

**Capital régional et coopératif
Desjardins**

Interim Financial Statements
June 30, 2005

August 2, 2005

Auditors' Report

To the Shareholders of Capital régional et coopératif Desjardins

We have audited the balance sheets of **Capital régional et coopératif Desjardins** (the "Company") as at June 30, 2005 and December 31, 2004 and the statements of earnings (loss), shareholders' equity and cash flows for the six-month periods ended June 30, 2005 and 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2005 and December 31, 2004 and the results of its operations and its cash flows for the six-month periods ended June 30, 2005 and 2004 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Capital régional et coopératif Desjardins

Balance Sheets

(in thousands of dollars, except number of shares and net value per common share)

	As at June 30, 2005 \$	As at December 31, 2004 \$
Assets		
Investments impacting on the Quebec economy (note 4)	190,120	135,911
Investments (note 5)	332,244	334,680
Accounts receivable (note 6)	6,293	5,279
Cash and cash equivalents	52,008	3,663
Software (net of accumulated amortization of \$1,800; December 31, 2004 – \$1,432)	1,440	1,808
Income taxes receivable	694	-
Future income taxes (note 9)	1,397	1,906
	<u>584,196</u>	<u>483,247</u>
Liabilities		
Accounts payable and accrued liabilities (note 7)	834	1,327
Income taxes payable	-	1,327
	<u>834</u>	<u>2,654</u>
Net assets	<u>583,362</u>	<u>480,593</u>
Shareholders' Equity		
Share capital (note 8)	572,609	472,641
Retained earnings	10,753	7,952
	<u>583,362</u>	<u>480,593</u>
Number of outstanding common shares	56,657,347	46,905,260
Net value per common share	\$10.30	\$10.25

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors

Director

Director

Capital régional et coopératif Desjardins

Statements of Earnings (Loss)

For the six-month periods ended June 30, 2005 and 2004

(in thousands of dollars, except number of shares and net earnings (loss) per common share)

	2005 \$	2004 \$
Revenue		
Realized revenue		
Interest on investments	7,680	7,393
Gain on disposal of investments	912	4,093
Interest on debentures and dividends	1,604	1,209
Loss on disposal of investments impacting on the Quebec economy	(310)	(1,760)
Negotiation fees	908	429
Membership dues	214	287
Change in unrealized appreciation (depreciation) of		
Investments impacting on the Quebec economy	(5,761)	(2,535)
Investments	8,399	-
Initial effect of accounting for investments at fair value (note 2)	1,517	-
	<u>15,163</u>	<u>9,116</u>
Expenses		
Operating expenses	9,307	7,292
Shareholder services	1,115	1,245
Capital tax	275	219
Amortization of software	368	228
	<u>11,065</u>	<u>8,984</u>
Earnings before income taxes	4,098	132
Income taxes (note 9)	1,288	250
Net earnings (loss) for the period	<u>2,810</u>	<u>(118)</u>
Weighted average number of common shares	53,415,554	41,976,438
Net earnings (loss) per common share	\$0.05	\$0.00

The accompanying notes form an integral part of these financial statements.

Capital régional et coopératif Desjardins

Statements of Cash Flows

For the six-month periods ended June 30, 2005 and 2004

(in thousands of dollars)

	2005 \$	2004 \$
Cash flows from		
Operating activities		
Net earnings (loss) for the period	2,810	(118)
Non-cash items		
Gain on disposal of investments	(912)	(4,093)
Loss on disposal of investments impacting on the Quebec economy	310	1,760
Change in unrealized appreciation (depreciation) of Investments impacting on the Quebec economy	5,761	2,535
Investments	(8,399)	-
Initial effect of accounting for investments at fair value	(1,517)	-
Amortization of software	368	228
Amortization of premiums and discounts on investments	1,645	1,499
Future income taxes	509	(629)
Capitalized interest	(308)	(270)
	<hr/>	<hr/>
	267	912
Changes in non-cash operating working capital balances (note 10)	(3,528)	(812)
	<hr/>	<hr/>
	(3,261)	100
Investing activities		
Acquisition of investments impacting on the Quebec economy	(65,901)	(36,216)
Acquisition of investments	(95,951)	(331,116)
Proceeds on disposal of investments impacting on the Quebec economy	5,929	334
Proceeds on disposal of investments	107,570	337,563
	<hr/>	<hr/>
	(48,353)	(29,435)
Financing activities		
Issuance of common shares	100,595	101,705
Redemption of shares	(636)	(512)
	<hr/>	<hr/>
	99,959	101,193
Increase in cash and cash equivalents during the period	48,345	71,858
Cash and cash equivalents – Beginning of period	3,663	5,397
	<hr/>	<hr/>
Cash and cash equivalents – End of period	52,008	77,255
	<hr/>	<hr/>
Supplementary information		
Income taxes paid	3,075	1,372

The accompanying notes form an integral part of these financial statements.

