INVESTING IN QUÉBEC

2007 ANNUAL REPORT

Desjardins
Capital régional
et coopératif

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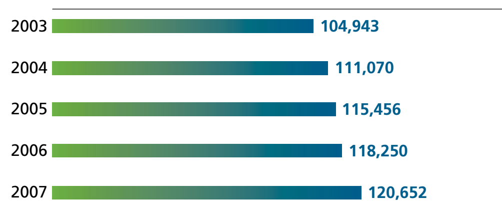
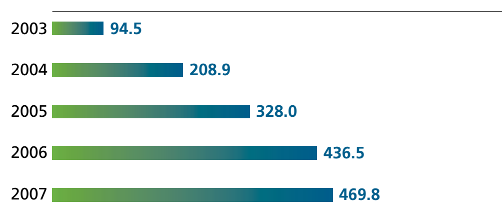
HIGHLIGHTS

(AS AT DECEMBER 31)



1

NUMBER OF SHAREHOLDERS



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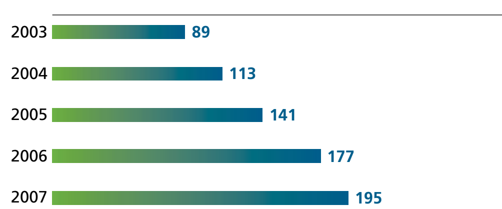
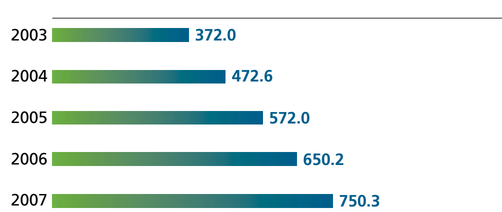
INVESTMENTS AT COST (IN $M)

(INCLUDING FUNDS COMMITTED BUT NOT DISBURSED)*



3

TOTAL NUMBER OF COMMITMENTS: COMPANIES/ COOPERATIVES/FUNDS*



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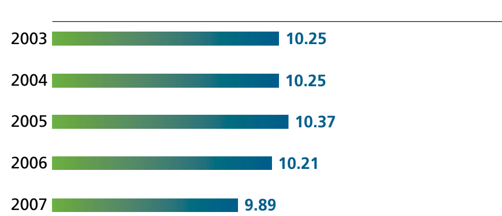
SHARE CAPITAL (IN $M)



5

SHARE VALUE (IN $)

*Financial information restated for 2005 and 2006: see explanations under Accounting Policies – Consolidation in the Financial Review.

MESSAGE FROM THE CHAIRMAN OF THE BOARD

IMPRESSIVE ACHIEVEMENTS AND FAVOURABLE MEASURES


ANDRÉ LACHAPELLE

2007 was a milestone year for Capital régional et coopératif Desjardins. In the fall, the Québec Ministère des Finances introduced new measures to secure appropriate, permanent capitalization of the fund, and modified investment standards to reflect changing market conditions. As of March 1, 2008, annual share issues of $150 million are authorized as long as total capitalization of new and outstanding shares does not exceed $1 billion. Ensuring fund continuity will allow our manager, Desjardins Venture Capital, to align its management approach more closely with the venture capital sector, given that coaching businesses and cooperatives generally extends over more than five years. These improved measures position Capital régional et coopératif Desjardins to fulfil its regional economic development mission through patient capital investment in Québec businesses and cooperatives.

This initiative also held a boon for shareholders. As of November 10, 2007, the tax credit for share purchases increased from 35% to 50% and the yearly eligible maximum doubled from $2,500 to $5,000. This is great news for investors looking for a vehicle that gives them both tax benefits and attractive returns.

I would be remiss in not underscoring the exceptional contribution of the Desjardins caisse network in this regard. Following the government announcement, share sales were suspended to allow our fund manager to make the necessary changes to the issue prospectus and related documents and systems. This was done in record time and the caisse network quickly resumed sales of available shares. Their extraordinary promotional effort resulted in the sale of some $50 million in just three days, confirming that the new measures make our shares both attractive and popular.

Difficult economic conditions during the year had an impact on our investment portfolio and on share value. Nonetheless, Capital régional et coopératif Desjardins' manager maintained investment activity in all Québec regions with great success. These astute investments, which assure the growth and continuity of promising Québec businesses and cooperatives, would not have been possible without the management expertise of Desjardins Venture Capital. I would like to thank Louis L. Roquet and his team for the tremendous support they provide Québec entrepreneurs and for the strategic balance of growth and stability they bring to our portfolio. Their dedicated crafting of flexible, customized solutions allows us to fulfil our development role even in periods of economic turbulence and volatility.

I would also like to highlight the establishment of the Bruno Riverin Awards, created in tribute to his role in founding and growing Capital régional et coopératif Desjardins. These Awards honour outstanding businesses and cooperatives in our portfolio.

Capital régional et coopératif Desjardins stems from an initiative implemented and championed by Alban D'Amours, President and Chief Executive Officer of Desjardins Group. On behalf of the Board of Directors and myself, I would like to salute Mr. D'Amours for this outstanding visionary achievement that, as of 2007 year-end, has made possible capital raising from 120,652 investors, supported 195 businesses and cooperatives in all regions of Québec and created nearly 30,000 jobs for Quebecers!

André Lachapelle
Chairman of the Board

GENERAL MANAGER'S REPORT
BUSINESS REVIEW

RESULTS IMPACTED BY CHALLENGING CONDITIONS, BUT INVESTING REMAINS PROFITABLE

BRUNO MORIN

Three factors put Capital régional et coopératif Desjardins at a disadvantage in 2007: some business sectors were affected by difficult conditions, the rise of the Canadian dollar hit many companies and crumbling credit markets led to a drop in the value of the liquid portfolio. That being said, because bond investments are held to maturity, the impact of this decrease will be temporary. Beyond these economic factors, the portfolio was—until very recently—more heavily invested in high-risk business sectors such as biotechnologies and technologies. Also, the portfolio is still young and has not yet reached its full potential. The average age of portfolio investments is now four years, and the optimization period for venture capital investment is about seven years.

Against this backdrop, Capital régional et coopératif Desjardins, which determines share value twice a year, set value at $9.89 at year-end, down $0.32 as compared with December 31, 2006, with the main effect coming at the end of the first half year. However, the reduction in per share value has a very marginal impact on compound annual return net of income tax credit.

Net assets totalled $733 million at year-end, up $78 million over December 31, 2006. The Company's authorized investments in Québec businesses and funds reached $470 million in 2007, including $88 million authorized in 77 businesses and funds during the year, with $16 million in resource regions or the cooperative sector. At the close of fiscal 2007, Capital régional counted 195 businesses and funds, including 12 cooperatives, in its investment portfolio. Sixty-eight of these businesses are in the resource regions.

The liquid portfolio is primarily made up of highly liquid, low-credit risk bond securities, with government guarantees for 54%. The portion of the liquid portfolio relative to total assets, 48% or $354 million as at December 31, 2007 compared with 50% for the same period in 2006, should decrease in 2008 and over the coming years to stabilize around 36% as the fund reaches maximum limits and full potential for investments impacting the Québec economy.

With the government's substantial tax credit to shareholders, the Company must fulfil its mandate of fostering the economic development of Quebec's regions and cooperatives, as well as optimizing returns for its shareholders and reducing the risks of capital losses. For this reason, the Company favours a balanced, global management approach, that covers both the portfolio of investments impacting the Québec economy and the liquid portfolio. This approach balances the risk/return ratio in the medium term, while mitigating the impact of share volatility, regardless of the economic conditions that might come and go during shareholders' holding periods.

Share sales from the 2007 issue raised approximately $100 million among 29,457 private investors, bringing the total number of shareholders to 120,652. Shareholders who purchased shares before the new measures announced on November 9, 2007 obtained a tax credit of 35% while those who purchased shares after that date enjoyed a tax credit of 50%. We regret that the 35% tax credit was a disappointment for some. However, with the increase in the annual maximum eligible amount from $2,500 to $5,000, some shareholders were able to purchase a new $2,500 slice of additional shares that were eligible for the 50% tax credit under the new provisions. For these shareholders, the cumulative effect of the two purchase transactions was an average tax credit of 42.50%. Unfortunately, remaining available capitalization was only $50 million when sales resumed last December, limiting the number of shareholders who were able to purchase additional shares.

November 2008 marks the end of the first seven-year holding period and some shareholders may request redemption of their shares. In this regard, I wish to underscore that Capital régional has the necessary liquidities to cover all potential redemptions. It is important to bear in mind that redemption after the minimum seven-year holding period revokes tax credit eligibility. This means that shareholders who purchase shares from the 2008 issue and who, between now and February 28, 2009, opt for the full or partial redemption of shares after the seven-year holding period, will not be eligible for the tax credit in the 2008 taxation year and subsequently.

While 2008 hardly appears to be shaping up as easy on the economic front, our portfolio has been refocused, in particular by the substantial reduction of investments in the higher-risk sectors of the economy. The rebalanced portfolio allows us to look to the coming financial years with great confidence.

In closing, I would like to thank all shareholders of Capital régional et coopératif Desjardins for the trust they show year after year in purchasing shares of a fund whose mission it is to drive the Québec economy. I would also like to express my gratitude for the excellent work of the teams that contribute so much to our Company's success: our manager, Desjardins Venture Capital; the Desjardins Business Centres, who collaborate with us to identify and realize potential investments; the Desjardins caisse network, which handles sales of our shares each year; the different Fédération teams for their continued support; and Desjardins Trust, our trustee and asset custodian.

Bruno Morin
General Manager

MANAGER'S REPORT

FOSTERING INNOVATION AND CREATIVITY— KEY TO SUCCESS IN THE CURRENT ENVIRONMENT

2007 was a tough year for many Québec businesses, particularly in the manufacturing sector. Operations faced three challenges—a spike in the Canadian dollar, an upsurge in oil prices and stiff competition from emerging countries. And these shifts converged so abruptly that it was difficult for entrepreneurs to predict or prepare for them.

The manufacturing sector accounts for nearly 15% of the Québec economy. And despite the overall robustness of the Canadian economy, we have felt the hit of these emerging trends. Job cuts have already been announced and it is a safe bet that there are more to come in 2008.

Against this backdrop, the Desjardins Venture Capital teams have strengthened their resolve to support, finance and work hand in hand with Québec businesses and cooperatives to assure them of the production efficiencies they need to weather the storm. Even in this challenging period, it is still possible for Québec businesses to make their mark through innovation, anticipating and responding to evolving customer needs with tailored product offerings and leveraging market fragmentation with mass customization. While the appeal of the U.S. export market is dampened by the strength of the loonie against the greenback, other markets, including Europe, may offer greener pastures, particularly as our dollar has not appreciated against the Euro.

Another challenge facing the Québec economy is the transfer of business ownership. An entire generation of entrepreneurs is looking toward retirement over the next few years. Often, family members or the management team are ready and able to take the helm but lack the necessary funds to buy back the business. We must ensure that the economy weathers the departure of these founders without over-leveraging and weakening the businesses they have built. This is a daunting challenge across all Québec regions. External buyback typically goes hand in hand with head office relocation which, in turn, shuts down a host of secondary service industries that drive regional economies.

Entrepreneurship grows by example and businesses that go through transfer of ownership will have valuable lessons in succession planning to pass on to the next generation. Desjardins is a key player in this transition period, as we work with the businesses that will drive the Québec economy forward and serve as an example for those to come.

In keeping with our management mandate for Capital régional et coopératif Desjardins, the Desjardins Venture Capital teams put their talent and creativity to work for Québec businesses, whether helping them realize growth projects or assuring their continuity based on successful transfer of ownership. Four lines of business are in place to meet business needs: venture capital, development capital, cooperative and resource region capital, and major investments and company buyout. The last and most recent, created last spring, is designed to ease transfer of ownership from one generation of entrepreneurs to the next, to assist in the continued growth of profitable businesses and to consolidate promising sectors while retaining Québec ownership.

Our teams re-engineered the Capital régional et coopératif Desjardins portfolio in 2007. The new approach opens the door to broader-based development support for Québec businesses. Our business partners can be assured that all possible tools and resources are at their disposal to build operational success.

And a new strategy has been crafted for the biotechnology industry—particularly in therapeutics—to meet its specific business and sectoral needs. An agreement is being finalized with an international manager whose global network of contacts will dramatically increase options for our biotechnology businesses and optimize investment potential for Capital régional et coopératif Desjardins. News of the pending agreement has been well-received as businesses see the potential for exponential business growth.

For us, the bottom line is continuous innovation with a view to developing Québec businesses and cooperatives to their fullest. The flexibility of venture capital allows us to craft scenarios that combine various financial vehicles and products. The synergy between the different arms of Desjardins Group is a huge plus in this regard! And the Desjardins Venture Capital offering is a perfect complement to that of Desjardins Business Centres—which means one-stop service for businesses and cooperatives in every region of Québec.

Louis L. Roquet
President and Chief Operating Officer
Desjardins Venture Capital

INVESTMENTS

SUPPORTING REGIONAL VITALITY: AN ONGOING PRIORITY

To meet the growing financial needs of businesses and cooperatives in all Québec regions, Capital régional can count on its manager, Desjardins Venture Capital, with teams in 24 offices and on the complementary dynamics of 50-some Desjardins Business Centres. Desjardins is therefore uniquely positioned to offer a complete range of varied financing products, all under one roof.

As at December 31, 2007, the Capital régional portfolio represented $470 million in authorized investments in 195 businesses and cooperatives. Investments authorized during the year totalled $88 million allocated across 77 companies. Some of these are particularly noteworthy as they contributed to economic vitality in a number of regions, and confirmed the support of the entire Desjardins organization for dynamic businesses such as:

- Gestion C.T.M.A. in Îles-de-la-Madeleine, a management company held by the Coopérative de Transport Maritime et Aérien (C.T.M.A. Group), whose subsidiaries provide marine and road transportation services to Islanders. The investment was processed jointly with the Étang-du-Nord office of the Gaspésie/Îles-de-la-Madeleine Desjardins Business Centre and the Îles-de-la-Madeleine Caisse Desjardins.
- Héli Explore of La Sarre, which provides helicopter transportation and logistics advisory services adapted mainly to the needs of the Canadian mining exploration industry. This financing was arranged together with the Abitibi-Ouest Desjardins Business Centre.
- Mirazed in Valcourt, which specializes in promotional and industrial silk screening and large scale digital printing. This transaction was handled with the Windsor office of the Eastern Townships Desjardins Business Centre.
- Tungle in Montréal, which develops effective calendar coordinators that simplify meeting arrangements between users across businesses.

