Capital régional et coopératif Desjardins

Financial Statements
June 30, 2007

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August 17, 2007

Auditors' Report

To the Shareholders of
Capital régional et coopératif Desjardins

We have audited the balance sheets of **Capital régional et coopératif Desjardins** (the "Company") as at June 30, 2007 and December 31, 2006 and the statements of earnings (loss), shareholders' equity and cash flows for the six-month periods ended June 30, 2007 and 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2007 and December 31, 2006 and the results of its operations and its cash flows for the six-month periods ended June 30, 2007 and 2006 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Capital régional et coopératif Desjardins

Balance Sheets

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

	As at June 30, 2007 $	As at December 31, 2006 Restated (note 3) $
Assets		
Investments impacting the Québec economy (note 5)	344,312	315,700
Investments (note 6)	296,995	305,345
Accounts receivable (note 7)	6,965	5,756
Cash and cash equivalents	19,884	20,600
Software (net of accumulated amortization $3,140; December 31, 2006 – $2,902)	100	338
Income taxes	5,840	3,577
Future income taxes (note 9)	8,143	4,463
	682,239	655,779
Liabilities		
Accounts payable and accrued liabilities	966	1,159
	966	1,159
Net assets	681,273	654,620
Shareholders' Equity		
Share capital (note 8)	696,598	650,197
Retained earnings (deficit)	(15,325)	4,423
	681,273	654,620
Number of outstanding common shares	68,683,496	64,139,488
Net value per common share	9.92	10.21

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

Approved by the Board of Directors

____________________________________, Director ____________________________________, Director

Capital régional et coopératif Desjardins

Statements of Shareholders' Equity

For the six-month periods ended June 30, 2007 and 2006

(in thousands of dollars)

	2007				
		Retained earnings (deficit)			
	Share capital $	Realized $	Unrealized $	Total $	Shareholders' equity $
Balance – December 31, 2006	650,197	16,982	(12,559)	4,423	654,620
Net earnings (loss)					
Realized net earnings for the period, net of income taxes of ($352)	-	203	-	203	203
Change in unrealized revenue for the period, net of income taxes of ($4,970)	-	-	(19,944)	(19,944)	(19,944)
Net earnings (loss) for the period	-	203	(19,944)	(19,741)	(19,741)
Share capital operations					
Shares issued	47,203	-	-	-	47,203
Redemption of shares	(802)	(7)	-	(7)	(809)
	46,401	(7)	-	(7)	46,394
Net change for the period	46,401	196	(19,944)	(19,748)	26,653
Balance – June 30, 2007	696,598	17,178	(32,503)	(15,325)	681,273

	2006 Restated (note 3)				
		Retained earnings (deficit)			
	Share capital $	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 period, net of income taxes of $542	-	(2,023)	-	(2,023)	(2,023)
Change in unrealized revenue for the period, net of income taxes of ($2,250)	-	-	(7,692)	(7,692)	(7,692)
Net loss for the period	-	(2,023)	(7,692)	(9,715)	(9,715)
Share capital operations					
Shares issued	75,131	-	-	-	75,131
Redemption of shares	(646)	(15)	-	(15)	(661)
	74,485	(15)	-	(15)	74,470
Net change for the period	74,485	(2,038)	(7,692)	(9,730)	64,755
Balance – June 30, 2006	646,517	23,149	(18,196)	4,953	651,470

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

Capital régional et coopératif Desjardins

Statements of Earnings (Loss)

For the six-month periods ended June 30, 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	6,872	7,175
Gain (loss) on disposal of investments	3	(166)
Interest on debentures and dividends	7,659	4,355
Loss on disposal of investments impacting the Québec economy	(3,808)	(2,052)
Negotiation fees	1,106	678
Membership dues	64	118
Changes in unrealized appreciation (depreciation) of		
Investments impacting the Québec economy	(17,782)	(2,470)
Investments	(7,132)	(7,472)
	(13,018)	166
Expenses		
Operating expenses	10,675	10,181
Shareholder services	903	939
Capital tax	229	102
Amortization of software	238	367
	12,045	11,589
Loss before income taxes	(25,063)	(11,423)
Recovery of income taxes (note 9)	(5,322)	(1,708)
Net loss for the period	(19,741)	(9,715)
Weighted average number of common shares	66,806,800	58,736,643
Net loss per common share	(0.30)	(0.17)

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

Capital régional et coopératif Desjardins

Statements of Cash Flows

For the six-month periods ended June 30, 2007 and 2006

(in thousands of dollars)