Capital régional et coopératif Desjardins

Notes to Financial Statements

June 30, 2005

(tabular amounts are in thousands of dollars, unless otherwise specified)

1 Governing statutes, mission, administration and investments

Governing statutes and mission

Capital régional et coopératif Desjardins (the “Company”) is constituted by an Act of the Quebec National Assembly (R.S.Q.c.C-6.1) and is deemed to have been incorporated by the filing of statutes on July 1, 2001. The Company started its activities on November 5, 2001 and is a legal person with share capital whose mission is to:

- raise venture capital for the benefit of Quebec resource regions (Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie-Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay-Lac-Saint-Jean) and the cooperative sector;
- promote economic development in the resource regions through investments in eligible entities operating in those regions;
- support the cooperative movement throughout Quebec by investing in eligible cooperatives;
- support eligible entities in their start-up phase and their development; and
- stimulate the Quebec economy through investments in all parts of the territory of Quebec.

Administration

The affairs of the Company are administered by a Board of Directors typically composed of 13 members, as follows:

- 8 persons appointed by the President of the Mouvement des caisses Desjardins;
- 2 persons elected by the General Meeting of shareholders of the Company;
- 2 persons appointed by the above-mentioned 10 members selected from a group of persons that they deem to be representative of eligible entities as described in the Act; and
- the General Manager of the Company.

Investments

The Company may acquire minority interests, mainly in eligible entities, with or without a guarantee or security. Eligible entities include eligible cooperatives and partnerships or a legal person actively operating an enterprise, the majority of whose employees are resident in Quebec and with less than \$100,000,000 of assets and net equity of not more than \$50,000,000.

Capital régional et coopératif Desjardins

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The Company may invest up to 5% of its assets (as established on the basis of the last accountants' valuation) in the same eligible enterprise or cooperative and the investment is generally planned for a period of five to eight years. This percentage may be increased to 10% to allow the Company to acquire titles of an entity operating in Quebec but which is not an eligible entity. In such case, the Company may, directly or indirectly, acquire or hold shares representing up to a maximum of 30% of the voting rights, which can be exercised in all circumstances.

During each fiscal year from the fiscal year beginning on January 1, 2006, the portion of the Company's investments in eligible entities, as well as other eligible investments, which do not entail any security or hypothec and are made as first purchaser must represent on average at least 60% of the average net assets of the Company for the preceding year. Furthermore, a portion representing at least 35% of that percentage must be invested in entities situated in resource regions of Quebec or in eligible cooperatives. Investments made other than as first purchaser for the acquisition of securities issued by an eligible entity may also be considered for the purpose of these calculations to the extent where they do not represented more than one third of the total investments made as first purchaser in that entity.

2 Change in accounting policies

In January 2004, the Canadian Institute of Chartered Accountants Accounting Standards Board issued Accounting Guideline AcG-18 which requires investment companies to carry investments at fair value. The Company has decided to apply this new standard prospectively starting January 1, 2005. Consequently, bonds previously carried at unamortized cost are carried at their fair value. This change in accounting policy increases both the investment and unrealized appreciation (depreciation) balances by \$1,517,000 each, decreases future income taxes by \$289,000, and increases net asset value per common share by \$0.03 to \$10.28 at January 1, 2005.

Moreover, funds committed but not disbursed are not presented in the balance sheet. Funds committed but not disbursed were previously presented with investments impacting on the Quebec economy and in deduction of investments. This change in accounting policy has been applied retroactively with restatement and resulted in a decrease in investments impacting on the Quebec economy and an increase in investments of \$60,550,000 as at December 31, 2004. This new accounting standard did not have any effect on net assets, net loss and cash flows of the Company for the year ended December 31, 2004.