FINANCING FOR A SMOOTH TRANSFER

There are a number of ways for an entrepreneur to ensure the smooth transfer of a business. The entrepreneur may, for example, hand the reins to one or more family members or to a management team which already has an excellent grasp of the specifics of the business and its environment. Establishing a cooperative of employee shareholders can also help to finance a portion of the transfer transaction, while encouraging employee involvement in share capital and loyalty to the business.

In terms of succession planning, the range of business ownership transfer solutions and advisory services offered under the Continuum financing program generated interest among entrepreneurs. Seventeen Continuum financing deals totalling $37 million were authorized in 2007, including nine jointly with a Desjardins Business Centre and two with a Caisse Desjardins. For examples: Autobus Thomas in Drummondville, Ebi-tech in Thetford Mines, Fempro in Drummondville, Groupe Composites VCI in Matane, Hôtel Forestel Val D'Or, and Marquis Imprimeur in Cap St-Ignace.

WHEN MANAGERS TAKE THE HELM

Nothing is more reassuring for an entrepreneur thinking of retirement than to see his business continue to grow in the hands of managers who already know it well and who have always taken its success and development to heart. In this regard, we want to underscore two examples over recent months of the financing of transfer of ownership to managers:

Les viandes CDS

In 2006, having seen two successive transfers of ownership between family members, Alain Gagné, sole shareholder of Viandes CDS in Chicoutimi, initiates steps to transfer his business to Jean Dostie, then General Manager for two years and Brigitte Boily, then Plant Manager for three years. Having held similar positions during their respective careers, both have solid experience in their fields. Alain Gagné remains active in the business, serving as technical advisor, which will allow him to work with the purchasers over the next few years.

Viandes CDS is involved in ham and delicatessen meat production, cutting beef and pork, and also offers meat by-products. It distributes its products both locally and nationally, particularly through major food wholesalers. With a mature distribution network, the business continues to grow with large chains and focuses on the diversification of its customer base.

Viandes CDS has a dedicated, competent team of employees, some of whom have been with the company from the very start. In 2007, the business concentrated its efforts on purchasing new equipment to reduce costs and improve productivity, which contributed to assuring excellent profitability.

MARQUIS
Marquis Imprimeur inc.

For more than three years, Pierre Goulet, majority shareholder, had been implementing a succession plan aimed at allowing the management team of Marquis Imprimeur and Infoscan Collette to purchase the businesses. Over the past two years, management responsibilities had been transferred to Pierre Fréchette, Vice-president, Operations and Serge Loubier, Vice-president, Sales and Marketing. These managers were now ready to take the next step, the purchase of the two operating businesses.

Marquis Imprimeur is a leader in the printing of short-run books. Infoscan Collette provides layout and graphic production services to publishing houses, as well as pre-press services to Marquis Imprimeur.

Capital régional's decision to support the financing of this transfer was based on the fact that over the years, the company had carved out a market niche and become a leader thanks to a solid historic reputation and a quality product. The financing package was carried out jointly with the Côte-du-Sud Desjardins Business Centre. Joining the two managers already identified as purchasers, was Marc Deslisle, a former shareholder and a long-standing manager of the company.

The new purchasers have environmental initiatives a high priority, particularly encouraging customers to use recycled paper for all their orders. They also favour using digital equipment, as this technology is well-suited to short run printing.

BRIDGING TWO GENERATIONS IN A SPIRIT OF CONTINUITY

FEMPRO

In spring 2007, the manager established its Major Investments and Company Buyout line of business in response to the growing socio-economic phenomenon of the transfer of business ownership. Specifically, this line of business bridges two generations of entrepreneurs: the generation that is ready for handover and the generation that is ready but not necessarily financially able to take the helm right away. Side by side with these dynamic entrepreneurs, Desjardins Venture Capital wants to share in the sustained growth of profitable businesses to ensure their continuity or to consolidate promising sectors, while retaining Québec ownership. In partnership with the company's management, Capital régional made its first buyout, that of Fempro in Drummondville. This transaction allowed the owners to retire, while the business continued to grow and develop.

Fempro is the largest Canadian manufacturer—and the second-largest North American manufacturer—of private label feminine hygiene products. The company manufactures and distributes its own complete range of sanitary napkins under the Incognito label, the second-highest selling national brand in Québec. Employing over 130 people in the region, Fempro also manufactures liquid absorbent mats for food trays, a packaging product used primarily for meat, poultry and fish in the refrigerated displays of our grocery stores.

Serge Cousineau, General Manager, Caisse Desjardins de Drummondville and Director, Capital régional et coopératif Desjardins, Louis L. Roquet, President and Chief Operating Officer, Desjardins Venture Capital, Sylvie Lemaire, Co-founder of Fempro, Jean Fleury, President and General Manager of Fempro and Yves Gagné, Vice-president, Major Investments and Company Buyout, Desjardins Venture Capital.

A FORESTRY COOPERATIVE FACES MANY CHALLENGES

Financial support fitted to the realities of the cooperative sector—that is what distinguishes our cooperative offering. 2007 was a particularly difficult year in the forest sector; many of these businesses had to be creative and innovative to meet the challenges they faced. The Coopérative forestière de Girardville is a good example.

All of Desjardins' consulting expertise, particularly that of Desjardins Venture Capital and the Maria-Chapdelaine Desjardins Business Centre, together with that of the cooperative, was brought to bear on a repositioning exercise. Working jointly with the Board of Directors, they began by hiring a new General Manager and a new management team; young, dynamic and well-versed in their field. Next, they encouraged the cooperative to refocus on its primary market and to concentrate on its specialty: forest landscaping, including harvesting and silviculture.

On another front, the General Manager returned from a trip to Sweden with new, cutting-edge techniques. The team adapted them to the Québec market, transforming their cooperative into one of the strongest performers in the field of silviculture in Québec. Their financial results are the envy of many cooperatives. Jérôme Simard, General Manager of the cooperative, described his satisfaction with the support received throughout the process, "Throughout our restructuring process, Desjardins was at our side to help us consolidate, and more than that, to grow within our original field of expertise. Their support was first and foremost financial, but this was complemented with expert advice and invaluable follow-up by competent personnel. Desjardins Venture Capital and the Maria-Chapdelaine Desjardins Business Centre demonstrated their confidence in us and gave us the leeway we needed—these were sure keys to success. I want to thank the entire Desjardins team with whom we did business. They contributed to showcasing the expertise of our team."

"We spent over 20 years of our life building this business with our employees. It was essential for us to keep our employees and our business in the region. We are very proud to work with a partner like Desjardins which shares our values. Our greatest concern was ensuring ongoing operations in a spirit of continuity. We had to find a financial partner who would respect our people, what we have built and the growth objectives we have set for ourselves. From this point of view, the choice of Desjardins seemed self-evident," stated Sylvie Lemaire and Ronald Tremblay, founders of Fempro.

HONOURS TO OUR PARTNER COMPANIES

For successful transfer of business ownership

Two Québec businesses, Placage au Chrome in Ste-Foy and RMH Industries, held by Gestion Placage RMH inc., were honoured with the *Trophée Vision 2007* in the *Entreprise visionnaire* category for successful transfers of business ownership, either intergenerational or by employee buyout, awarded by the *Ordre des comptables agréés du Québec* and the *Chambre de commerce de Québec*. The same two businesses received the Desjardins Business Ownership *Transfer Prize* in the 2007 edition of the *Desjardins Business Prize* awards.

For manpower training

Premier Aviation Centre de révision in Trois-Rivières was awarded the *Prix Hommage* in the *Formation de la main-d'œuvre* category at the *Gala Radisson Édition 2007* of the *Chambre de commerce et d'industrie de Trois-Rivières*. The prize salutes the business that shows consistent effort in manpower training programs and contributes to job retention and creation.

For funeral cooperative of the year

Following the official opening of the Complexe funéraire de l'Estrie, the Coopérative funéraire de l'Estrie received the *Coopérative de l'année* prize from the *Fédération des coopératives funéraires du Québec* at their recent provincial conference. To carry out its project, the cooperative was able to gain the support of its members through preferred equity subscriptions valued at over $800,000.

For IT personality of the year

The *Fédération de l'informatique du Québec (FIQ)* awarded the *Personnalité de l'année en technologies de l'information au Québec* prize to Rémi Racine, President and Chief Executive Officer of Artificial Mind and Movement (A2M) at the *OCTAS 2007* gala. The prize pays tribute to an individual who has been of note in the Québec IT and communications sector.

For youth leadership

During the Arista Competition gala of the *Jeune Chambre de Commerce de Montréal*, Jean-Philippe Gentès, General Manager of Galenova, was awarded the *Prix Jeune Leader Novateur du Québec*, which encourages the creativity and boldness of young business leaders. Rémi Racine, of Artificial Mind and Movement (A2M) received the *Prix Performance Jeune Leader* awarded by *Réseau ESG UQAM* to graduates of the *École des sciences de la gestion* for their outstanding career progress.

CAPITAL RÉGIONAL UNVEILS THE FIRST WINNERS OF THE BRUNO RIVERIN AWARDS

TO PAY POSTHUMOUS HOMAGE TO THIS PIONEER WHO WAS ONE OF THE ARTISANS BEHIND THE COMPANY'S CREATION AND DEVELOPMENT, THE BOARD OF DIRECTORS UNVEILED THE FIRST WINNERS OF THE BRUNO RIVERIN AWARDS. THESE AWARDS ARE BESTOWED ON COMPANIES AND COOPERATIVES IN OUR PORTFOLIO IN RECOGNITION OF OUTSTANDING PERFORMANCE.

PRIX COOPÉRATIVES TO THE COOPÉRATIVE DE TRAVAILLEURS ACTIONNAIRE DE TEC IN MONTRÉAL

TEC designs information systems allowing its clients to save time and money in the software acquisition process. The establishment of an employee shareholder cooperative, which holds 27% of the business, provided exceptional leverage, allowing employees to combine their efforts, and to increase their personal, collective and corporate wealth.

PRIX ENTREPRISES INDUSTRIELLES ET DE SERVICES TO CANMEC GROUP OF SAGUENAY

Canmec Group provides design, manufacturing, installation and construction services to the industrial sector. In 2004, the company's buyout by five of its managers allowed the business to remain in the region. Today, Canmec Group is enjoying remarkable growth. In 2006, one of the company's achievements was a world first: the development of a new construction and delivery model for ring busbars used in aluminum smelters.

PRIX ENTREPRISES DES NOUVELLES TECHNOLOGIES TO ARTIFICIAL MIND AND MOVEMENT (A2M) IN MONTRÉAL

A2M is the largest independent video game developer in Canada and one of the largest in North America. With nearly 430 employees, A2M is noteworthy for the quality of the games it develops, particularly action and adventure games, releasing close to 40 titles over 15 years of operation. In 2006, A2M was ranked among the 50 fastest growing and best managed technology companies in Canada.

PRIX COUP DE CŒUR TO REPRODUCTIONS BLB IN BOUCHERVILLE

Founded in 1979, this business manufactures pressure sensitive labels, and plastic and metal identification or signal plates. In 2004, two 30-year old entrepreneurs purchased the company to ensure its continuity. In view of the issues facing Québec SMEs, they have carried on the activities of this manufacturing business—which is now enjoying commendable growth—with flare.

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A work by Québec artist Jacinthe Bruneau inspired by one of Bruno Riverin's passions—music.

1 **PRIX COOPÉRATIVES TO THE COOPÉRATIVE DE TRAVAILLEURS ACTIONNAIRE DE TEC IN MONTRÉAL**
André Lachapelle, Chairman of the Board, Capital régional et coopératif Desjardins, Louis L. Roquet, President and Chief Operating Officer, Desjardins Venture Capital, Richard Bourgouin, Special Projects Manager and Pascal Perry, President, Coopérative de travailleurs actionnaire de TEC, winner of the Prix Coopératives, and Alban D'Amours, President and Chief Executive Officer, Desjardins Group.

2 **PRIX ENTREPRISES INDUSTRIELLES ET DE SERVICES TO CANMEC GROUP OF SAGUENAY**
Carole Voyzelle, Director, Capital régional et coopératif Desjardins, Rémi Roy, President, Canmec Group, winner of the Prix Entreprises industrielles et de services and Alban D'Amours.

3 **PRIX ENTREPRISES DES NOUVELLES TECHNOLOGIES TO ARTIFICIAL MIND AND MOVEMENT (A2M) IN MONTRÉAL**
André Lachapelle, Louis L. Roquet, Rémi Racine, President, Artificial Mind and Movement (A2M), winner of the Prix Entreprises en nouvelles technologies and Alban D'Amours.

4 **PRIX COUP DE CŒUR TO REPRODUCTIONS BLB IN BOUCHERVILLE**
Hugo Leclair and René-Pierre Roussel, Directors, Les Reproductions BLB, winner of the Prix Coup de coeur, with Alban D'Amours.

BOARD OF DIRECTORS OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

(AS AT FEBRUARY 14, 2008)


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THE COMPANY'S BUSINESS IS MANAGED BY A BOARD OF DIRECTORS MADE UP OF THE FOLLOWING PERSONS:

1 **ANDRÉ LACHAPELLE** (2) (4)
Chairman of the Board of Directors
Notary with Gagnon, Cantin, Lachapelle, Sasseville, Éthier, Riopel, Hébert, Lord

2 **YVES LAVOIE** (2) *
Vice-Chairman of the Board of Directors
Corporate Director

3 **GILBERT BEAULIEU** (4)
Secretary of the Board of Directors
General Manager, Caisse Desjardins de Vaudreuil-Dorion

4 **BRUNO MORIN**
General Manager of the Company
Senior Vice-President, Investment Funds and Trust Services, Fédération des caisses Desjardins du Québec

5 **LORRAIN BARRETTE, FCA** (1)
President, Caisse Desjardins de Rouyn-Noranda

6 **JEAN BOISVERT** (1) **
President, Solvteq inc.

7 **ÉVANGÉLISTE BOURDAGES** (3)
President, Gestion Bourgade inc.

8 **SERGE COUSINEAU** (2)
General Manager, Caisse Desjardins de Drummondville

9 **CAMILLE FORTIER** (4)
Corporate Director

10 **JOSÉE FORTIN, M.B.A.** (3)
Vice-President, Industrial Division, Julien inc.

