

Investor Relations

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SEMI-ANNUAL REPORT

JUNE 30, 2008



100%



MESSAGE FROM THE CHAIRMAN OF THE BOARD

Capital régional et coopératif Desjardins closed the first half of the year with a net loss of \$4.5 million compared with a net loss of \$19.7 million for the same period last year. Accordingly, the share price has been set at \$9.83, reflecting a decline of 0.6% due primarily to an economic environment beset by difficulties and the severe fluctuations of the stock market. If it weren't for the proactive stance of our manager, Desjardins Venture Capital, which adopted an overall portfolio management strategy, the instability of the North American economy could have hit us a great deal harder.

Actually, the new provisions adopted by the ministère des Finances in the fall of 2007 allowed us to move to a different management approach. The Company now has sufficient permanent capitalization to secure it an unlimited life span. That being the case, our new management approach now concentrates on the mid to long term, with a refocused portfolio and less invested in the higher risk sectors of the economy.

Beyond Fund continuity, returning the income tax credit to 50% was key for the shareholders of Capital régional et coopératif Desjardins. Since this new measure, over \$160 million has been subscribed, which clearly shows our shareholders' confidence in the Company. These subscriptions helped to lift net assets to \$838.1 million as at June 30, 2008. This achievement is the result of the extraordinary support of the entire Desjardins caisse network.

Besides continuing to support our partner enterprises, the Company has once again this year exceeded its statutory target for aggregate eligible investments and for investments in cooperatives and in the resource regions. In carrying out

investment activities, commitments of \$31 million in 33 businesses were made during the first half. As at June 30, 2008, the Company had commitments totalling \$467 million in 199 companies and funds.

In closing, allow me to recall that when we began in 2001, more than 35,000 people have trusted us – and we thank them sincerely. Their trust has paid off with unheard of economic development that today involves nearly 123,000 shareholders and some 200 companies in all industry sectors in different Québec regions that support more than 30,000 jobs.

For some shareholders, November 2008 marks the end of their required holding period, and they may redeem their shares. In this regard, I wish to assure them that Capital régional et coopératif Desjardins has the necessary liquidities to cover all potential redemptions. However, it is important to underscore that redemption following the minimum seven-year holding period leads to revocation of eligibility for the tax credit. Consequently, shareholders who purchase shares of the 2008 issue and, before February 28, 2009, request the full or partial redemption of shares after holding them for seven years, will not be able to claim the tax credit for the 2008 taxation year and subsequent years. That being said, the share value announced on August 19, 2008 means that investors who bought shares in November 2001 have enjoyed an annually compounded after-tax return of 9.6%, presuming redemption in November 2008.

André Lachapelle

CONDENSED AUDITED INTERIM FINANCIAL STATEMENTS

Please find below the condensed audited interim financial statements of Capital régional et coopératif Desjardins as at June 30, 2008. The complete audited interim financial statements, including the notes thereto, the schedule of cost of investments impacting the Québec economy and the list of investments at cost made by specialty funds and partner funds are available on the Company's

website (capitalregional.com) and were deposited at the Autorité des marchés financiers.

Except for the information presented on a common share basis, the number of shares and the information in the notes for the reader, the information provided is in thousands of dollars.

BALANCE SHEETS

	AS AT JUNE 30, 2008 \$	AS AT DECEMBER 31, 2007 \$
ASSETS		
Investments impacting the Québec economy	348,744	360,782
Investments	324,597	315,550
Accounts receivable	16,164	7,062
Cash and cash equivalents	146,971	38,122
Software (net of accumulated amortization of \$3,240; December 31, 2007 – \$3,240)	630	80
Income taxes	1,067	4,010
Future income taxes	9,224	8,172
	847,397	733,778
LIABILITIES		
Accounts payable and accrued liabilities	9,299	1,249
	9,299	1,249
NET ASSETS	838,098	732,529
SHAREHOLDERS' EQUITY		
Share capital	860,420	750,345
Contributed surplus	23	4
Deficit	(22,345)	(17,820)
	838,098	732,529
Number of outstanding common shares	85,229,385	74,097,440
Net assets per common share	9.83	9.89

STATEMENTS OF EARNINGS (LOSS)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30,

	2008 \$	2007 \$
REVENUE		
Realized revenue		
Interest and dividends on investments	8,521	6,872
Gain on disposal of investments	1,157	3
Interest and dividends on investments impacting the Québec economy	9,566	7,659
Loss on disposal of investments impacting the Québec economy	(7,374)	(3,808)
Negotiation fees	734	1,106
Membership dues	132	64
Changes in unrealized appreciation (depreciation) of		
Investments impacting the Québec economy	(4,343)	(17,782)
Investments	(176)	(7,132)
	8,217	(13,018)
EXPENSES		
Operating expenses	11,743	10,675
Shareholder services	956	903
Capital tax	198	229
Amortization of software	–	238
	12,897	12,045
LOSS BEFORE INCOME TAXES	(4,680)	(25,063)
Income taxes recovery	(155)	(5,322)
NET LOSS FOR THE PERIOD	(4,525)	(19,741)
Weighted average number of common shares	81,104,176	66,806,800
Net loss per common share	(0.06)	(0.30)

NOTE FOR THE READER

Note 1 – Changes in accounting policies

At the beginning of fiscal 2008, the Company adopted Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3862, “Financial Instruments – Disclosures”, Section 3863, “Financial Instruments – Presentation”, and Section 1535, “Capital Disclosures”.

Sections 3862 and 3863 establish standards for disclosures about financial instruments, including disclosures about fair value and the credit, liquidity and market risks associated with the financial instruments and for presentation

of financial instruments. These new standards supersede CICA Handbook Section 3861, “Financial Instruments – Disclosure and Presentation”.

Section 1535 requires an entity to disclose information to enable users of its financial statements to evaluate the entity’s objectives, policies and processes for managing capital.

These new standards did not have an impact on the financial results of the Company.

INTERIM FINANCIAL STATEMENTS

For a free copy of the full set of audited interim financial statements as at June 30, 2008:

Visit the Company's website at capitalregional.com

or

Detach the order form and send it by fax to 514 281-7808 or by mail to:

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Shares of the 2008 issue are now on sale in participating Desjardins caisses.

A **50%** tax credit – maximum annual subscription of \$5,000.

