in escrow. The funds will be held in escrow until the completion dates have occured as defined in the Mount Copper and Pubnico Point financing agreements.

4. 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. 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 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 June 30, 2005, Mount Copper and Pubnico Point recorded a mark-to-market loss of $5,669 of which $2,961 and $3,306 was expensed for the three months and six months ended June 30, 2005 as determined by the counterparties to the agreements.

5. Plant and Equipment

	June 30, 2005	December 31, 2004
Quebec Project	$ 86,607	$ 30,586
Nova Scotia Project	48,344	11,592
	134,951	42,178
Less: accumulated amortization	2,958	1,216
	$ 131,993	$ 40,962
Quebec Project construction in progress	$ -	$ 29,642
Nova Scotia Project construction in progress	-	28,586
	-	58,228
Total	$ 131,993	$ 99,190

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. Phase II commercial operations commenced in the first quarter of 2005 for the Nova Scotia Project and in the second quarter of 2005 for the Quebec Project. At the time of commercial operation, construction in progress is reclassified to plant and equipment and depreciation commences. For the three months and six months ended June 30 2005, $547 and $1,360 of interest expense was capitalized (2004 - $94 and $302 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 $136 and $85 respectively for the six months ended June 30, 2005. The Quebec Project increased its asset retirement obligation by $92 during the three months ended June 30, 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 June 30, 2005 is $7,190.

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 June 30, 2005, is $1,918.

7. Related Party Transactions

The amounts due to related parties as at June 30, 2005 are as follows:

	June 30, 2005	December 31, 2004
Due to the Manager	$ 252	$ 44
Due to 3Ci Inc.	1,303	7
	$ 1,555	$ 51

For the three months and six months ended June 30, 2005, fees charged by the Manager and General Partner to the Partnership in accordance with the Management Agreement and Financial Service Agreement amounted to $349 and $484 (2004 - $346 and $453).

For the three months and six months period ended June 30, 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 $164 and $308 (2004 - $537 and $710). In addition to this, 3Ci will be paid a fee equal 2.5 percent of the cost of constructing the turbines.

For the three months and six months ended June 30,2005, 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 $42 and $82 (2004 - $86 and $86).

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. On January 20, 2005, the agreement was amended and the junior facility of $13,570 was cancelled and the related deferred financing costs of $498 were expensed.

Facility	Available Credit	Amount Advanced	Interest	Commitment Fees	Maturity
Note	$18,953	$18,953	6.55%	n/a	March 31, 2011
Term	34,747	27,200	Floating	0.5%	Estimated to be July 31, 2007
	$53,700	$46,153			

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. On February 2, 2005, the agreement was amended and the junior facility of $8,725 was cancelled and the related deferred financing costs of $358 were expensed. On April 29, 2005, $550 of the term facility was repaid, thus reducing the overall available credit to $19,703.

Facility	Credit	Available Advanced	Amount Interest	Fees	Commitment Maturity
Note	$11,047	$11,047	6.491%	n/a	March 31, 2011
Term	19,703	19,650	Floating	0.5%	April 29, 2007
	$30,750	$30,697			

CRESTSTREET POWER & INCOME FUND LP

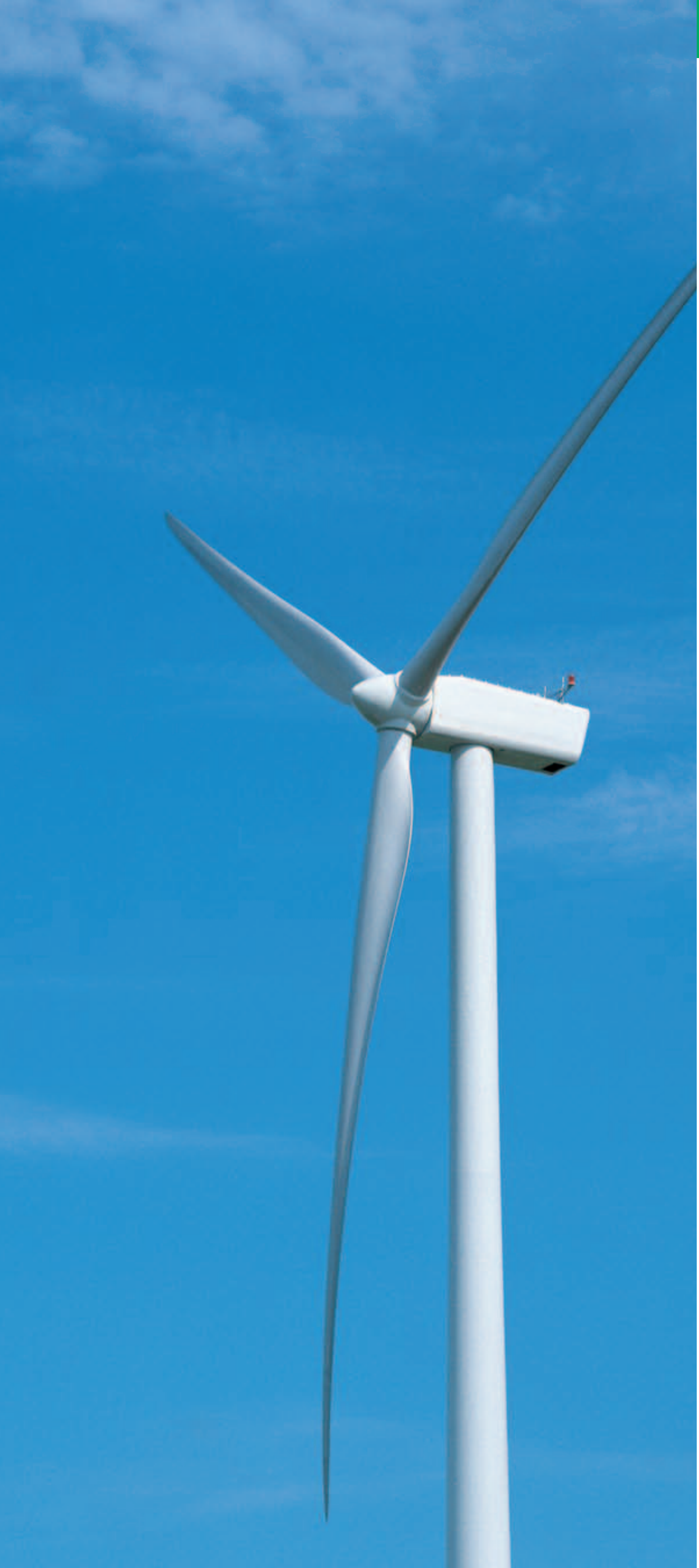
9. Unsecured Convertible Debentures

On January 20, 2005, the Partnership issued 27,000 Unsecured Convertible Debentures for total proceeds of $27,000. The Debentures have a coupon rate of 7% and mature on 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 and included in the Statement of Partners' Equity. The liability portion of the Unsecured Convertible Debentures is being accreted such that the liability at maturity will equal the gross proceeds less conversions, for the period ended June 30, 2005, $44 of accretion expense has been included in the Statement of Operations.

The net proceeds of approximately $24,906 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, or to permit the refinancing of a portion of their construction debt facilities and for general business purposes.

10. Subsequent Event

In August 2005, the Partnership refinanced its debt through an offering to the public raising gross proceeds of $57,430 and listed the Partnership units on the Toronto Stock Exchange. The proceeds were used to further invest in the Wind Energy Companies by way of subordinated notes and senior notes issued the Wind Energy Companies. The net proceeds will be used to repay senior debt and build cash reserves. In addition, the bond forward purchase agreements were settled and cancelled for a realized loss of $5,067.



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