11 **PIERRE GAUVREAU, FCA** (1) (3)
Corporate Director

12 **HUGUES ST-PIERRE** (1)
Corporate Director

13 **CAROLE VOYZELLE** (2)
President and General Manager, Québec Metro High Tech Park

(1) Member of the Audit Committee
(2) Member of the Executive Committee
(3) Member of the Ethics and Professional Conduct Committee
(4) Member of the Investment Committee
* Outgoing director eligible for election at the Annual General Meeting of Shareholders.
** Outgoing director.

All Directors are appointed or elected each year, in accordance with the Company's incorporating act and General Bylaws. The Board of Directors consists primarily of independent members.

COMPANY DIRECTORS AND COMMITTEE MEMBERS: ATTENDANCE AND COMPENSATION FOR 2007

Names	Board of Directors	Executive Committee	Audit Committee	Investment Committee	Ethics and Professional Conduct Committee	Compensation
(number of meetings)	(7 meetings)	(7 meetings)	(6 meetings)	(4 meetings)	(6 meetings) *	
Barrette, Lorrain	7		6			$20,400
Beaulieu, Gilbert	6			3		$18,500
Boisvert, Jean	7		5			$20,200
Bourdages, Évangéliste	6				6	$26,700
Cousineau, Serge	7	6				$20,700
Fortier, Camille	7			4		$20,000
Fortin, Josée	7				4	$20,000
Gauvreau, Pierre	7		6		4	$28,600
Lachapelle, André	7	7		4		$41,200
Laflamme, Jean				4		$7,000
Landry, Jean-Luc				4		$7,000
Lavoie, Yves	7	7				$20,900
Morin, Bruno (1)	5					$10,000
Roquet, Louis L. (2)				3		$6,500
St-Pierre, Hugues	6		5			$18,900
Voyzelle, Carole	7	7				$20,600
				TOTAL COMPENSATION		$307,200

NOTES
* Includes two training sessions for directors and committee members.
(1) An annual lump sum of $10,000 is allocated to the General Manager and paid to Fédération des caisses Desjardins du Québec. The Company pays no other compensation of any kind to the General Manager.
(2) Compensation paid to Desjardins Venture Capital.

2007 FINANCIAL REVIEW

This Financial Review seeks to provide an in-depth understanding of the operations of Capital régional et coopératif Desjardins (the "Company"). It should be read in conjunction with the audited annual financial statements and the accompanying notes. This disclosure document contains management's analysis of forward-looking statements. Caution should be exercised in the interpretation of this analysis and these statements since management often makes reference to objectives and strategies that contain risks and uncertainties.

Due to the nature of the Company's operations, the associated risks and uncertainties could cause actual results to differ from those anticipated in forward-looking statements. The Company disclaims any intention or obligation to update or revise such statements based on any new information or event that may occur.

The Company ended fiscal 2007 with a net loss of $22.2 million and a negative return of 3.2%, thereby reducing net value per common share from $10.21 to $9.89 based on the number of common shares outstanding at year-end. Fiscal 2006 had closed with a net loss of $10.2 million and a negative return of 1.6%. A total of $101.8 million of capital was raised and net assets reached $732.5 million, up 11.9% over 2006. In recognition of the Company's achievements since inception, the Québec government adopted new measures in fall 2007. Under these new measures, the Company will have access to sufficient and permanent capitalization as well as investment standards adapted to market realities to fulfil its mission to foster the development of Québec cooperatives and businesses. Shareholders totalled 120,652 as at December 31, 2007, up 2.0% from 2006. The cost of investments impacting the Québec economy made or committed reached nearly $470 million, of which more than $396 million were disbursed.

COMPANY'S RETURN

	ANNUAL RETURN
2007	-3.2%
2006	-1.6%
2005	1.2%
2004	0.0%
2003	1.7%
2002	1.9%
2001 (57 days)	0.0%
	AVERAGE OF ANNUAL RETURNS*
Since inception	0.0%

*Arithmetic mean of annual returns

RETURN BY ACTIVITY

	2007				2006 RESTATED*			
	Average assets under management	Weighting	Return	Contribution	Average assets under management	Weighting	Return	Contribution
	$M	%	%	%	$M	%	%	%
Investment portfolio	341	49.9	-4.6	-2.3	286	46.4	-1.4	-0.6
Liquid portfolio	342	50.1	3.1	1.6	330	53.6	4.4	2.5
	683	100.0	-0.7	-0.7	616	100.0	1.9	1.9
Expenses, net of membership dues			-3.4	-3.4			-3.5	-3.5
Income taxes and capital tax			0.9	0.9			0.0	0.0
Company's return			-3.2	-3.2			-1.6	-1.6

*See explanations under Accounting Policies - Consolidation

RETURN BY ASSET CLASS

	2007				2006 RESTATED*			
	Average assets under management	Weighting	Return	Contribution	Average assets under management	Weighting	Return	Contribution
	$M	%	%	%	$M	%	%	%
Investment portfolio								
Venture Capital	113	16.5	-16.0	-2.8	106	17.2	-4.0	-0.7
Cooperatives and Resource Regions	105	15.4	-5.4	-0.8	91	14.8	-3.6	-0.5
Development Capital	48	7.0	13.0	0.8	34	5.5	4.9	0.3
Major Investments and Company Buyout	75	11.0	4.7	0.5	55	8.9	2.7	0.3
Liquid portfolio								
Fixed-income securities	334	48.9	3.2	1.5	330	53.6	4.4	2.5
Fund of hedge funds	8	1.2	6.3	0.1	–	–	–	–
	683	100.0	-0.7	-0.7	616	100.0	1.9	1.9

*See explanations under Accounting Policies - Consolidation

The Company's return is mainly attributable to the contribution of investment and liquid portfolio activities. Assets allocated to investment activities are focused primarily on fulfillment of the Company's economic development mission in all Québec regions. They are allocated across four lines of business and consist mainly of equities and debentures. This activity ended 2007 with a negative return of 4.6% compared with a negative return of 1.4% in 2006. While the Development Capital and Major Investments and Company Buyout lines posted positive returns, the performance of the Venture Capital and Cooperatives and Resource Regions lines resulted in negative overall return for investment activities. The main reasons for this are the high-risk nature of technology sector investments, the number of start-up businesses and the sharp appreciation in value of the Canadian dollar.

The liquid portfolio activity manages the portion of assets not invested with partner businesses. This portfolio was established to provide security for the Company's returns and ensure necessary liquidity. It consists of bonds, preferred shares and units of funds of hedge funds. This activity generated a return of 3.1% in 2007 compared with a return of 4.4% in 2006, due primarily to changing capital market conditions.

CHANGES IN NET VALUE PER COMMON SHARE

	2007	2006 RESTATED*
	$	$
Beginning of year	10.21	10.37
Interest, dividends and negotiation fees	0.47	0.40
Realized losses	-0.24	-0.19
Changes in unrealized depreciations	-0.31	-0.04
Expenses, net of membership dues	-0.35	-0.34
Income taxes and capital tax	0.10	0.00
Decrease attributable to operations	-0.33	-0.17
Difference attributable to share issues and redemptions	0.01	0.01
End of year	9.89	10.21

*See explanations under Accounting Policies - Consolidation

As at December 31, 2007, the Company was in compliance with all the requirements of its incorporating act. The Company's top priorities continue to contribute significantly to Québec's economic development while generating attractive returns and reducing the risk of capital losses for its shareholders.

The tax credit, which reduces the cost of acquiring shares, must be factored in. A share purchased for $10 in 2001 would provide the investor with an annual compound return net of tax on the order of 9.5%, if redeemed for $9.89 following the seven-year holding period.

Balanced allocation across asset classes coupled with ongoing efforts to enhance partner business valuations within the portfolio of investments impacting the Québec economy will allow the Company to provide its shareholders attractive long-term returns.

ECONOMIC BACKGROUND

The Canadian economy saw relatively sustained growth in 2007. Consumer spending rose rapidly, more than offsetting falling exports as the manufacturing sector struggled with the negative impact of the strong dollar and increased global competition. However, the disparities in economic performance between Central and Western Canada remained high and difficulties in the manufacturing sector resulted in many job cuts in Ontario and Québec.

Canadian monetary authorities began to show concern over a possible upturn in inflation in Canada in spring 2007; in July, they announced a 25 basis-point rise in key interest rates.

Economic conditions shifted as we moved into fall. Signs of a correction in the U.S. real estate market became increasingly tangible and the subprime lending difficulties in the United States were echoed around the world. This became a full-blown crisis whose effects are still felt and which prompted a re-assessment of the risks associated with financial products. The difficulty in accessing credit on international financial markets drove the U.S. Federal Reserve to lower its target rate at its meeting in September.

The growing spread between Canadian and U.S. short-term interest rates together with the rising cost of raw materials, particularly oil, pushed the Canadian dollar to new heights in the fall. In December, the combination of the asset-backed commercial paper crisis, the increasingly noticeable slowdown of the U.S. economy, the possibility of tightened credit terms and the sharp rise of the loonie, led Canadian monetary authorities to lower its key interest rate by 25 basis points. This adjustment slowed the appreciation of the loonie, which had stabilized at year-end at near parity with the U.S. greenback.

In 2007, the spike in the Canadian dollar affected the performance of the Company's investment portfolio. The strain has been felt by a number of export manufacturing businesses. Another key factor were the difficulties experienced in various sectors tied to regional development, particularly the forest industry and the slowing construction sector.

OUTLOOK

Recent shifts in economic indicators point to a continuation during the first half of 2008 of the darkening economic outlook we have seen since fall 2007. While a recession may still be avoided, the U.S. economic growth rate will slow considerably in coming months. Reduced household wealth due to falling housing prices and the recent drop in market indexes will put the brakes on consumer spending capacity. The central banks will have no option but to lower their key interest rates to restore credit terms to more favourable levels.

Subject to some volatility due to oil prices, raw materials and the interest-rate gap with the U.S., our dollar is likely to soften early in the year and then reach parity with the greenback for the rest of 2008.

The future seems brighter for the Company's business partners who manage to withstand the loonie's sharp rise and difficulties in the manufacturing sector. In addition to enhancing their market share, they will be able to capitalize on lower equipment costs to increase productivity. They will also have the opportunity to take part in the consolidation of certain industry segments.

VENTURE CAPITAL MARKET

Québec continued to attract the lion's share of venture capital activity, with more than 31% of total Canadian investment and 46% of businesses financed. For the third straight year, the Québec venture capital industry saw greater activity reaching the highest level in five years. Investments grew by 8% for a total of $648 million across 189 businesses. The life sciences sector once again attracted the major share, 40%, of all investments in Québec. Information technology activities remained stable, reaching close to a third of investments. Telecommunications led investments in this sector in 2007.

Investment in the energy and green technology sectors more than tripled over 2006, reaching $59 million across 13 companies. Environmental technology activity was the highest ever reported in Québec.

Expanding or advanced development stage Québec businesses were the focus of venture capital activity in 2007, with two thirds of all investment. Overall, pre-startup and startup activities represented only 11% of all investments, which might be worrisome as these investments foster the development of tomorrow's leaders.

U.S. and foreign funds continue to grow with over 32% of total capital invested in Québec.

COMPANY STRATEGY

In 2007, the Desjardins Venture Capital team consolidated major investments and company buyout into one line of business. Besides being better fitted to the realities of the venture capital industry, the transfer of business ownership phenomenon and the needs of entrepreneurs, this approach was also closely aligned with the venture capital market trend toward a substantial portion of investment in more mature and in growing businesses. This type of investment is also less risky and generates positive returns more quickly.

In keeping with this approach, major investments focus on investments between $5 million and $20 million to support businesses with growth or acquisition projects. Major investments represent a minority interest in the share capital of these businesses. The company buyout mission is majority interest investment in the share capital of a business with a view to allowing either a potential acquiror or an existing management team to continue to operate the business. This approach gives seasoned managers who are ready to take the helm of a business access to financial resources to maintain not only jobs but the businesses themselves in the regions where they grew.

ACCOUNTING POLICIES

CONSOLIDATION

Since July 4, 2005, the Company has presented its financial statements on a consolidated basis with those of Desjardins – Innovatech, a limited partnership established with Société Innovatech Régions ressources. This consolidation was required under the "Investment Companies" (AcG-18) Accounting Guideline. During the fiscal year, the Canadian Institute of Chartered Accountants (CICA) modified AcG-18 criteria for identifying entities that must be consolidated. Desjardins – Innovatech S.E.C. does not meet the new criteria. For this reason, the Company's interest in Desjardins – Innovatech S.E.C. is now presented at fair value under the heading Investments and the financial statements are no longer presented on a consolidated basis. The financial statements and financial reporting in their Financial Review for the fiscal year ended December 31, 2006 have been restated to reflect these changes in accounting policies which had no impact on earnings or on net assets as at December 31, 2006 and 2007.

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 the Québec economy. Actual results could differ from those estimates. Those estimates are reviewed periodically and, as adjustments become necessary, are reported in earnings (loss) in the period in which they are known.

The fair value of the investment portfolio impacting the Québec economy is determined on a semi-annual basis in accordance with methods recommended by the Desjardins Venture Capital manager's Portfolio Valuation Committee and approved by the Company's Board of Directors. The manager's management prepares a detailed valuation report and a team of employees specialized in business valuations assists in determining the fair value. In preparing analyses, management draws on the services of an outside business valuation expert, as needed. The report is then submitted to the manager's Portfolio Valuation Committee. This Committee consists of a director of the Company's manager, one of the Company's directors and an external member. An external business valuation expert also attends Committee meetings. The Committee receives and discusses the report, ensures reasonableness based on the advice of outside experts, as necessary, and makes a final recommendation to the Company's Board of Directors.

In accordance with the manager's portfolio valuation methodology, the valuation technique is determined in the following order of priority:

- Based on market value for public companies for which an active market exists.
- Based on a recent transaction within the past 12 months, if applicable.
- Based on an alternative valuation method in other cases.

The alternative valuation method is based on the nature of the company's operations, in addition to its development stage, financial results and the qualitative progress of its operations.

NEW ACCOUNTING STANDARDS

In December 2006, CICA issued new accounting standards entitled "Capital Disclosures" (Section 1535), "Financial Instruments – Disclosures" (Section 3862) and "Financial Instruments – Presentation" (Section 3863) which will apply to the Company effective January 1, 2008. The purpose of Section 1535 is to require the disclosure of information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. It should be noted that Section 3861 "Financial Instruments – Disclosure and Presentation" will be replaced by sections 3862 and 3863. These two sections help users to better understand and evaluate the significance of financial instruments for the entity's financial position and performance, and to better evaluate the nature and extent of risks arising from financial instruments and how the entity manages those risks. Since these new standards specifically cover the disclosures to be provided, they will not affect the Company's results.