	2007 $	2006 Restated (note 3) $
Cash flows from		
Operating activities		
Net loss for the period	(19,741)	(9,715)
Adjustments for		
Loss (gain) on disposal of investments	(3)	166
Loss on disposal of investments impacting the Québec economy	3,808	2,052
Changes in unrealized appreciation (depreciation) of		
Investments impacting the Québec economy	17,782	2,470
Investments	7,132	7,472
Amortization of software	238	367
Amortization of premiums and discounts on investments	339	906
Future income taxes	(3,680)	(2,416)
Capitalized interest and other non-cash items	(470)	(327)
	5,405	975
Changes in non-cash operating working capital balances (note 10)	(3,640)	(3,507)
	1,765	(2,532)
Investing activities		
Acquisition of investments impacting the Québec economy	(63,238)	(19,004)
Acquisition of investments	(41,212)	(71,987)
Proceeds on disposal of investments impacting the Québec economy	13,506	11,993
Proceeds on disposal of investments	42,094	26,149
	(48,850)	(52,849)
Financing activities		
Issuance of common shares	47,178	75,130
Redemption of shares	(809)	(661)
	46,369	74,469
Net changes in cash and cash equivalents during the period	(716)	19,088
Cash and cash equivalents – Beginning of period	20,600	6,691
Cash and cash equivalents – End of period	19,884	25,779
Supplementary information		
Income taxes paid	850	3,790

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

(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.

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

The Company may invest up to 5% of its assets (as established on the basis of the last accountants' valuation) in the same eligible enterprise or cooperative and the investment is generally planned for a period of five to eight years. This percentage may be increased to 10% to allow the Company to acquire titles of an entity operating in 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 the fiscal year beginning on January 1, 2006, the portion of the Company's investments in eligible entities, as well as other eligible investments which do not entail any security or hypothec and are made as first purchaser, must represent on average at least 60% of the average net assets of the Company for the preceding year. Furthermore, a portion representing at least 35% of that percentage must be invested in entities situated in resource regions of Québec or in eligible cooperatives. Investments made other than as first purchaser for the acquisition of securities issued by an eligible entity may also be considered for the purpose of these calculations to the extent that they do not represented more than one third of the total investments made as first purchaser in that entity. These rules have been respected as at December 31, 2006.

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 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 adjustments as they become necessary, are reported in earnings (loss) in the period in which they are known.

Comprehensive income

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

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

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.

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

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 June 30, 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 June 30, 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.

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 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.

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

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 periods, which is reversed and taken into account in change in unrealized appreciation (depreciation) for the period.

Membership dues

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

Negotiation fees

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

Premiums and discounts

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

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

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) agree 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.

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 on 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 six-month period ended on June 30, 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 period nor on net value per common share as at June 30, 2007.

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

4 Future accounting changes

On December 1, 2006, the CICA issued three 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 Company 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 of the Company.

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

5 Investments impacting the Québec economy

a)

	As at June 30, 2007		As at December 31, 2006 Restated	
	Cost $	**Fair value** $	**Cost** $	**Fair value** $
Unsecured				
Common shares	116,885	117,408	99,802	105,136
Preferred shares	121,676	93,768	114,815	96,563
Debentures and advances	134,064	128,006	110,594	107,406
	372,625	339,182	325,211	309,105
Secured				
Debentures and advances	6,313	5,130	7,333	6,595
	378,938	344,312	332,544	315,700

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

The debentures and advances bear interest at a weighted average rate of 10.7% (December 31, 2006 – 10.1%) and have an average residual maturity of 4.77 years (December 31, 2006 – 4.60 years).

b) Allocation of investments and funds committed by industry segment

As at June 30, 2007

Industry segment	**Investments at cost** $	**Unrealized appreciation (depreciation)** $	**Fair value** $	**Funds committed but not disbursed*** $	**Sureties*** $	**Total commitment** $
Cooperatives	36,849	(5,543)	31,306	-	200	31,506
Industrial	141,648	(3,387)	138,261	11,684	-	149,945
Health and biotechnology	58,625	(16,939)	41,686	3,097	-	44,783
Telecommunications	39,814	600	40,414	4,250	-	44,664
Information technology	44,938	(5,187)	39,751	1,242	92	41,085
Investment funds	57,064	(4,170)	52,894	48,100	-	100,994
Total	378,938	(34,626)	344,312	68,373	292	412,977

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

As at December 31, 2006
Restated

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 end of the period and for the next four years ended December 31 are as follows:

	$
2007 (6 months)	27,050
2008	18,155
2009	15,168
2010	4,000
2011	4,000
	68,373

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

6 Investments

a) Allocation of investments by instrument

	As at June 30, 2007		As at December 31, 2006 Restated	
	Unamortized cost $	**Fair value $**	**Unamortized cost $**	**Fair value $**
Bonds				
Federal	71,871	69,524	79,514	79,274
Provincial and guaranteed	115,305	112,806	125,949	125,819
Financial institutions	53,457	52,736	57,187	57,616
Companies	31,294	30,914	31,466	31,936
	271,927	265,980	294,116	294,645
Preferred shares	16,582	15,676	10,611	10,700
Units of funds of hedge funds	15,000	15,339	-	-
Total	303,509	296,995	304,727	305,345

b) Allocation of bonds by maturity date

	As at June 30, 2007			
Maturity	**Less than 1 year $**	**1 to 5 years $**	**More than 5 years $**	**Total $**
Unamortized cost	-	195,674	76,253	271,927
Par value	-	193,588	76,859	270,447
Fair value	-	190,875	75,105	265,980
Average nominal rate	0.00%	4.68%	4.39%	4.60%
Average effective rate	0.00%	4.42%	4.54%	4.45%

	As at December 31, 2006 Restated			
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%

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

7 Accounts receivable

	As at June 30, 2007 $	As at December 31, 2006 Restated $
Interest receivable on investments	2,900	2,971
Interest receivable on investments impacting the Québec economy	1,611	1,311
Sales taxes receivable	267	195
Subscriptions and membership dues receivable	112	87
Other accounts receivable	2,075	1,192
	6,965	5,756

8 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 to a maximum of $1.325 million by February 28, 2011, the date of the end of the final capitalization period. However, during the last three capitalization periods, in order to reach its authorized capital, the Company may issue shares for amounts greater than $150 million since it has to redeem shares issued at least seven years previously from shareholders who so request. Each capitalization period, which lasts twelve months, will begin on March 1 of each year. The cumulative limit will amount to $875 million as at February 28, 2008.