Capital régional et coopératif Desjardins

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(tabular amounts are in thousands of dollars, unless otherwise specified)

3 Significant accounting policies

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. The principal estimates are related to the determination of the fair value of investments impacting on the Quebec economy. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, are reported in earnings (loss) in the period in which they are known.

Investments impacting on the Quebec economy

Listed shares

The investments in listed shares are recorded at their fair value. Fair value is established using the bid side level at market closing at the balance sheet date. The value of shares that are restricted in negotiability or transferability are adjusted by a discount. The Company determines the amount of this discount based on the nature and duration of the restriction, the relative volatility of the share's performance, as well as the importance of the interest held in the overall float of outstanding shares.

Unlisted shares and debentures and advances

Unlisted shares and debentures and advances are valued at their fair value, determined in accordance with appropriate methods of valuation, including primarily comparison to arm's-length transactions or takeover bids, and the capitalization of representative earnings before interest, taxes, amortization and capitalization or discounting of cash flows.

Significant assumptions used in the determination of fair value can include discount or capitalization rate, rate of return and the weighting of forecasted earnings.

Capital régional et coopératif Desjardins

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(tabular amounts are in thousands of dollars, unless otherwise specified)

Investments

Investments consist of temporary investments and bonds recorded at fair value. Fair value is calculated according to the market value, which is the bid side level at market closing at the balance sheet date. Up to December 31, 2004, temporary investments were recorded at the lower of cost and fair value and bonds were recorded at their unamortized cost net of the provision for losses, if necessary.

Obligations related to securities sold short

Securities sold short as part of trading activities, which represent the Company's obligation to deliver securities sold which were not owned at the time of sale, are recorded as liabilities offsetting the investments and are carried at fair value. Realized and unrealized gains and losses thereon are recorded in revenue in "Interest on investments". As at June 30, 2005, the Company has no securities sold short.

Securities purchased under resale agreements and securities sold under repurchase agreements

The Company enters into short-term purchases and sales of securities with simultaneous agreements to sell and buy those securities back at a specified price and on a specified date. These agreements are accounted for as collateralized lending and borrowing transactions and are recorded on the balance sheet at the selling or repurchase price specified under the agreement. The difference between the purchase price and specified selling price and the difference between the selling price and the specified repurchase price are recorded using the accrual method in "Interest on investments". As at June 30, 2005, the Company has no securities purchased under resale agreements or securities sold under repurchase agreements.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term deposits with original terms to maturity of three months or less, which deposits were previously classified with investments.

Software

Software is recorded at cost and amortized on a straight-line basis over a period of three to five years.

Income taxes

The Company uses the liability method in accounting for income taxes. According to this method, future income taxes are determined using the difference between the accounting and tax bases of assets and liabilities. The tax rate in effect when these differences are expected to reverse is used to calculate future income taxes at the balance sheet date. Future income tax assets are recognized when it is more likely than not that the assets will be realized.

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(tabular amounts are in thousands of dollars, unless otherwise specified)

Revenue recognition

Interest and dividends

Interest is recorded on an accrual basis. Dividends are recorded as at the record date and when they are declared by the issuing companies.

Gains and losses on disposal

Gains and losses on disposal of investments and investments impacting on the Quebec economy are recorded at the date of sale and represent the difference between the sale proceeds and the cost, without taking into consideration the unrealized appreciation (depreciation) recorded in previous years, which is reversed and taken into account in change in unrealized appreciation (depreciation) for the period.

Membership dues

Membership dues are recorded at the time of a shareholder's initial subscription and on the closure of that shareholder's account.

Negotiation fees

Negotiation fees are recorded when the service is performed and when collection is considered probable.

Premiums and discounts

Premiums and discounts on determined maturity portfolio investments are amortized using the internal rate of return method up to the maturity date of these investments. Premiums and discounts are recorded in interest on investments.

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4 Investments impacting on the Quebec economy

	As at June 30, 2005		As at December 31, 2004	
	Cost \$	Fair value \$	Cost \$	Fair value \$
Unsecured				
Common shares	48,278	46,994	36,619	37,381
Preferred shares	90,924	76,387	77,652	65,545
Debentures and advances	64,808	63,157	31,771	31,114
	204,010	186,538	146,042	134,040
Secured				
Debentures and advances	4,344	3,582	2,342	1,871
	208,354	190,120	148,384	135,911

Agreements related to investments impacting on the Quebec economy may include clauses providing for options as to conversion and redemption.