INVESTMENT PORTFOLIO

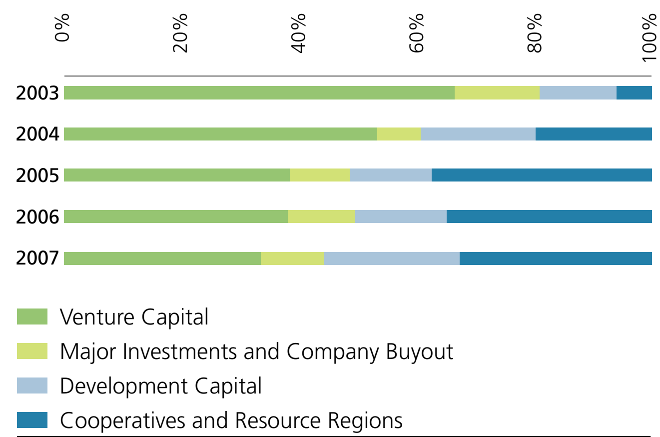
Disbursements of $115.3 million made during fiscal 2007, proceeds on disposal of $36.7 million and value depreciation of $34.1 million brought the fair value of the Company's investment portfolio to $360.8 million as at December 31, 2007.

Since 2007, the Company's manager has allocated investment activities across four business lines. The Venture Capital line covers the health and biotechnology, information technology and telecommunication sectors. The Cooperatives and Resource Regions team covers investments in cooperatives and all investments of less than $5 million in the industrial sector of the resource regions. The Development Capital team comprises investments of less than $5 million in the industrial sector in the balance of Québec's administrative regions. Lastly, the Major Investments and Company Buyout line comprises investments of more than $5 million in the industrial sector across all Québec regions.

As part of its business development activities, the Company's manager focuses from time to time on different economic sectors or lines of business to ensure investment portfolio balance. In order to generate both short and long-term returns for the Company's shareholders, the range of financial instruments used may also vary.

Portfolio diversification is assessed by adding the funds committed but not disbursed to investments at fair value. Over the last five fiscal years, the investment portfolio has been allocated by line of business:

INVESTMENTS AND FUNDS COMMITTED BUT NOT DISBURSED AT FAIR VALUE BY LINE OF BUSINESS 2003-2007 (IN %)



Investment activities should also be measured taking into account the change in funds committed but not disbursed. During 2007, new commitments totalled $88.2 million compared with $139.8 million in 2006. Disbursements of $116.8 million in 2007, higher than new commitments, enabled a reduction in the balance of funds committed but not disbursed to $73.6 million as at December 31, 2007 whereas it stood at $103.9 million as at December 31, 2006.

Investing activities reached a recurring annual volume that will enable the Company to continue meeting statutory investment requirements despite the fact that disposals of investments will be for increasingly higher amounts due to the weighting that debentures have assumed in this portfolio.

As at December 31, 2007, total commitments at cost amounted to $469.8 million in 195 companies and funds, of which $396.1 million was disbursed to 187 companies and funds within the portfolio.

REVENUE GENERATED BY INVESTMENTS *(in thousands of $)*	**2007**	**2006 RESTATED***
Current revenue	18,318	11,821
Realized or unrealized depreciation	(34,072)	(15,771)
	(15,754)	(3,950)

*See explanations under Accounting Policies - Consolidation

Current revenue consists of interest, dividends and negotiating fees related to investments. The increase in current revenue was mainly attributable to a higher average debenture balance, which increased interest revenue by more than 50% in 2007 compared with 2006.

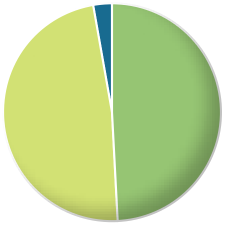
The Company accounts for its investments impacting the Québec economy at fair value. In fiscal 2007, two comprehensive portfolio reviews were carried out, with one covering the six-month period ended June 30 and the other covering the six-month period ended December 31. As a result of these reviews, 81 investments were revalued. Considering also the impact of the loss upon disposal of investments impacting the Québec economy, the Company recorded realized and unrealized depreciation of $34.1 million in its results for the year.

The fair-value valuation of the investment portfolio had an unfavourable impact on the Company's results. Given the nature of the Company's activities, i.e. unsecured investments in small and medium-sized businesses, difficulties are more likely to arise during the first years of an investment interest while observable successes take time and often reach their full potential only when an investment is realized. Prospects of a positive portfolio return should therefore be anticipated when the average age of investments reaches five to eight years. As at December 31, 2007, the average age of the Company's portfolio was less than four years. The past fiscal year has nonetheless seen a marked improvement in investment portfolio risk levels, due primarily to the Company manager's sustained focus on the valuation of partner businesses within the portfolio and to slowing investment in the Venture Capital line of business.

In 2008, the main goal in relation to investments will be to enhance the valuations of current portfolio partner companies to generate future portfolio value appreciation and to increase the weighting of the Major Investments and Company Buyout line of business.

LIQUID PORTFOLIO

Managing the liquid portfolio involves the portion of assets not earmarked for investments impacting the Québec economy, including temporarily available cash resources pending their investment in companies.



TOTAL ASSET BREAKDOWN AS AT DECEMBER 31, 2007

Investments	49.2%
Liquid portfolio	48.2%
Other	2.6%

As at December 31, 2007, the Company's liquid portfolio (including cash and cash equivalents) totalled $353.7 million compared with $325.9 million as at December 31, 2006. These funds were invested mainly in fixed-income securities markets, highly liquid and low-credit risk instruments. At the end of fiscal 2007, over 54.1% of the portfolio securities were government-guaranteed. The portion of the liquid portfolio in relation to total assets was 48% at the end of fiscal 2007 compared with 50% as at December 31, 2006. The Company anticipates that this ratio will continue to decrease in 2008 and in coming years and will gradually stabilize around 36% as capitalization reaches maximum limits; in keeping with its core mission, this will allow an increase in funds allocated to investments impacting the Québec economy.

In addition to fulfilling its statutory mandate of fostering regional and cooperative development across Québec, the Company seeks to maximize total returns for its shareholders while maintaining their capital value to maturity. Using an overall portfolio management approach, the Company manages its portfolio of investments impacting the Québec economy together with its liquid portfolio. As a result, the Company's overall investment portfolio is balanced, and the impact on share value of changing economic conditions over the entire holding period by shareholders is mitigated.

To achieve its objectives, the Company has elected to use a global management approach. This differs from mutual fund management and is more similar to cash or pension fund management. Under this approach, the average maturity of total assets is matched with the average maturity of expected cash outflows.

Prior to making asset selection decisions affecting the liquid portfolio, the Company considers the statutory requirements to which it is subject, together with the structure of its portfolio of investments impacting the Québec economy. The main considerations are as follows:

- The Company's shareholders must hold their shares for at least seven years.
- The investments impacting the Québec economy have target maturities of five to eight years and are generally more risky and less liquid.
- Returns on investments in eligible entities tend to be linked to economic cycles.
- The Company is subject to capital tax and to corporate income taxes.

To enhance total portfolio returns, the Company's manager is also authorized to take market positions using the same financial instruments stipulated in the investment policy and to carry out purchase/redemption transactions. Such trades are made in an overlay portfolio and their potential risk limits are defined and overseen by the Company's Investment Committee (liquid portfolio) and tracked daily by the Company's manager. As at December 31, 2007, the Company had no market positions.

In 2007, an initial investment of $15 million was made in a fund of hedge funds to enhance the performance prospects of the liquid portfolio while maintaining overall risk at a reasonable level. In 2008, other asset classes will be contemplated.

As regards the management of its liquidities and securities investments, the Company deals mainly with Desjardins Global Asset Management, Caisse centrale Desjardins, Desjardins Securities and Desjardins Trust.

REVENUE GENERATED BY THE LIQUID PORTFOLIO *(in thousands of $)*	**2007**	**2006 RESTATED***
Current revenue	13,556	15,415
Realized or unrealized appreciation (depreciation)	(2,611)	483
	10,945	15,898

*See explanations under Accounting Policies - Consolidation

Current revenue consists of interest, dividends and trading activities on liquid portfolio investments. Interest income (primarily from bonds) is recognized at the bond rate in effect at the acquisition date. Gains (losses) on disposal are recorded at the date of sale and correspond to the difference between the proceeds on disposal and the unamortized cost, regardless of the unrealized appreciation (depreciation) from prior years, which is reversed and reflected in the change in unrealized appreciation (depreciation) for the current period.

This liquid portfolio provides the Company with a major source of operating revenue even though interest rates have been low since the Company's inception. The portfolio's contribution totalled $10.9 million in 2007 compared with $15.9 million in 2006. The decrease in current revenue was mainly attributable to the delay in 2007 capital raising which did not close until December. For the second consecutive year, an increase in the key interest rates in the first half of the year flattened out later in the year, with interest rates at year-end comparable to those at the beginning of the year. However, the tightening in credit conditions resulting from the commercial paper crisis had a negative impact on the value of corporate securities in the liquid portfolio.

CAPITAL RAISING

The Company sells its shares exclusively through the Desjardins caisse network. As at December 31, 2007, this distribution network consisted of 509 caisses Desjardins and 864 service centres, for a total of 1,373 sales outlets.

The common shares of the Company are part of a continuous offering. However, the Company is authorized to raise a maximum of $100 million in capital during the capitalization period ending February 29, 2008. For any capitalization period starting after February 29, 2008, the Company will be able to raise a maximum of $150 million per capitalization period provided it has not exceeded $1 billion in share capital for the first time by the end of a capitalization period. Beginning with the capitalization period following this event, the Company may raise, per capitalization period, the lesser of $150 million and the amount of the reduction in share capital attributable to all of the shares the Company redeemed or purchased by agreement during the preceding capitalization period. Each capitalization period, which lasts 12 months, will begin on March 1 of each year. A minimum holding period of seven years applies before shares are eligible for redemption. A special tax is payable by the Company if it fails to comply with these limits and control mechanisms have been implemented by the Company to ensure compliance.

Since November 10, 2007, subscription of shares of the Company entitles the investor to receive a non-refundable tax credit, which applies only to Québec tax, for an amount equal to 50% of all amounts subscribed from that date, up to a maximum tax credit of $2,500. For the 2007 taxation year, subscription of shares of the Company before November 10, 2007 entitles the investor to a tax credit for an amount equal to 35% of amounts subscribed during the year prior to that date, up to a maximum of $875.

A total of $101.8 million of capital was raised during fiscal 2007 compared with $79.5 million for fiscal 2006 due primarily to the increase in tax credit from 35% in 2006 to 50% as of November 10, 2007. The Company does not expect to issue further capital during the current capitalization period ending February 29, 2008. Share capital reached $750.3 million, reflecting a total of $1.6 million in common share redemptions. As at December 31, 2007, the Company had 74,097,440 common shares outstanding. The number of shareholders reached 120,652 as at December 31, 2007 compared with 118,250 as at December 31, 2006.

The Company has a policy of reinvesting its annual income from its operations and not paying dividends to shareholders in order to increase its capital available for investment in eligible entities and create share appreciation.

In 2008, holders of shares issued by the Company during the first capitalization period that ended December 31, 2001 will become eligible to share redemption. Note however that investors who withdraw some or all of their shares as part of a redemption after a seven-year holding period will not be able to claim the tax credit for any subscription for which the tax credit could be applied in the current or subsequent taxation years.

BREAKDOWN OF SHAREHOLDERS' EQUITY BY ISSUE

YEAR ISSUED	ISSUE PRICE $	BALANCE* $M	YEAR OF POTENTIAL REDEMPTION
2001	10.00	77.2	2008
2002	10.00	199.1	2009
2003	10.12 and 10.24	86.8	2010
2004	10.25	97.3	2011
2005	10.25	96.5	2012
2006	10.37 and 10.21	78.9	2013
2007	10.21 and 9.92	96.7	2014
Shareholders' equity		732.5	

*Calculated at net asset value per share as at December 31, 2007

LIQUIDITY AND CAPITAL RESOURCES

During fiscal 2007, the Company invested $115.3 million ($97.0 million in 2006) in Québec entities, primarily using cash flows from capital raising initiatives and from the disposal of certain investments. As at December 31, 2007, cash and cash equivalents amounted to $38.1 million compared with $20.6 million as at December 31, 2006 due to the size of the commitments related to the investment portfolio for which minimum payments during fiscal 2008 are estimated at $46.9 million. The Company is of the opinion that its operating and financing activities would be sufficient to cover any shortfall.

Given the investment management approach of matching the average maturity of the company's total assets with the average maturity of its expected cash outflows, the Company does not anticipate any shortfall in liquidities in the short or medium term and expects to be able to repurchase shares issued at least seven years earlier from those shareholders who make such a request as of November 2008.

EXPENSES

EXPENSES *(in thousands of $)*	2007	2006 RESTATED*
Management fees	20,613	18,623
Other operating expenses	1,206	1,279
Trustee fees	1,770	1,713
Other shareholder service expenses	252	265
Capital tax	527	286
Amortization of software	338	735
	24,706	22,901

*See explanations under Accounting Policies - Consolidation

OPERATING EXPENSES

Management fees in fiscal 2007 amounted to $20.6 million, or 94.5% of total operating expenses of $21.8 million, compared with $18.6 million, or 93.5% of total operating expenses in 2006.

The billing basis is comparable from one period to another since no changes were made to the management agreement. Management fees are equivalent to 3% of the Company's annual average assets' net value. The management fees incurred by the Company are adjusted to avoid double billing on the Company's interest in certain investment funds. In addition, the management fee percentage will be reduced to 2.5% as of the fiscal year following that in which the Company's net asset value reaches $750 million. In light of the $150 million capital raising authorized in 2008, the Company expects that this reduced rate will be applicable as of fiscal 2009.

SHAREHOLDER SERVICES

The Company has appointed Desjardins Trust Inc. as shareholder registrar and share transfer agent. Desjardins Trust also acts as an intermediary for various shareholder support services. Since the Company began operations, Desjardins Trust has represented the largest component of the Company's shareholder services expenses. For fiscal 2007, Desjardins Trust's services amounted to $1.8 million, or 87.5% of the Company's shareholder services expenses; this level is comparable to that of 2006. In the Company's view, the trustee fees have stabilized at a recurring level because the number of shareholders now varies little from year to year.

