

Capital régional et coopératif Desjardins

Financial Statements
December 31, 2002 and 2001

January 24, 2003

Auditors' Report

To the Shareholders of Capital régional et coopératif Desjardins

We have audited the balance sheet of **Capital régional et coopératif Desjardins** (the "Company") as at December 31, 2002 and the statements of earnings, shareholders' equity and cash flows for the year then ended and the schedule of unsecured investments impacting on the Quebec economy as at December 31, 2002. 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 audit.

We conducted our audit 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, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2001 and for the 57-day period then ended, before the restatements for the accounting change as described in note 2, were audited by other auditors who expressed an opinion without reservation on those statements in their report dated February 21, 2002. We have audited the adjustments to the 2001 financial statements and in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied.

PricewaterhouseCoopers LLP

Chartered Accountants

Capital régional et coopératif Desjardins

Balance Sheets

As at December 31,

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

	2002 \$	2001 \$ (restated – note 2)
Assets		
Unsecured investments impacting on the Quebec economy		
Investments (see schedule)	23,910	-
Funds committed but not disbursed (see schedule)	9,819	-
	<u>33,729</u>	<u>-</u>
Other investments (note 4)	179,104	70,545
Accounts receivable (note 5)	4,292	20,484
Cash and cash equivalents	1,101	5
Software (net of accumulated amortization of \$420; December 31, 2001 – nil)	2,080	1,582
Future income taxes (note 9)	998	-
	<u>221,304</u>	<u>92,616</u>
Liabilities		
Deferred non-refundable grants (note 6)	5,015	8,008
Accounts payable and accrued liabilities (note 7)	4,192	5,510
Income taxes	1,358	21
	<u>10,565</u>	<u>13,539</u>
Net assets	<u>210,739</u>	<u>79,077</u>
Shareholders' Equity		
Share capital (note 8)	208,328	79,054
Retained earnings	2,902	23
Unrealized appreciation (depreciation)	(491)	-
	<u>210,739</u>	<u>79,077</u>
Number of outstanding common shares	20,832,862	7,905,450
Net value per common share	10.12	10.00

Approved by the Board of Directors

_____ Director

_____ Director

Capital régional et coopératif Desjardins

Statements of Shareholders' Equity

For the years ended December 31,

(in thousands of dollars)

				2002
	Share capital	Retained earnings	Unrealized appreciation (depreciation)	Shareholders' equity
	\$	\$	\$	\$
Balance – Beginning of year	79,054	23	-	79,077
Shares issued	129,274	-	-	129,274
Realized net earnings for the year	-	2,879	-	2,879
Change in unrealized appreciation (depreciation) for the year	-	-	(491)	(491)
Net change for the year	129,274	2,879	(491)	131,662
Balance – End of year	208,328	2,902	(491)	210,739

				2001
	Share capital	Retained earnings	Shareholders' equity	
	\$	\$	\$	\$
Balance – Beginning of year	-	-	-	-
Shares issued	79,054	-	-	79,054
Net earnings for the year	-	23	-	23
Share issue expenses less non-refundable grants of \$144,000	-	-	-	-
Net change for the year	79,054	23	-	79,077
Balance – End of year	79,054	23	-	79,077

Capital régional et coopératif Desjardins

Statements of Earnings

For the years ended December 31,

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

	2002	2001
	\$	\$
		(57 days) (restated – note 2)
Revenue		
Realized revenue		
Interest on other investments	4,336	71
Gain on disposal of other investments	1,698	-
Membership dues	1,589	1,537
Negotiation fees	497	-
Interest on debentures	279	-
Change in unrealized appreciation (depreciation)	(491)	-
	<u>7,908</u>	<u>1,608</u>
Expenses		
Operating expenses	5,265	2,749
Shareholder services	1,684	548
Capital tax	63	85
Amortization	420	-
Non-refundable grants (note 6)	(2,993)	(1,848)
	<u>4,439</u>	<u>1,534</u>
Earnings before income taxes	3,469	74
Income taxes (note 9)	1,081	51
Net earnings for the year	<u>2,388</u>	<u>23</u>
Weighted average number of common shares	12,473,600	3,952,725
Net earnings per common share	0.19	0.01

Capital régional et coopératif Desjardins

Statements of Cash Flows

For the years ended December 31,

(in thousands of dollars)

	2002 \$	2001 \$ (57 days) (restated – note 2)
Cash flows from		
Operating activities		
Net earnings for the year	2,388	23
Non-cash items		
Gain on disposal of other investments	(1,698)	-
Change in unrealized appreciation (depreciation)	491	-
Amortization	420	-
Non-refundable grants	(2,993)	(1,848)
Future income taxes	(998)	-
	(2,390)	(1,825)
Change in non-cash operating working capital balances (note 10)	16,211	(14,953)
	13,821	(16,778)
Investing activities		
Unsecured investments impacting on the Quebec economy	(24,401)	-
Acquisition of other investments	(1,349,346)	(70,545)
Proceeds from disposal of other investments	1,232,666	-
Software	(918)	(1,582)
	(141,999)	(72,127)
Financing activities		
Issuance of common shares	129,274	79,054
Non-refundable grants	-	10,000
Share issue expenses	-	(144)
	129,274	88,910
Net change in cash and cash equivalents during the year	1,096	5
Cash and cash equivalents – Beginning of year	5	-
Cash and cash equivalents – End of year	1,101	5
Supplementary information		
Income taxes paid	333	-