The debentures and advances bear interest at a weighted average rate of 10.7% and have an average residual maturity of 6.01 years.

Allocation of investments by industry segment:

Industry segment	As at June 30, 2005		
	Investments at cost \$	Unrealized appreciation (depreciation) \$	Fair value \$
Cooperatives	29,421	(56)	29,365
Industrial	80,966	(10,207)	70,759
Health and Biotechnology	39,361	(5,711)	33,650
Telecommunications	31,839	(1,955)	29,884
Information Technology	26,098	(477)	25,621
Investment Funds	669	172	841
Total	208,354	(18,234)	190,120

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Industry segment	As at December 31, 2004		
	Investments at cost \$	Unrealized appreciation (depreciation) \$	Fair value \$
Cooperatives	4,475	-	4,475
Industrial	67,451	(7,230)	60,221
Health and Biotechnology	32,750	(2,317)	30,433
Telecommunications	13,913	(219)	13,694
Information Technology	29,181	(2,707)	26,474
Investment Funds	614	-	614
Total	148,384	(12,473)	135,911

Funds committed but not disbursed are presented at note 12.

5 Investments

a)

	As at June 30, 2005		As at December 31, 2004	
	Unamortized cost \$	Fair value \$	Unamortized cost \$	Fair value \$
Bonds				
Federal	82,905	85,999	82,176	82,585
Provincial and guarantee	161,374	165,438	170,620	170,956
Financial institutions	54,440	56,386	53,024	53,541
Companies	23,609	24,421	28,860	29,115
Total	322,328	332,244	334,680	336,197

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Notes to Financial Statements

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(tabular amounts are in thousands of dollars, unless otherwise specified)

b) Allocation of investments by maturity date

Bonds

As at June 30, 2005				
Maturity	Less than 1 year \$	1 to 5 years \$	More than 5 years \$	Total \$
Unamortized cost	12,365	83,447	226,516	322,328
Par value	12,000	78,575	214,447	305,022
Fair value	12,387	85,525	234,332	332,244
Average nominal rate	6.30%	5.77%	5.41%	5.40%
Average effective rate	2.93%	4.06%	4.37%	4.23%

As at December 31, 2004				
Maturity	Less than 1 year \$	1 to 5 years \$	More than 5 years \$	Total \$
Unamortized cost	-	84,537	250,143	334,680
Par value	-	80,060	221,102	301,162
Fair value	-	85,010	251,187	336,197
Average nominal rate	-	5.75%	6.56%	6.34%
Average effective rate	-	3.83%	4.41%	4.27%

6 Accounts receivable

	As at June 30, 2005 \$	As at December 31, 2004 \$
Interest receivable on investments	2,683	3,740
Sales taxes receivable	332	229
Other accounts receivable	3,278	1,310
	6,293	5,279

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Notes to Financial Statements

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(tabular amounts are in thousands of dollars, unless otherwise specified)

7 Accounts payable and accrued liabilities

	As at June 30, 2005 \$	As at December 31, 2004 \$
Entities of the Mouvement des caisses Desjardins		
Shareholder services	513	1,055
Other	321	272
	<hr/> 834	<hr/> 1,327

8 Share capital

Authorized

The Company is authorized to issue common shares and fractions of common shares, participating, voting, with the right to elect two representatives to the Board of Directors, without par value, redeemable subject to certain conditions provided under the Act, so that its capital increases by a maximum of \$150,000,000 annually to a maximum of \$1,325,000,000.

In an announcement of the Minister of Revenue for Quebec on March 11, 2005, the annual limit of capital increase for the year 2005 was reduced to \$100,000,000. Furthermore, in the March 30, 2004 budget, the annual limit of capital had been reduced to \$100,000,000. Those combined reductions as well as previous years' reductions result in a cumulative limit of \$575,000,000 as at February 28, 2006.

Issued and fully paid

	As at June 30, 2005 \$	As at December 31, 2004 \$
56,657,347 Common shares (2004 – 46,905,260)	<hr/> 572,609	<hr/> 472,641

During the period, the Company issued 9,814,140 common shares (during the year 2004 – 9,923,523) for a cash consideration of \$100,595,100 (during the year 2004 – \$101,715,850).

During the period, the Company redeemed 62,053 common shares (during the year 2004 – 103,602) for a cash consideration of \$636,039 (during the year 2004 – \$1,061,836).