The Company has entrusted the Fédération des caisses Desjardins du Québec with the activities related to the distribution of the Company's shares across the Desjardins caisse network. Other than reimbursing certain direct expenses, no commissions or other forms of remuneration are payable to any person by the Company as regards the distribution of its shares.

CAPITAL TAX AND INCOME TAXES

The tax liability was minimized by selecting securities eligible for a deduction for the purposes of the Québec capital tax while ensuring investment diversification and security. As at December 31, 2007, 92.7% of the liquid portfolio consisted of eligible investments for Québec capital tax purposes, compared with the entire portfolio as at December 31, 2006. This decrease results primarily from the introduction of interests in a fund of hedge funds to the liquid portfolio. In addition, certain investments impacting the Québec economy were not considered as eligible investments.

Income taxes reduced the loss before income taxes by $7.1 million in 2007 compared with a tax reduction of $0.6 million in 2006. In addition to current income taxes, future income taxes represent a major component of the Company's tax liability. Revenue type also has a significant impact since capital gains and business income are taxed at different rates.

STATUTORY REQUIREMENTS

According to the statutory requirements taking effect as of fiscal 2006, the Company's average investments in eligible entities must represent at least 60% of its average net assets for the preceding year. Furthermore, at least 35% of that percentage (60%) must be invested in entities in Québec's resource regions or in eligible cooperatives. If these criteria were not met, the Company would be subject to penalties.

On November 9, 2007, Québec's Ministère des Finances issued an information bulletin that included measures designed to ease investment standards, particularly with respect to investments made by the Company after November 10, 2007 otherwise than as first purchaser for the acquisition of securities issued by an eligible entity.

As at December 31, 2007, the Company had exceeded the statutory target by 15% for its aggregate eligible investments and had also exceeded expectations by 21% for investments in cooperatives and in the resource regions.

The Company expects to continue meeting its investment objectives, in particular by maintaining a presence in all Québec regions via its manager's twenty-some business offices.

In the balance sheet, the non-disbursed portion of eligible investments is combined with other non-eligible investments under "Investments impacting the Québec economy," whereas the portion of funds committed but not disbursed is disclosed under note 4b). Finally, a "Schedule of cost of investments impacting the Québec economy," disclosing the investments granted to each of the partner companies, and a "List of investments at cost made by specialty funds and partner funds" are also included in this Annual Report.

RISK MANAGEMENT

RISK GOVERNANCE

In keeping with the portfolio asset management approach, risks are managed globally, taking into account all of the Company's contractual commitments. In accordance with its Governance Policy, the Board of Directors established four committees to assist in fulfilment of its control and monitoring responsibilities. Monitoring and control of different risks are allocated across the committees. Some risk governance responsibilities are assumed by the Company's manager

Executive Committee

The Executive Committee is authorized to exercise all of the Board's powers with respect to the management of the Company's business, except those statutory powers that must be exercised by the Board. In addition to specific mandates assigned from time to time by the Board of Directors, the Executive Committee is responsible for supervision of the annual review process regarding the effectiveness of the Board of Directors and its committees and the performance of the directors. The Committee is also mandated to interpret and apply the purchase-by-agreement policy and make recommendations concerning it to the Board of Directors. Furthermore, it reviews quarterly reports from the Company's manager concerning high-risk files and the corrective measures taken.

Investment Committee

The Investment Committee recommends investment strategies and risk management limits for the liquid portfolio. The Committee also oversees compliance with the investment policy approved by the Board of Directors. The Committee ensures that the necessary oversight measures are taken to ensure the proper execution of the manager's mandate. It also reviews results and recommends corrective action, as applicable, to the Board of Directors.

Audit Committee

The Audit Committee consists exclusively of members who are independent and is responsible for monitoring the financial reporting process. To this end, the Committee reviews the quarterly, semi-annual and annual financial statements for approval by the Board of Directors, financial reporting, internal control systems, monitoring of risks related to financial reporting, internal and external audit processes, procedural implementations, regulatory compliance and any other responsibility assigned by the Board of Directors.

In addition, the Committee oversees the independence of the external auditors and the Desjardins Group's internal auditor, who serves as the Company's internal auditor.

Ethics and Professional Conduct Committee

The Ethics and Professional Conduct Committee consists exclusively of members who are independent. The Committee considers all matters pertaining to the Company's Code of Ethics and Professional Conduct and ensures compliance with the contract awarding and review rules therein. It is responsible for reviewing potential conflicts and making appropriate recommendations to the Board of Directors. It seeks assurances from the Company's manager that the Company's dedicated resources are familiar with the Code's requirements and that the mechanisms are in place to detect and resolve any ethical issues. It also reviews candidates' eligibility for the two directorships to be voted on by the Meeting of Shareholders and determines the independence of each director on an annual basis.

Manager's Investment Committees

The Company's manager has set up investment committees to evaluate and approve purchases/sales of interests in companies consistent with the policies and strategic plan defined by the Company's Board of Directors. These committees also perform a quarterly review of investment portfolio quality.

MARKET RISK

Market risks pertain to the Company's role in the capital markets and, indirectly, to general changes in economic conditions. They also pertain to the impact of capital market movements on the value of the Company's assets. The market risks directly impacting the Company are as follows:

Interest Rate Risk

Interest rate fluctuations have a significant impact on the market value of fixed-income securities held in the portfolio. This impact has been more apparent since 2005 as a result of the adoption of the fair value accounting method for investments. A 1% increase in interest rates would have resulted in a 1.2% decrease in the Company's share price as at December 31, 2007. Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a 1.3% increase in share price.

Currency Risk

Changes in currency values have an impact on several companies with which the Company is associated. However, the net effect of an appreciation in the Canadian dollar is not necessarily negative for these companies. While it has an adverse effect on certain exporters, it can also be beneficial for companies that import a significant portion of their inputs or for companies that seize the opportunity to acquire equipment in order to drive future productivity.

Currency fluctuations impact the fair value of investments valued initially in foreign currencies and subsequently translated into Canadian dollars at the prevailing rate of exchange. These investments whose value varies in step with fluctuations in the value of the U.S. dollar represent a fair value of $38.1 million as at December 31, 2007, compared with $44.4 million as at December 31, 2006. In December 2007, the Company authorized the implementation of a systematic hedging strategy against the foreign exchange risk related to existing investments with exit horizons of more than 12 months, as well as for any new foreign exchange position. This strategy will be phased in during 2008.

Stock Market Risk

Stock market trends have a twofold impact on the Company. In addition to the direct impact on the market values of publicly traded stocks, the valuations of some private portfolio companies may also be affected by changes in stock prices.

In accordance with the Company's global asset management approach, the overall impact of these interrelated risks is taken into account when determining overall asset allocation.

Credit and Counterparty Risks

In pursuing its venture capital investment mission, the Company is exposed to credit risk related to potential financial losses of a partner company. By diversifying its investments by industry segment, stage of development and type of financial instrument, and by limiting the potential risk related to each individual company, the Company keeps portfolio volatility to a minimum with respect to the potential occurrence of negative events.

Liquid portfolio risks are managed by diversification across numerous issuers with a BBB credit rating or higher. Counterparty risks arising from cash and repurchase agreement transactions are limited to the immediate short term.

IMPACT OF CREDIT AND COUNTERPARTY RISKS ON THE COMPANY *(as at December 31, 2007)*	**% OF ASSET CLASS**	**% OF NET ASSETS**
Weighting of the top five ownership interests (investment portfolio)	33.2	16.3
Weighting of the top five issuers/ counterparties (liquid portfolio)*	53.8	26.0

*Government issuers accounted for 42.2% of the liquid portfolio's five largest issuers or counterparties.

LIQUIDITY RISKS

The Company must maintain sufficient liquid assets to fund share redemptions. If it failed to do so, the Company would be dependent on the markets and could be forced to carry out transactions under unfavourable conditions. With liquid investments representing 36% of assets under management and as a result of the management approach, which ensures that the average maturity of assets matches the average maturity of expected outflows, the Company can confirm that its management approach factors in this risk.

REGULATORY MATTERS

The Company is subject to provincial and federal laws, rules, standards, regulations and policies as well as internal rules, regulations and policies that provide a framework for its operations. Some risk is associated with the Company's ability to fulfill its obligations and to adapt to regulatory changes or moves to tighten existing policies.

VISION, MISSION AND GOALS

MAIN ACTIVITIES

On the initiative of the Desjardins Group, the Company was founded on July 1, 2001, following the adoption of its incorporating act (the "Act") by Québec's National Assembly on June 21, 2001.

VISION

The Company aims to achieve recognition as the preferred strategic partner of businesses by creating wealth and contributing to sustainable economic development across Québec.

MISSION

- Contribute to Québec's economic development and take an active part in the growth of the resource regions: Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie–Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay–Lac-Saint-Jean (the "resource regions").

- Inject venture capital into companies and cooperatives and provide expert advice to support their start-up, growth and expansion.

- Generate returns that will encourage shareholders to reinvest in the Company.

GOALS

In keeping with its vision and mission, the Company pursues three main goals:

- Enhance the value of our associated companies to maximize shareholder returns.

- Provide support and financing to underpin the continuity of Québec businesses, particularly by making strategic investments to capitalize on the consolidation of certain markets.

- Partner with the Desjardins Business Centres to provide entrepreneurs with access to one-stop traditional and venture capital financing services.

Additional Company information, including the annual information form, is available on the SEDAR website (www.sedar.com).

February 14, 2008

February 14, 2008

MANAGEMENT'S REPORT

The Company's financial statements together with the financial information contained in this annual report are the responsibility of the Board of Directors, which delegates the preparation thereof to management.

In discharging its responsibility for the integrity and fairness of the financial statements, the Board of Directors has ensured that the manager maintains an internal control system to provide reasonable assurance that the financial information is reliable, that it provides an adequate basis for the preparation of the financial statements and that the assets are properly accounted for and safeguarded.

The Board of Directors discharges its responsibility for the financial statements principally through its Audit Committee. Both in the presence and in the absence of management, the Committee meets with the external auditors appointed by the shareholders in order to review the financial statements, to discuss the audit and other related matters and to make appropriate recommendations to the Board of Directors. In addition, the Committee meets with the Company's internal auditors. The Committee also analyzes the Financial Review to ensure that the information therein is consistent with the financial statements.

The financial statements present the financial information available as at February 14, 2008. These statements have been prepared in accordance with Canadian generally accepted accounting principles and audited by PricewaterhouseCoopers LLP.

The Board of Directors has approved the financial statements, together with the information in the annual report. The financial information presented elsewhere in this report is consistent with the Company's financial statements.

(signed) Catherine Lenfant, CA

Chief Financial Officer

February 14, 2008

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 December 31, 2007 and 2006 and the statements of earnings, shareholders' equity and cash flows for the years then ended. 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 December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants

BALANCE SHEETS

AS AT DECEMBER 31, 2007 AND 2006

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

	2007 $	2006 RESTATED (NOTE 3) $
ASSETS		
Investments impacting the Québec economy (note 5)	360,782	315,700
Investments (note 6)	315,550	305,345
Accounts receivable (note 7)	7,062	5,756
Cash and cash equivalents	38,122	20,600
Software (net of accumulated amortization of $3,240; December 31, 2006 – $2,902)	80	338
Income taxes	4,010	3,577
Future income taxes (note 10)	8,172	4,463
	733,778	655,779
LIABILITIES		
Accounts payable and accrued liabilities (note 8)	1,249	1,159
	1,249	1,159
NET ASSETS	732,529	654,620
SHAREHOLDERS' EQUITY		
Share capital (note 9)	750,345	650,197
Retained earnings (deficit)	(17,816)	4 423
	732,529	654,620
Number of outstanding common shares	74,097,440	64,139,488
Net value per common share	9.89	10.21

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

Approved by the Board of Directors,

(signed) André Lachapelle
Director

(signed) Pierre Gauvreau
Director

STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(in thousands of dollars)

2007

	Share capital $	RETAINED EARNINGS (DEFICIT) Realized $	Unrealized $	Total $	Shareholders' equity $
Balance – December 31, 2006	650,197	16,982	(12,559)	4,423	654,620
NET LOSS					
Realized net loss for the year, net of income taxes of ($3,011)	-	(5,687)	-	(5,687)	(5,687)
Change in unrealized revenue for the year, net of income taxes of ($4,120)	-	-	(16,556)	(16,556)	(16,556)
Net loss for the year	-	(5,687)	(16,556)	(22,243)	(22,243)
SHARE CAPITAL OPERATIONS					
Shares issued	101,763	-	-	-	101,763
Redemption of shares	(1,615)	4	-	4	(1,611)
	100,148	4	-	4	100,152
Net change for the year	100,148	(5,683)	(16,556)	(22,239)	77,909
Balance – December 31, 2007	750,345	11,299	(29,115)	(17,816)	732,529

2006 RESTATED (NOTE 3)

	Share capital $	RETAINED EARNINGS (DEFICIT) Realized $	Unrealized $	Total $	Shareholders' equity $
Balance – December 31, 2005	572,032	25,187	(10,504)	14,683	586,715
NET LOSS					
Realized net loss for the year, net of income taxes of $36	-	(8,183)	-	(8,183)	(8,183)
Change in unrealized revenue for the year, net of income taxes of ($600)	-	-	(2,055)	(2,055)	(2,055)
Net loss for the year	-	(8,183)	(2,055)	(10,238)	(10,238)
SHARE CAPITAL OPERATIONS					
Shares issued	79,544	-	-	-	79,544
Redemption of shares	(1,379)	(22)	-	(22)	(1,401)
	78,165	(22)	-	(22)	78,143
Net change for the year	78,165	(8,205)	(2,055)	(10,260)	67,905
Balance – December 31, 2006	650,197	16,982	(12,559)	4,423	654,620

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

STATEMENTS OF EARNINGS (LOSS)

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

	2007 $	2006 RESTATED (NOTE 3) $
REVENUE		
Realized revenue		
Interest and dividends on investments	13,556	15,415
Gain (loss) on disposal of investments	(445)	863
Interest on debentures and dividends	16,505	10,464
Loss on disposal of investments impacting the Québec economy	(15,562)	(13,505)
Negotiation fees	1,813	1,356
Membership dues	141	151
Changes in unrealized appreciation (depreciation) of		
Investments impacting the Québec economy	(18,510)	(2,265)
Investments	(2,166)	(380)
	(4,668)	12,099
EXPENSES		
Operating expenses	21,819	19,902
Shareholder services	2,022	1,978
Capital tax	527	286
Amortization of software	338	735
	24,706	22,901
Loss before income taxes	(29,374)	(10,802)
Recovery of income taxes (note 10)	(7,131)	(564)
Net loss for the year	(22,243)	(10,238)
Weighted average number of common shares	68,320,868	61,364,696
Net loss per common share	(0.33)	(0.17)

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

(in thousands of dollars)

	2007 $	2006 RESTATED (NOTE 3) $
Cash flows from		
OPERATING ACTIVITIES		
Net loss for the year	(22,243)	(10,238)
Adjustments for		
Loss (gain) on disposal of investments	445	(863)
Loss on disposal of investments impacting the Québec economy	15,562	13,505
Changes in unrealized appreciation (depreciation) of		
Investments impacting the Québec economy	18,510	2,265
Investments	2,166	380
Amortization of software	338	735
Amortization of premiums and discounts on investments	570	1,706
Future income taxes	(3,709)	(1,041)
Capitalized interest and other non-cash items	(557)	(920)
	11,082	5,529
Changes in non-cash operating working capital balances (note 11)	(1,831)	(5,733)
	9,251	(204)
INVESTING ACTIVITIES		
Acquisition of investments impacting the Québec economy	(115,325)	(97,082)
Acquisition of investments	(110,550)	(128,908)
Proceeds on disposal of investments impacting the Québec economy	36,728	17,548
Proceeds on disposal of investments	97,164	144,499
	(91,983)	(63,943)
FINANCING ACTIVITIES		
Issuance of common shares	101,850	79,457
Redemption of shares	(1,596)	(1,401)
	100,254	78,056
Net changes in cash and cash equivalents during the year	17,522	13,909
Cash and cash equivalents – Beginning of the year	20,600	6,691
Cash and cash equivalents – End of the year	38,122	20,600
Supplementary information		
Income taxes paid	987	5,847

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

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2007 AND 2006

(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 Québec 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 Québec 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 Québec by investing in eligible cooperatives;
- support eligible entities in their start-up phase and their development;
- stimulate the Québec economy through investments in all parts of the territory of Québec.