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

Issued and fully paid	**As at June 30, 2007 $**	**As at December 31, 2006 $**
68,683,496 Common shares (December 31, 2006 – 64,139,488)	696,598	650,197

During the period, the Company issued 4,623,220 common shares (December 31, 2006 – 7,675,384) for a cash consideration of $47,203,150 (December 31, 2006 – $79,543,500).

During the period, the Company redeemed 79,212 common shares (December 31, 2006 – 136,150) for a cash consideration of $808,752 (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.

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

9 Income taxes

The Company is subject to Federal and provincial income taxes.

a) The income tax expense is detailed as follows:

	June 30, 2007 $	June 30, 2006 $
Current income taxes	(1,642)	708
Future income taxes	(3,680)	(2,416)
	(5,322)	(1,708)

b) The actual income tax rate differs from the basic income taxe rate as follows:

	June 30, 2007 $	June 30, 2006 $
Income taxes by applying the combined income tax rate of 39.02 %	(7,703)	(4,444)
Permanent differences between earnings before income taxes and taxable income and other items	2,381	2,736
	(5,322)	(1,708)

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

c) Future income taxes relate to the following items:

	June 30, 2007 $	December 31, 2006 $
Future income tax assets		
Unrealized depreciation (appreciation)	8,082	3,934
Amortization of premiums on bonds	514	595
Other	(417)	54
	8,179	4,583
Future income tax liabilities		
Software	(36)	(120)
Future income tax assets, net	8,143	4,463

d) The purchase of shares of the Company gives the investor the right to reduce its taxes in Québec only by an amount equal to 35% (50% before March 24, 2006) of the total amounts invested annually, up to a tax credit of $875 ($1,250 before March 24, 2006).

10 Cash flows

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

	June 30, 2007 $	June 30, 2006 Restated $
Increase in accounts receivable	(1,184)	(414)
Decrease in income taxes	(2,263)	(2,980)
Decrease in accounts payable and accrued liabilities	(193)	(113)
	(3,640)	(3,507)

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

11 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"), an entity of the Desjardins Group, 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., an entity of the Desjardins Group, to act as its registrar and transfer agent with respect to shareholder transactions. This contract is for a period of three years starting January 1, 2005.

- The Company has appointed the Fédération des caisses Desjardins du Québec, an entity of the Desjardins Group, 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.

(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:

	June 30, 2007	**December 31, 2006 Restated**
	$	**$**
Balance sheets		
Caisse centrale Desjardins		
Cash and cash equivalents	17,980	16,415
Capital Desjardins inc.		
Investments	19,751	23,788
Desjardins Capital de développement (Regional funds)		
Accounts receivable	3	318
Accounts payable and accrued liabilities	205	119
Desjardins Global Asset Management		
Investments	15,339	-
Desjardins Innovatech SEC		
Accounts payable and accrued liabilities	-	270
Desjardins Trust Inc.		
Cash and cash equivalents	1,130	47
Accounts payable and accrued liabilities	343	505
Desjardins Securities		
Cash and cash equivalents	569	1,007
Desjardins Venture Capital Inc.		
Accounts receivable	-	218
Accounts payable and accrued liabilities	50	-

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

	June 30, 2007 $	June 30, 2006 Restated $
Statements of earnings		
Caisse centrale Desjardins		
Interest and dividends on investments	219	96
Capital Desjardins inc.		
Interest and dividends on investments	525	605
Loss on disposal of investments	-	(6)
Changes in unrealized appreciation (depreciation) of investments	(393)	(136)
Desjardins Global Asset Management		
Changes in unrealized appreciation (depreciation) of investments	339	-
Desjardins Securities		
Interest on cash and cash equivalents	82	120
Desjardins Trust Inc.		
Interest and dividends on investments	44	9
Shareholder services	740	932
Desjardins Venture Capital Inc.		
Management fees	9,896	9,402
Fédération des caisses Desjardins du Québec		
Operating expenses	192	177

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

12 Financial instruments

Fair value

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

Credit risk

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

Foreign exchange risk

The investments impacting the Québec economy include financial instruments whose faire value fluctuates according to the fluctuations of the U.S. dollar for a fair value of $40.5M (December 31, 2006 – $44.4M).

Interest rate risk

Cash and cash equivalents bear interest at a weighted average rate of 3.71% (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.

13 Comparative amounts

Certain amounts of the last period 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).

14 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.