This data does not include the redemption requests made within 30 days after subscription.

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Redemption criteria

The Company is bound to redeem a whole common share or a fraction of a common share in the following circumstances:

- at the request of the person who acquired it from the Company at least seven years prior to redemption;
- at the request of a person to whom it has been devolved by succession;
- at the request of the person who acquired it from the Company if the person applies to the Company therefor in writing within 30 days after subscribing it; and
- at the request of a person who acquired it from the Company if that person is declared to have a severe and permanent mental or physical disability which makes this person incapable of pursuing his or her work.

However, the Company may purchase a common share or a fractional common share by agreement in the cases and to the extent permitted by a policy adopted by the Board of Directors and approved by the Quebec Minister of Finance.

The redemption price of the common shares will be set twice a year, at dates that are six months apart, by the Company's Board of Directors on the basis of the Company's value as determined in the audited financial statements.

9 Income taxes

The Company is subject to Federal income taxes and provincial income tax. Moreover, Federal income taxes include the large corporations tax.

a) The income tax expense is detailed as follows:

	June 30, 2005	June 30, 2004
	\$	\$
Current income taxes	779	879
Future income taxes	509	(629)
	<hr/>	<hr/>
	1,288	250
	<hr/>	<hr/>

Capital régional et coopératif Desjardins

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(tabular amounts are in thousands of dollars, unless otherwise specified)

- b) The actual income tax rate differs from the combined basic income tax rate and is explained as follows:

	June 30, 2005	June 30, 2004
	\$	\$
Income taxes by applying the combined income tax rate of 38.02%	1,557	51
Large corporations tax*	222	216
Permanent differences between earnings before income taxes and taxable income and other	(491)	(17)
	<hr/>	<hr/>
	1,288	250
	<hr/>	<hr/>

* The large corporations tax is based on capital employed in Canada by the Company.

- c) Future income taxes relate to the following items:

	June 30, 2005	December 31, 2004
	\$	\$
Future income tax assets		
Unrealized appreciation (depreciation)	1,880	1,136
Others	64	62
	<hr/>	<hr/>
	1,944	1,198
Future income tax liabilities		
Software	(547)	(813)
	<hr/>	<hr/>
Future income tax assets, net	1,397	385
	<hr/>	<hr/>

- d) The purchase of shares of the Company provides the right to the investor to reduce its taxes in Quebec only by an amount equal to 50% of the amount invested annually, up to a tax credit of \$1,250.

Capital régional et coopératif Desjardins

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10 Cash flows

The changes in non-cash operating working capital balances consist of the following:

	June 30, 2005	June 30, 2004
	\$	\$
Increase in accounts receivable	(1,014)	(625)
Increase (decrease) in accounts payable and accrued liabilities	(493)	78
Decrease in income taxes	(2,021)	(265)
	<hr/>	<hr/>
	(3,528)	(812)

11 Related party transactions

Principal agreements with the Company and entities of the Mouvement des caisses Desjardins are as follows:

- The Company has entrusted the management of its operations, including management of its portfolio, to Desjardins Venture Capital Inc. (DVC), an entity of the Mouvement des caisses Desjardins, in accordance with strategies and objectives approved by the Board of Directors. The management contract signed by DVC and the Company is in effect for an initial ten-year period, unless the parties agree to terminate it by mutual agreement. Thereafter, it shall be automatically renewed for a five-year period unless either party decides to terminate the contract by giving notice of at least 18 months.

Under this contract, the Company is required to pay an annual management fee equal to 3% of its annual average net asset value reduced by any amount payable for the acquisition of investments and by the remaining balance of the deferred non-refundable grants. This percentage is reduced to 2.5% from the fiscal year following that in which the Company's net asset value reaches \$750,000,000.

- The Company has appointed Desjardins Trust Inc., an entity of the Mouvement des caisses Desjardins, to act as its registrar and transfer agent with respect to shareholder transactions. This contract is for a period of three years starting on January 1, 2005.
- The Company has appointed the Fédération des caisses Desjardins du Québec, an entity of the Mouvement des caisses Desjardins, for the distribution of the Company's shares in the entities of the Mouvement des caisses Desjardins. The present agreement will be effective for the following year and will be automatically renewed each year under the same terms and conditions unless one of the parties gives written notice to the contrary three months before the expiration date of the agreement.