Administration

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

- eight persons appointed by the President of the Desjardins Group;
- two persons elected by the General Meeting of shareholders of the Company;
- two persons appointed by the above-mentioned ten members, selected from a group of persons whom they deem to be representative of eligible entities as described in the Act;
- 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 Québec and with less than $100,000,000 of assets and net equity of not more than $50,000,000.

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 securities in an entity operating in Québec 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.

Pursuant to the Act, other investments may qualify as eligible such as investments in certain investment funds if required specific conditions provided for in the Act exist.

During each fiscal year from that 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 Québec or in eligible cooperatives.

In its eligibility calculations, the Company also takes into account the investments it has made other than as first purchaser for the acquisition of securities issued by an eligible entity. For investments made prior to November 10, 2007, these investments should not represent more than one third of the total investments made by the Company as first purchaser in this entity. For investments made on or after November 10, 2007, this restriction is lifted, but the Company may not make investments other than as first purchaser totalling more than 20% of its net assets as at the preceding year-end for those investments to be eligible.

These rules have been respected as at December 31, 2007.

2 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 revenues and expenses during the reporting year. The principal estimates are related to the determination of the fair value of investments impacting the Québec economy. Actual results could differ from those estimates. Those estimates are reviewed periodically and adjustments as they become necessary, are reported in earnings (loss) in the year in which they are known.

Comprehensive income

The statement of comprehensive income is not provided since net earnings and comprehensive income are the same.

Investments impacting the Québec 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 on the balance sheet date when an active market is available. Otherwise, the fair value may be established using unlisted share valuation techniques. The value of the shares that are restricted in negotiability or transferability is 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, debentures and advances

Unlisted shares, 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 the discount or capitalization rate, the rate of return and the weighting of forecasted earnings.

Sureties

When it is probable that an amount will be disbursed by the Company in relation to a granted surety, the amount of liabilities accounted for is estimated using an asset-based approach and a liquidation value method.

Investments

Investments consist of temporary investments, bonds, preferred shares and units of funds of hedge funds recorded at fair value. Units of funds of hedge funds are recorded at fair value estimated by their respective managers at the balance sheet date. For all other investments, fair value is calculated according to the market value, which is the bid-side level at market closing on the balance sheet date.

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 and dividends on investments". As at December 31, 2007 and December 31, 2006, 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 back those securities at a specified price and on a specified date. Those 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 and dividends on investments". As at December 31, 2007 and December 31, 2006, 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 bank balances and short-term deposits with original terms to maturity of three months or less.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(tabular amounts are in thousands of dollars, unless otherwise specified)

Software

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

Foreign currency translation

Assets measured at fair value, monetary assets and monetary liabilities are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenues and expenses denominated in foreign currencies are translated at the exchange rate prevailing on the transaction date. Foreign exchange gains and losses are recognized in the Statement of Earnings.

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.

Revenue recognition

Interest and dividends
Interest is recorded on an accrual basis when collection is considered probable. Dividends are recorded as at the holder-of-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 the Québec economy are recorded at the date of sale and represent the difference between the sale proceeds and the unamortized 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 year.

Membership dues
Membership dues are recorded at the time of a shareholder's initial subscription and on the closure of that shareholder's last 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 and dividends on investments".

3 CHANGES IN ACCOUNTING POLICIES

Accounting changes

On January 1, 2007, the Company adopted a new section of the Canadian Institute of Chartered Accountants (CICA) Handbook, Section 1506, "Accounting Changes". This standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies and estimates, and correction of errors.

Consolidation of interests in investment companies

In April 2007, the Accounting Standards Board (AcSB) agreed to propose a modification to Accounting Guideline No. 18, "Investment Companies" (AcG-18). This amendment changes the criteria for determining if interests in investment companies must be consolidated or presented at fair value. The Company early adopted the amendment of AcG-18.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

As a result, all of the Company's interests in investment companies are no longer subject to consolidation and are presented at fair value. All the interests which were presented previously at fair value remain as such.

The comparative figures for the year ended December 31, 2006 were restated in consequence. The restatement had the following impact: Investments impacting the Québec economy increased by $22.3M, Investments decreased by $27.9M, Cash and cash equivalents decreased by $20.0M and the Minority interest of $25.3M was eliminated.

This change had no impact on shareholders' equity and net value per common share as of December 31, 2006, nor on net loss and net loss per common share for the year ended December 31, 2006.

Financial instruments

On January 1, 2007, the Company adopted, without retroactive application, Section 3855, "Financial Instruments – Recognition and Measurement" of the CICA Handbook. Since the Company is an investment company, the changes in accounting policies arising from the application of this Section apply only to certain items.

This change had no impact on net loss and net loss per common share for the year nor on net value per common share as at December 31, 2007.

4 FUTURE ACCOUNTING CHANGES

In December 2006, the CICA issued new accounting standards: Handbook Section 1535, "Capital Disclosures", Handbook Section 3862, "Financial Instruments – Disclosures", and Handbook Section 3863, "Financial Instruments – Presentation". These new standards will be effective for the year beginning on January 1, 2008. Section 1535 specifies the disclosure of an entity's objectives, policies and processes for managing capital. Sections 3862 and 3863 replace Handbook Section 3861, "Financial Instruments – Disclosure and Presentation", revising and enhancing its disclosure requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

These new standards focus on the information to provide and will not have any impact on the results and on the financial position of the Company.

5 INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

a)

	AS AT DECEMBER 31, 2007		AS AT DECEMBER 31, 2006 RESTATED (NOTE 3)	
	Cost	Fair value	Cost	Fair value
	$	$	$	$
Unsecured				
Common shares	123,352	117,211	99,802	105,136
Preferred shares	110,271	89,135	114,815	96,563
Debentures and advances	155,788	148,144	110,594	107,406
	389,411	354,490	325,211	309,105
Secured				
Debentures and advances	6,725	6,292	7,333	6,595
	396,136	360,782	332,544	315,700

Agreements related to investments impacting the Québec economy may include clauses providing conversion and redemption options.

The debentures and advances bear interest at a weighted average rate of 10.1% (December 31, 2006 – 10.1%) and have an average residual maturity of 4.55 years (December 31, 2006 – 4.60 years). For substantially all the interest-bearing debentures and advances, the interest rate is fixed.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

b) Allocation of investments and funds committed by industry segment

AS AT DECEMBER 31, 2007

Industry segment	Investments at cost $	Unrealized appreciation (depreciation) $	Fair value $	Funds committed but not disbursed* $	Sureties* $	Total commitment $
Cooperatives	34,923	(5,587)	29,336	3,225	-	32,561
Industrial	173,783	(5,991)	167,792	8,952	-	176,744
Health and biotechnology	61,390	(21,330)	40,060	10,043	-	50,103
Telecommunications	31,457	(183)	31,274	4,822	-	36,096
Information technology	38,400	2,473	40,873	287	-	41,160
Investment funds	56,183	(4,736)	51,447	46,295	-	97,742
Total	396,136	(35,354)	360,782	73,624	-	434,406

AS AT DECEMBER 31, 2006
RESTATED (NOTE 3)

Industry segment	Investments at cost $	Unrealized appreciation (depreciation) $	Fair value $	Funds committed but not disbursed* $	Sureties* $	Total commitment $
Cooperatives	37,494	(2,242)	35,252	1,316	775	37,343
Industrial	118,904	(3,566)	115,338	29,162	-	144,500
Health and biotechnology	51,734	(9,896)	41,838	9,263	-	51,101
Telecommunications	34,386	2,960	37,346	4,558	-	41,904
Information technology	36,966	(2,710)	34,256	6,602	92	40,950
Investment funds	53,060	(1,390)	51,670	52,103	-	103,773
Total	332,544	(16,844)	315,700	103,004	867	419,571

*Funds committed but not disbursed and sureties are not included in the Company's assets.

c) 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 year. Future disbursements are subject to certain conditions. Assuming that the conditions will be respected, the estimated installments over the coming years ended December 31 are as follows:

	$
2008	46,937
2009	16,772
2010	4,000
2011	5,915
	73,624

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

6 INVESTMENTS

a) Allocation of investments by instrument

	AS AT DECEMBER 31, 2007		AS AT DECEMBER 31, 2006 RESTATED (NOTE 3)	
	Unamortized cost $	**Fair value $**	**Unamortized cost $**	**Fair value $**
Bonds				
Federal	87,196	87,179	79,514	79,274
Provincial and guaranteed	102,049	102,026	125,949	125,819
Financial institutions	60,546	59,815	57,187	57,616
Companies	34,974	34,948	31,466	31,936
Supranational entities	2,012	1,995	-	-
	286,777	285,963	294,116	294,645
Preferred shares	15,321	13,959	10,611	10,700
Units of funds of hedge funds	15,000	15,628	-	-
Total	317,098	315,550	304,727	305,345

b) Allocation of bonds by maturity date

AS AT DECEMBER 31, 2007

Maturity	**Less than 1 year $**	**1 to 5 years $**	**More than 5 years $**	**Total $**
Unamortized cost	-	195,921	90,856	286,777
Par value	-	194,819	90,894	285,713
Fair value	-	194,564	91,399	285,963
Average nominal rate*	n/a	4.64%	4.62%	4.64%
Average effective rate	n/a	4.39%	4.61%	4.46%

AS AT DECEMBER 31, 2006 RESTATED (NOTE 3)

Maturity	**Less than 1 year $**	**1 to 5 years $**	**More than 5 years $**	**Total $**
Unamortized cost	5,085	147,553	141,478	294,116
Par value	5,050	144,367	141,480	290,897
Fair value	5,081	147,361	142,203	294,645
Average nominal rate*	5.48%	4.91%	4.38%	4.66%
Average effective rate	4.30%	4.23%	4.37%	4.30%

*Substantially all bonds are fixed-interest rate issues.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

7 ACCOUNTS RECEIVABLE

	AS AT DECEMBER 31, 2007 $	AS AT DECEMBER 31, 2006 RESTATED (NOTE 3) $
Interest receivable on investments	2,880	2,971
Interest receivable on investments impacting the Québec economy	2,042	1,311
Sales taxes receivable	468	195
Subscriptions and membership dues receivable	-	87
Other accounts receivable	1,672	1,192
	7,062	5,756

8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	AS AT DECEMBER 31, 2007 $	AS AT DECEMBER 31, 2006 RESTATED (NOTE 3) $
Entities of the Desjardins Group		
Shareholder services	674	505
Other entities of the Group	233	392
Redeemed shares payable	15	-
Other accounts payable and accrued liabilities	327	262
	1,249	1,159

9 SHARE CAPITAL

Authorized

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

As of the capitalization period following the one at the end of which the Company first reaches capitalization of at least $1 billion, the Company may collect, per capitalization period, the lesser of $150 million and the amount corresponding to the reduction in paid-up capital attributable to all the shares and fractions of shares redeemed or purchased by agreement by the Company during the preceding capitalization period.

Each capitalization period, which lasts twelve months, will begin on March 1 of each year. The maximum the Company can raise in the capitalization period ending on February 29, 2008 is $100 million. The Company does not expect to make any further share capital issuances during the current capitalization period.

Issued and fully paid	AS AT DECEMBER 31, 2007 $	AS AT DECEMBER 31, 2006 $
74,097,440 Common shares (December 31, 2006 – 64,139,488)	750,345	650,197

During the year, the Company issued 10,117,487 common shares (December 31, 2006 – 7,675,384) for a cash consideration of $101,763,099 (December 31, 2006 – $79,543,500).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

During the year, the Company redeemed 159,535 common shares (December 31, 2006 – 136,150) for a cash consideration of $1,611,237 (December 31, 2006 – $1,401,258).

These data do not include the redemption requests made within 30 days of subscription.

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 of subscribing it;
- 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.

Moreover, 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 Québec 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.

Tax credit

The purchase of shares of the Company entitles the investor to receive a non-refundable tax credit, for Québec tax purposes only, for an amount equal to:

For purchases prior to March 24, 2006: 50% tax credit, $1,250 maximum.
For purchases from March 24, 2006 to November 10, 2007: 35% tax credit, $875 maximum.
For purchases subsequent to November 10, 2007: 50% tax credit, $2,500 maximum.

As of 2008, certain holders of shares issued by the Company will become eligible to redeem them under the terms set out in the prospectus. Investors who withdraw some or all of their shares as part of a redemption after a seven-year holding period will not be able to claim the tax credit for any purchase for which the tax credit could be applied in the same or subsequent taxation years.