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The Company is related to the Mouvement des caisses Desjardins. In the normal course of its operations, the Company carried out transactions with other entities of the Mouvement des caisses Desjardins. All of these transactions are measured at the exchange amount:

	June 30, 2005	June 30, 2004
	\$	\$
Earnings		
Caisse centrale Desjardins		
Interest on term deposits	681	380
Capital Desjardins inc.		
Interest on investments	690	824
Desjardins Financial Security		
Operating expenses	22	-
Desjardins Trust Inc.		
Shareholder services	977	1,050
Other operating expenses	13	-
Desjardins Venture Capital Inc.		
Management fees	8,695	6,942
Other operating expenses	181	77
Fédération des caisses Desjardins du Québec		
Operating expenses	73	116

Capital régional et coopératif Desjardins

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	As at June 30, 2005 \$	As at December 31, 2004 \$
Balance sheets		
Caisse centrale Desjardins		
Term deposits	50,000	-
Cash and cash equivalents	(4,216)	559
Capital Desjardins inc.		
Bonds	30,394	32,828
Desjardins Securities		
Cash and cash equivalents	3,863	1,766
Accounts payable and accrued liabilities	1,042	-
Desjardins Trust Inc.		
Cash and cash equivalents	1,039	10
Accounts receivable	513	1,055
Desjardins Venture Capital Inc.		
Accounts receivable	89	405
Desjardins Venture Capital, Limited Partnership		
Accounts receivable	24	-
Investments impacting on the Quebec economy	13,038	-
Accounts payable and accrued liabilities	-	7
Fédération des caisses Desjardins du Québec		
Accounts payable and accrued liabilities	25	11
Desjardins Capital de développement		
Accounts receivable	10	296

12 Commitments

Funds committed but not disbursed represent investments that have been agreed upon and which have been committed but not disbursed at the end of the period. Future disbursements are subject to certain conditions. Funds committed but not disbursed amount to \$101,633,000 as at June 30, 2005 (December 31, 2004 – \$60,550,000). Assuming that the conditions will be respected, the estimated installments over the end of the period and the next five years ended December 31 are as follows:

	\$
2005 (6 months)	54,996
2006	16,245
2007	13,818
2008	6,729
2009	5,000
2010	4,845

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Allocation of funds committed but not disbursed by industry segment are as follows:

Industry segment	Funds committed but not disbursed, at cost \$
Cooperatives	3,000
Industrial	6,877
Health and Biotechnology	17,078
Telecommunications	6,543
Information Technology	3,640
Investment Funds	<u>64,495</u>
Total	<u>101,633</u>

13 Financial instruments

Fair value

The fair value of accounts receivable, cash and cash equivalents, and accounts payable and accrued liabilities approximates their carrying value given their current maturities.

Credit risk

Credit risk of investments relates to the possibility that the counterparty to the transaction does not meet its obligations. The Company reduces this risk by dealing solely with high-credit quality corporations; therefore, the Company considers the risk of non-performance and credit risk on these instruments to be remote.

Interest rate risk

Cash and cash equivalents, except for a short-term deposit, accounts receivable and accounts payable and accrued liabilities are non-interest bearing. The short-term deposit, amounting to \$50,000,000, bears interest at an annual rate of 2.54% and matures July 5, 2005.

The Company does not hold any derivative financial instruments.

Capital régional et coopératif Desjardins

Notes to Financial Statements

June 30, 2005

(tabular amounts are in thousands of dollars, unless otherwise specified)

14 Subsequent event

On July 4, 2005, the Company invested \$30 million in cash in Desjardins – Innovatech S.E.C., a limited partnership constituted on June 29, 2005 according to the rules of the Quebec Civil Code. The Company and Innovatech Régions Ressources, a Crown corporation belonging to the Government of Quebec, are the initial limited partners and Desjardins Venture Capital Inc. is the initial general partner and manager. The Company holds a 53.1% partnership interest in Desjardins – Innovatech S.E.C. and the Government of Quebec holds 46.9% which represents the value of the portfolio of investments held by Innovatech Régions Ressources transferred to the new limited partnership. From now on, Desjardins – Innovatech S.E.C. will be included in the consolidated results of the Company.

15 Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

16 Schedule of investments impacting on the Quebec economy

The schedule of investments impacting on the Quebec economy with the auditors' report is presented separately from these financial statements and is available at the Company's head office, on the Company's website and on SEDAR.