10 INCOME TAXES

The Company is subject to Federal and provincial income taxes.

a) The income tax expense is detailed as follows:

	DECEMBER 31, 2007 $	DECEMBER 31, 2006 $
Current income taxes	(3,422)	477
Future income taxes	(3,709)	(1,041)
	(7,131)	(564)

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

	DECEMBER 31, 2007 $	DECEMBER 31, 2006 $
Income taxes by applying the combined income tax rate of 39.02%	(11,462)	(4,444)
Permanent differences between earnings before income taxes and taxable income and other items	4,331	3,880
	(7,131)	(564)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

c) Future income taxes relate to the following items:

	AS AT DECEMBER 31, 2007 $	AS AT DECEMBER 31, 2006 $
Future income tax assets		
Unrealized depreciation	7,498	3,934
Amortization of premiums on bonds	494	595
Taxes losses carried over	140	-
Other	61	54
	8,193	4,583
Future income tax liabilities		
Software	(21)	(120)
Future income tax assets, net	8,172	4,463

11 CASH FLOWS

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

	DECEMBER 31, 2007 $	DECEMBER 31, 2006 RESTATED (NOTE 3) $
Increase in accounts receivable	(1,393)	(541)
Increase in income taxes	(433)	(5,084)
Decrease in accounts payable and accrued liabilities	(5)	(108)
	(1,831)	(5,733)

12 RELATED PARTY TRANSACTIONS

Major agreements with the Company and the entities of the Desjardins Group are as follows:

- The Company has entrusted the management of its operations, including management of its portfolio, to Desjardins Venture Capital Inc. ("DVC"), in accordance with the 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 the contract by mutual agreement. Thereafter, the contract shall be automatically renewed for a five-year period unless either party decides to terminate the contract by giving written 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 assets net value reduced by any amount payable for the acquisition of investments. 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. An adjustment is made to the management fee charged to the Company to avoid double billing relative to the Company's interest in some funds.

- The Company has appointed Desjardins Trust Inc. to act as its registrar and transfer agent with respect to shareholder transactions. This contract was for a period of three years beginning January 1, 2005. The contract was renewed for a two-year period beginning January 1, 2008.

- The Company has appointed the Fédération des caisses Desjardins du Québec for the distribution of the Company's shares in the entities of the Desjardins Group. This agreement is effective for one 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 expiry date of the agreement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

	AS AT DECEMBER 31, 2007 $	AS AT DECEMBER 31, 2006 RESTATED (NOTE 3) $
Balance sheets		
Caisse centrale Desjardins		
Cash and cash equivalents	23,143	16,415
Capital Desjardins inc.		
Investments	19,652	23,788
Desjardins Capital de développement (Regional funds)		
Accounts receivable	8	318
Accounts payable and accrued liabilities	151	119
Desjardins Global Asset Management		
Investments	15,628	-
Desjardins – Innovatech S.E.C.		
Accounts payable and accrued liabilities	-	270
Desjardins Trust Inc.		
Cash and cash equivalents	1,321	47
Accounts payable and accrued liabilities	674	505
Desjardins Securities		
Cash and cash equivalents	13,658	1,007
Desjardins Venture Capital Inc.		
Accounts receivable	-	218
Accounts payable and accrued liabilities	77	-
Statements of earnings		
Caisse centrale Desjardins		
Interest and dividends on investments	596	328
Capital Desjardins inc.		
Interest and dividends on investments	986	1,150
Loss on disposal of investments	(1)	(3)
Changes in unrealized appreciation (depreciation) of investments	(412)	(237)
Desjardins Global Asset Management		
Changes in unrealized appreciation (depreciation) of investments	628	-
Desjardins Securities		
Interest and dividends on investments	252	207
Desjardins Trust Inc.		
Shareholder services	1,770	1,713
Desjardins Venture Capital Inc.		
Management fees	20,613	18,623
Fédération des caisses Desjardins du Québec		
Operating expenses	455	316

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

In pursuing its venture capital investment mission, the Company is exposed to credit risk related to potential financial losses of a partner company. By diversifying its investments by industry segment, stage of development and type of financial instrument, and by limiting the potential risk related to each individual company, the Company keeps portfolio volatility to a minimum with respect to the potential occurrence of negative events.

Liquid portfolio risks are managed by diversification across numerous issuers with a BBB credit rating or higher. Counterparty risks arising from cash and repurchase agreement transactions are limited to the immediate short term.

Foreign exchange risk

Changes in currency values have an impact on several companies with which the Company is associated. However, the net effect of an appreciation in the Canadian dollar is not necessarily negative for these companies. While it has an adverse effect on certain exporters, it can also be beneficial for companies that import a significant portion of their inputs or for companies that seize the opportunity to acquire equipment in order to drive future productivity.

Currency fluctuations impact the fair value of investments valued initially in foreign currencies and subsequently translated into Canadian dollars at the prevailing rate of exchange. These investments whose value varies in step with fluctuations in the value of the U.S. dollar represent a fair value of $38.1 million as at December 31, 2007, compared with $44.4 million as at December 31, 2006. In December 2007, the Company authorized the implementation of a systematic hedging strategy against the foreign exchange risk related to existing investments with exit horizons of more than 12 months, as well as for any new foreign exchange position. This strategy will be phased in during 2008.

Interest rate risk

Cash and cash equivalents bear interest at a weighted average rate of 4.11% (December 31, 2006 – 3.76%). Accounts receivable and accounts payable and accrued liabilities bear no interest.

The Company does not hold any derivative financial instruments.

14 COMPARATIVE AMOUNTS

Certain amounts of the last year were restated to reflect the new accounting policy relating to the criteria used to determine if an interest in an investment company must be consolidated or presented at its fair value (note 3).

15 SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

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

February 14, 2008

AUDITORS' REPORT

To the Shareholders of Capital régional et coopératif Desjardins

On February 14, 2008, we reported on the balance sheets of **Capital régional et coopératif Desjardins** (the "Company") as at December 31, 2007 and 2006 and the statements of earnings, shareholders' equity and cash flows for the years then ended.

In our audits of the financial statements referred to above, we also audited the schedule of cost of investments impacting the Québec economy as at December 31, 2007. This schedule is the responsibility of the Company's management.

In our opinion, this schedule presents fairly, in all material respects, the financial information therein when read in conjunction with the Company's financial statements.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants

SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

AS AT DECEMBER 31, 2007

(in thousands of dollars)

	Initial investment year	Industry segment	Common shares $	Preferred shares $	Unsecured investments Debentures and advances $	Secured investments Debentures and advances $	Total $
ABITIBI-TÉMISCAMINGUE							
Complexe funéraire Ste-Bernadette	2007	I	-	170	170	-	340
Équipement JexPlore inc.	2007	I	-	-	300	-	300
Héli Explore inc.	2007	I	-	125	125	-	250
Hôtel des Eskers inc.	2007	I	-	200	200	-	400
Hôtel des Gouverneurs	2007	I	-	200	200	-	400
Hôtel Forestel Val d'Or inc.	2007	I	-	225	225	-	450
Manufacture Adria inc.	2005	I	-	-	233	-	233
Total Abitibi-Témiscamingue			-	920	1,453	-	2,373
BAS-SAINT-LAURENT							
Aqua-Biokem BSL inc.	2002	I	-	1,904	-	212	2,116
Attellus Médical inc.	2006	I	-	750	-	-	750
Bâtitech ltée	2007	I	70	-	372	-	442
Bois-Franc inc.	2006	I	-	-	496	-	496
Campor inc.	2006	I	-	-	462	-	462
Datran inc.	2007	I	-	-	500	-	500
Diamants du Saint-Laurent inc. (Les)	2002	I	292	-	-	-	292
Eastern Québec Seafoods (1998) Ltd	2006	I	-	-	400	-	400
Fabrications TJD inc. (Les)	2006	I	-	-	500	-	500
Gestion Arnold Gauthier inc.	2002	I	-	80	441	-	521
Gestion Gilles D'Amours - 9159-0026 Québec inc.	2005	I	-	-	1,885	-	1,885
Graphie 222 inc.	2007	I	-	205	205	-	410
Groupe Composites VCI inc.	2007	I	2,250	-	1,750	-	4,000
Industries Desjardins ltée (Les)	2005	I	-	-	410	-	410
Industries Massé et D'Amours inc.	2005	I	-	-	213	-	213
Planchers Ancestral (2007) inc.	2007	I	-	80	-	-	80
Produits métalliques Pouliot Machinerie inc.	2007	I	-	-	-	250	250
Trans-Plus Express J.L. inc.	2007	I	40	85	175	-	300
Total Bas-Saint-Laurent			2,652	3,104	7,809	462	14,027
CAPITALE-NATIONALE							
Céramica-Concept inc.	2005	I	-	-	244	-	244
Congébec Logistique inc.	2004	I	3,800	-	-	-	3,800
Coopérative de travailleurs actionnaire du Groupe Congébec	2005	C	-	-	840	-	840
Engrenage Provincial inc.	2005	I	-	-	2,311	-	2,311
ExelTech Aérospace inc.	2004	I	753	-	423	-	1,176
Gestion BCK inc.	2006	I	-	-	968	-	968
Gestion Placage RMH inc.	2006	I	-	-	263	-	263
Groupe Humagade inc.	2006	TC	-	11,651	-	-	11,651

SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (CONTINUED)
AS AT DECEMBER 31, 2007

(in thousands of dollars)

					Unsecured investments	Secured investments	
	Initial investment year	Industry segment	Common shares $	Preferred shares $	Debentures and advances $	Debentures and advances $	Total $
Humagade Ltd	2004	TC	-	160	240	-	400
Labcal Technologies inc.	2004	IT	-	1,840	-	3,617	5,457
Logiciels Dynagram inc. (Les)	2002	IT	137	364	-	-	501
Maison Orthésis inc. (La)	2006	I	-	-	451	-	451
OptoSecurity inc.	2007	TC	-	3,500	-	-	3,500
Oricom Internet inc.	2005	I	-	-	267	-	267
Piscines Soucy inc.	2006	I	-	-	479	-	479
Poste Express	2006	I	-	-	373	-	373
Souris Mini inc.	2005	I	-	-	1,435	-	1,435
Usital Canada inc.	2002	I	-	240	176	-	416
Total Capitale-Nationale			4,690	17,755	8,470	3,617	34,532
CENTRE-DU-QUÉBEC							
Autobus Thomas inc.	2007	I	-	-	900	-	900
Bluberi Group inc.	2007	IT	-	-	5,000	-	5,000
CDM Decor Papers inc.	2006	I	-	-	1,291	-	1,291
Demtec inc.	2005	I	-	-	858	-	858
Fempro I inc.	2007	I	3,000	-	19,500	-	22,500
Novatek Laser inc.	2007	I	-	-	3,000	-	3,000
Service funéraire coopératif Drummond	2007	C	-	-	225	-	225
Total Centre-du-Québec			3,000	-	30,774	-	33,774
CHAUDIÈRE-APPALACHES							
CHEQ FM 101,3 (9174-8004 Québec inc.)	2007	I	-	250	250	-	500
CIF Métal ltée	2005	I	209	1,434	-	-	1,643
Delta Steel Joist inc.	2006	I	-	-	320	-	320
Distribution Eugène Gagnon inc.	2006	I	-	-	339	-	339
Ebi-tech inc.	2007	I	-	-	400	-	400
Marquis Book Printing inc.	2007	I	95	405	1,000	-	1,500
Matiss inc.	2002	I	400	-	245	-	645
Portes Patio Résiver inc.	2003	I	-	299	38	-	337
Produits de plancher Finitec inc.	2007	I	-	-	500	-	500
Tibetral Système inc.	2006	I	-	400	88	-	488
Transfab Énergie inc.	2006	I	-	-	250	-	250
Transport de l'Amiante	2006	I	-	-	167	-	167
Total Chaudière-Appalaches			704	2,788	3,597	-	7,089
CÔTE-NORD							
Interconnect inc.	2006	TC	-	-	178	-	178
Solugaz inc. (formerly Propane Charlevoix inc.)	2007	I	-	-	500	-	500
Total Côte-Nord			-	-	678	-	678

SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (CONTINUED)
AS AT DECEMBER 31, 2007

(in thousands of dollars)

	Initial investment year	Industry segment	Common shares $	Preferred shares $	Unsecured investments Debentures and advances $	Secured investments Debentures and advances $	Total $
EASTERN TOWNSHIPS							
Camoplast inc.	2002	I	23,171	-	-	-	23,171
Cogiscan inc.	2002	IT	-	849	1,215	-	2,064
Complexe sportif Interplus	2007	I	-	-	150	-	150
Coopérative de travailleurs actionnaire Filage Sherbrooke (FilSpec)	2004	C	-	-	1,818	-	1,818
Coopérative funéraire de l'Estrie	2006	C	-	-	1,560	-	1,560
Entreprises Michel Lapierre inc. (Les)	2004	I	-	1,508	1,500	-	3,008
Extermination Cameron inc.	2005	I	-	-	399	-	399
FilSpec inc. (9120-0782 Québec inc.)	2004	I	440	-	84	-	524
FilSpec inc. (9139-4841 Québec inc.)	2004	I	498	-	-	-	498
Gestion Ferti-Val inc.	2003	I	24	536	-	-	560
IPS Thérapeutique inc.	2002	H	-	80	-	40	120
Mésotec inc.	2005	I	2,104	-	-	-	2,104
Mirazed inc.	2007	I	-	330	870	-	1,200
Multi X inc.	2006	I	-	-	934	-	934
Société Industrielle de Décolletage et d'Outillage (S.I.D.O.) ltée	2005	I	-	2,409	2,795	-	5,204
Tranzyme Pharma inc.	2003	H	-	5,668	-	-	5,668
Total Eastern Townships			26,237	11,380	11,325	40	48,982
GASPÉSIE–ÎLES-DE-LA-MADELEINE							
Azentic inc.	2006	IT	-	-	311	-	311
Éocycle Technologies inc.	2004	I	805	150	-	-	955
Gestion C.T.M.A. inc.	2007	I	-	-	2,000	-	2,000
Groupe alimentaire RT ltée	2005	I	-	-	410	-	410
Hôtel Baker ltée	2007	I	-	-	300	-	300
Pesca Conseillers en biologie inc.	2007	I	-	-	500	-	500
Total Gaspésie–Îles-de-la-Madeleine			805	150	3,521	-	4,476
LANAUDIÈRE							
Management P.R. Maintenance inc.	2006	I	-	-	683	-	683
Nicorp inc.	2006	I	-	-	320	-	320
Ravenco (1991) inc.	2006	I	-	300	585	-	885
Technologies Photogram inc.	2005	I	-	380	244	-	624
Total Lanaudière			-	680	1,832	-	2,512
LAURENTIANS							
Capital Pro-Égaux inc.	2004	I	146	-	-	-	146
Coopérative Forestière des Hautes-Laurentides	2002	C	-	-	406	-	406
Triton Électronique inc.	2003	I	2,533	-	-	-	2,533
Total Laurentians			2,679	-	406	-	3,085

SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (CONTINUED) AS AT DECEMBER 31, 2007

(in thousands of dollars)

					Unsecured investments	Secured investments	
	Initial investment year	Industry segment	Common shares $	Preferred shares $	Debentures and advances $	Debentures and advances $	Total $
LAVAL							
20-20 Technologies inc.	2002	IT	864	-	-	-	864
Canadian Lebanese Investment Corp. Ltd	2007	I	-	-	1,500	-	1,500
Datacom Wireless Corporation inc.	2003	TC	2,588	-	-	-	2,588
NuEra Solutions Air inc. (formerly Duo Vac inc.)	2005	I	-	-	1,500	-	1,500
Total Laval			3,452	-	3,000	-	6,452
MAURICIE							
Alliance Environnement (GDG) inc.	2006	I	-	-	350	-	350
Atelier d'usinage Tifo inc.	2006	I	-	-	281	-	281
Ébénisterie St-Tite inc.	2005	I	-	-	307	-	307
Innovations Voltflex inc.	2006	I	-	-	550	-	550
Louiseville Specialty Products inc.	2004	I	51	-	5,295	-	5,346
Morand Excavation inc.	2007	I	-	-	500	-	500
Premier Aviation Centre de révision inc.	2005	I	-	-	929	-	929
Solus safety inc.	2006	I	-	-	2,100	-	2,100
Total Mauricie			51	-	10,312	-	10,363
MONTÉRÉGIE							
Conporec inc.	2005	I	317	-	-	-	317
Distech Contrôles inc.	2003	I	-	923	534	-	1,457
Équipement militaire Mil-Quip inc.	2007	I	-	-	665	-	665
Galenova inc.	2006	H	-	-	1,388	-	1,388
Knowlton Development Corporation inc.	2006	I	-	5,826	8,740	-	14,566
Maçonnerie Rainville et Frères inc.	2007	I	-	-	717	-	717
Mini-centrales de l'Est inc.	2006	I	-	-	200	-	200
Miss Arachew inc.	2006	I	-	-	541	-	541
Reproductions BLB inc. (Les)	2004	I	-	163	175	-	338
Ryshco Média inc.	2002	IT	-	-	-	200	200
Salerno Transparent Bags (1997) Ltd	2007	I	-	353	1,734	-	2,087
Sun Marketing Communications Ltd	2007	I	-	-	300	-	300
Total Montérégie			317	7,265	14,994	200	22,776
MONTRÉAL							
3CI inc.	2007	I	1,500	-	-	-	1,500
Acti-Menu inc.	2005	H	-	1,010	-	-	1,010
Aegera Therapeutics inc.	2002	H	-	6,382	-	-	6,382
AldeaVision Solutions inc.	2006	IT	55	-	145	-	200
Alyotech Canada inc.	2006	IT	5,000	-	-	-	5,000
Ambrilia Biopharma inc.	2003	H	3,258	-	1,683	-	4,941
APTITUDE, Services de consultation en réadaptation inc.	2006	I	-	-	302	-	302

SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (CONTINUED) AS AT DECEMBER 31, 2007

(in thousands of dollars)

					Unsecured investments	Secured investments	
	Initial investment year	Industry segment	Common shares $	Preferred shares $	Debentures and advances $	Debentures and advances $	Total $
Artificial Mind and Movement inc. (A2M)	2002	IT	1,186	-	146	-	1,332
Aurelium BioPharma inc.	2003	H	-	2,869	40	-	2,909
Bioaxone Thérapeutique inc.	2002	H	2,000	-	1,379	-	3,379
Cardianove inc.	2003	H	-	880	-	-	880
Chronogen inc.	2003	H	-	4,800	-	-	4,800
Coopérative de travailleurs actionnaire de TEC	2005	C	-	-	229	-	229
Coradiant (Canada) inc.	2004	IT	-	11,050	-	-	11,050
Emballages Deltapac inc. (Les)	2005	I	290	-	710	-	1,000
Enobia Pharma inc.	2005	H	-	4,709	-	-	4,709
GES Technologies inc.	2007	I	-	-	500	-	500
Industries Spectra Premium inc. (Les)	2006	I	3,000	-	4,500	-	7,500
IsacSoft inc.	2005	IT	1,314	-	-	-	1,314
La Coop Fédérée	2005	C	-	-	25,000	-	25,000
LiquidXStream Systems inc.	2007	TC	-	2,500	-	-	2,500
LxSix Photonics inc.	2002	TC	-	4,681	3,072	627	8,380
Manutention Québec inc.	2007	I	-	-	2,000	-	2,000
My Virtual Model Inc.	2005	IT	13	-	2,000	-	2,013
New IT Santé	2005	IT	-	480	202	-	682
Nstein Technologies inc.	2004	IT	310	-	-	-	310
Osprey Pharmaceuticals Limited	2003	H	-	1,698	-	1,179	2,877
PainCeptor Pharma Corporation	2004	H	-	3,800	4,033	-	7,833
Qualiporc Regroupement Coopératif	2005	C	-	-	3,000	600	3,600
Resonant Medical Inc.	2004	H	-	5,800	-	-	5,800
SDP Components inc.	2002	I	-	1,097	-	-	1,097
Spinlogic Technologies inc.	2007	IT	278	-	400	-	678
Technologies Miranda inc.	2002	TC	1,998	-	-	-	1,998
Topigen Pharmaceuticals inc.	2004	H	-	8,695	-	-	8,695
Tungle Corporation	2007	IT	-	625	-	-	625
Total Montréal			20,202	61,076	49,341	2,406	133,025
OUTAOUAIS							
Cactus Commerce inc.	2004	IT	-	800	-	-	800
Coopérative Forestière de l'Outaouais	2006	C	-	-	219	-	219
Groupement forestier du Pontiac inc.	2006	I	-	-	219	-	219
Service à domicile de l'Outaouais inc.	2007	I	-	-	186	-	186
Total Outaouais			-	800	624	-	1,424
OUTSIDE QUÉBEC							
Openwave Systems inc.	2005	TC	264	-	-	-	264
Total Outside Québec			264	-	-	-	264

SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (CONTINUED)
AS AT DECEMBER 31, 2007

(in thousands of dollars)

	Initial investment year	Industry segment	Common shares $	Preferred shares $	Unsecured investments Debentures and advances $	Secured investments Debentures and advances $	Total $
SAGUENAY–LAC-SAINT-JEAN							
Aménagement MYR inc.	2006	I	-	-	100	-	100
Bois B.T. (9131-9210 Québec inc.)	2003	I	305	-	140	-	445
Canmec Group inc.	2004	I	378	3,011	1,000	-	4,389
Centre de Réalisation d'Outils Innovateurs inc.	2004	I	120	40	280	-	440
Constructions Péribonka inc.	2007	I	-	-	500	-	500
Constructions Proco inc.	2007	I	-	500	1,436	-	1,936
Coopérative Forestière de Girardville	2007	C	-	-	500	-	500
Entreprises Alfred Boivin inc. (Les)	2007	I	-	-	483	-	483
Entreprises Forestières N.T. inc. (Les)	2005	I	-	-	46	-	46
Frigon Électrique inc.	2005	I	-	-	80	-	80
Groupe Nokamic inc.	2005	I	-	-	77	-	77
Groupe Nova inc.	2002	I	571	338	69	-	978
Industries I.S.A. (Les)	2004	I	102	-	26	-	128
Institut d'échafaudage du Québec (9020-4983 Qc inc.)	2002	I	-	-	51	-	51
Luzerne Belcan Lac-Saint-Jean inc. (Les)	2002	C	486	41	-	-	527
Mecfor inc.	2006	I	-	-	895	-	895
Nature 3M inc.	2002	I	125	-	5	-	130
Ohlin Thermo-Tech inc.	2003	I	-	18	502	-	520
Scierie Gauthier ltée	2006	I	-	-	462	-	462
Transports Cabaie inc. (Les)	2006	I	-	-	68	-	68
Transports Gérold inc.	2006	I	-	-	68	-	68
Transports Réjean Fortin inc.	2006	I	-	-	133	-	133
Végétolab inc.	2003	I	32	-	108	-	140
Viandes C.D.S. inc. (Les)	2006	I	-	405	623	-	1,028
Total Saguenay–Lac-Saint-Jean			2,119	4,353	7,652	-	14,124
INVESTMENT FUNDS							
Desjardins – Innovatech S.E.C.	2005	F	47,356	-	-	-	47,356
FIER Partners, Limited Partnership	2005	F	2,658	-	-	-	2,658
MSBI investment Funds, Limited Partnership	2004	F	4,870	-	-	-	4,870
MSBI Management Inc.	2004	F	154	-	-	-	154
Novacap Industries III, L.P.	2007	F	56	-	-	-	56
Novacap Technologies III, L.P.	2007	F	1,086	-	-	-	1,086
TOTAL INVESTMENT FUNDS			56,180	-	-	-	56,180
TOTAL COST			123,352	110,271	155,788	6,725	396,136

Industry segment legend

C: Cooperatives
I: Industrial
H: Health and biotechnology
TC: Telecommunications
IT: Information technology
F: Investment Funds

LIST OF INVESTMENTS AT COST MADE BY SPECIALTY FUNDS AND PARTNER FUNDS (UNAUDITED)

AS AT DECEMBER 31, 2007

(in thousands of dollars)

Information from Annual Financial Report dated		Equity Interest of the Company %	Shares and Units $	Loans and Advances $	Total $
December 31, 2007	**Desjardins – Innovatech S.E.C.**	66.1			
	AAT Inc.		31	1,274	1,305
	Albert Perron inc.		1,135	1,633	2,768
	Aqua-Biokem BSL inc.		1,630	410	2,040
	Éocycle Technologies inc.		947	170	1,117
	Équipements Comact inc.		500	1,625	2,125
	Forage Long Trou CMAC inc.		-	329	329
	Groupe Ohmega inc.		171	200	371
	Groupe Trifide inc.		-	409	409
	Gyro-Trac Côte Ouest inc.		-	1,144	1,144
	Gyro-Trac inc. (9163-2521 Québec inc.)		2,282	-	2,282
	Infusion Intégrale inc.		300	700	1,000
	Junex inc.		126	1,000	1,126
	Manufacturier Minier CMAC		30	438	468
	Menu-Mer ltée		-	500	500
	P.L.C. inc.		-	317	317
	Premier Tech ltée		-	448	448
	Produits Forestiers Lamco inc.		-	500	500
	Rocmec Mining inc.		-	1,000	1,000
	Technologies Axion ltée		451	642	1,093
	Marinard Biotech inc.		51	360	411
	Other companies (6) less than $300,000		202	654	856
			7,856	13,753	21,609
	Funds committed but not disbursed				1,500
					23,109
December 31, 2006	**FIER Partners, Limited Partnership**	13.9			
	Fonds Brightspark II, s.e.c.		1,201	-	1,201
	Fonds Propulsion III s.e.c.		1,150	-	1,150
	Garage Technologie Capital-Risque Canada, s.e.c.		607	-	607
	Société en commandite AgeChem		500	-	500
	Other fund (1) less than $300,000		239	-	239
			3,697	-	3,697
	Funds committed but not disbursed				66,303
					70,000

LIST OF INVESTMENTS AT COST MADE BY SPECIALTY FUNDS AND PARTNER FUNDS (UNAUDITED) (CONTINUED) AS AT DECEMBER 31, 2007

(in thousands of dollars)

Information from Annual Financial Report dated		Equity Interest of the Company %	Shares and Units $	Loans and Advances $	Total $
May 31, 2007	**MSBI investment Funds, Limited Partnership**	32.0			
	CarboPur Technologies		1,099	-	1,099
	DFT MicroSystems		842	809	1,651
	LegiTime Technologies		739	-	739
	Metafoam Technologies		750	-	750
	Milestone Pharmaceuticals		-	431	431
	MOXXI Medical		791	137	928
	Reflex Photonics		770	546	1,316
	Resonant Medical		1,851	-	1,851
	Silk Displays		-	873	873
	SiXtron Advanced Materials		-	680	680
	Other companies (4) less than $300,000		257	232	489
			7,099	3,708	10,807
	Funds committed but not disbursed				1,785
					12,592
	Novacap Industries III, L.P.	1.3			
	First fiscal year				
	Novacap Technologies III, L.P.	9.2			
	First fiscal year				

This unaudited list provides details of investments superior to $300,000 made by specialty funds and partner funds in which Capital régional et coopératif Desjardins has invested.

SHAREHOLDER INFORMATION

7th ANNUAL GENERAL MEETING OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

Québec City Convention Centre, Room 200 ▪ Friday, March 28, 2008 at 10:30 a.m.

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Chartered Accountants

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Desjardins Securities

DISTRIBUTION OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS SHARES

Desjardins caisse network in Québec

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ENTREPRENEURS LOOKING FOR VENTURE CAPITAL MAY CONTACT ONE OF DESJARDINS VENTURE CAPITAL OFFICES IN THE FOLLOWING REGIONS:

Abitibi-Témiscamingue	Laurentians
Bas-Saint-Laurent	Laval
Capitale-Nationale	Mauricie
Centre-du-Québec	Montérégie
Chaudière-Appalaches	Montréal
Côte-Nord	Nord-du-Québec
Eastern Townships	Outaouais
Gaspésie–Îles-de-la-Madeleine	Saguenay–Lac-Saint-Jean
Lanaudière	

Contact information for these regional offices may be obtained by calling 514 281-7131 or 1 866 866-7000, ext. 7131, or by consulting our website at capitalregional.com

VERSION FRANÇAISE

Des exemplaires de la version française de ce rapport annuel sont disponibles sur demande.

This seventh Annual Report of Capital régional et coopératif Desjardins was produced under the direction of the Vice-President, Strategic Planning and Communications, and the Vice-President, Finance and Portfolio Valuation of Desjardins Venture Capital.

This Annual Report is also available on the Capital régional et coopératif Desjardins website: capitalregional.com

The four individuals photographed for the cover of this Annual Report are among the 120,652 shareholders of Capital régional et coopératif Desjardins.

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