Capital régional et coopératif Desjardins

Schedule of Unsecured Investments Impacting on the Quebec Economy

As at December 31, 2002

(in thousands of dollars)

	Industry segment	Unsecured investments			Total \$
		Common shares \$	Preferred shares \$	Debentures and advances \$	
Bas-Saint-Laurent					
Aqua-Biokem BSL inc.	I	-	200	-	200
Coopérative funéraire du Bas-Saint-Laurent	C	-	-	183	183
Gestion Arnold Gauthier inc.	I	-	80	160	240
Les Diamants du Saint-Laurent inc.	I	292	-	-	292
Total Bas-Saint-Laurent		292	280	343	915
Estrie					
2754-1564 Québec inc. (Groupe Beaudry)	I	-	101	-	101
9116-4509 Québec inc. (Plastiques Anchor Ltée)	I	-	400	-	400
Bois BissBeau inc. (Groupe Beaudry)	I	-	139	240	379
Camoplast inc.	I	2,698	-	-	2,698
Fivetricks inc.	I	-	120	160	280
IPS Thérapeutique inc.	S	-	40	120	160
TPI Plastics Inc.	I	-	-	400	400
Total Estrie		2,698	800	920	4,418
Montréal					
Aégera Thérapeutiques inc.	S	-	1,000	-	1,000
Artificial Mind & Movement Inc.	IT	694	-	972	1,666
BioAxone Thérapeutique inc.	S	-	522	-	522
Coencorp Consultant Corporation Inc.	IT	-	112	-	112
Coopérative Forestière des Hautes-Laurentides	C	-	-	950	950
Groupe Documens inc.	IT	-	667	-	667
IndustryHub Inc.	IT	-	400	-	400
KM Technologies inc.	IT	-	-	267	267
Lipso Systems Inc.	TC	-	300	-	300
LxSix Photonics Inc. (formerly Viamode Photoniques inc.)	TC	-	1,067	-	1,067
Neks Technologies Inc.	I	200	400	-	600
Opendesk Inc.	IT	-	400	-	400
Phytobiotech inc.	S	2,000	-	-	2,000
Ryschco Média inc.	IT	-	-	200	200
SDP Components Inc.	I	-	1,778	-	1,778
Silonex inc.	IT	800	-	-	800
StormMaker Software Inc.	IT	-	533	-	533
Technologies 20-20 inc.	IT	-	-	1,000	1,000
Technique d'usinage Sinlab inc.	I	-	-	181	181
Technologies Miranda inc.	TC	-	833	-	833
Total Montréal		3,694	8,012	3,570	15,276

Capital régional et coopératif Desjardins

Schedule of Unsecured Investments Impacting on the Quebec Economy ...continued

As at December 31, 2002

(in thousands of dollars)

	Industry segment	Unsecured investments			Total \$
		Common shares \$	Preferred shares \$	Debentures and advances \$	
Québec					
CO2 Solution inc.	S	-	-	80	80
DuponTrolley Industries inc.	I	-	-	280	280
Les Logiciels Dynagram inc.	IT	-	364	-	364
Matiss inc.	I	400	-	240	640
MayaTeck inc.	I	240	-	60	300
Usital Canada inc.	I	-	240	-	240
Viridis Biotech inc.	S	-	-	8	8
Total Québec		640	604	668	1,912
Richelieu-Yamaska					
Cogiscan inc.	IT	-	560	-	560
Rovibec inc.	I	-	160	160	320
Total Richelieu-Yamaska		-	720	160	880
Saguenay-Lac-Saint-Jean					
9020-4983 Québec inc. (Institut d'échafaudage du Québec)	I	236	-	-	236
Groupe Nova inc.	I	320	-	-	320
Les Luzernes Belcan du Lac-St-Jean inc.	C	160	-	120	280
Nature 3M inc.	I	100	-	60	160
Noxxent inc. (Institut d'échafaudage du Québec)	I	4	-	-	4
Total Saguenay-Lac-Saint-Jean		820	-	180	1,000
Total at cost		8,144	10,416	5,841	24,401
Unrealized appreciation (depreciation)					(491)
Funds committed but not disbursed					23,910
Fair value					9,819
					33,729

Industry segment legend

C: Cooperatives
 I: Industrial
 H: Health and Biotechnology
 TC: Telecommunications
 IT: Information Technology

Capital régional et coopératif Desjardins

Schedule of Unsecured Investments Impacting on the Quebec Economy ...continued

As at December 31, 2002

(in thousands of dollars)

Agreements related to unsecured investments impacting on the Quebec economy may include clauses providing for options as to conversion and redemption. These investments were all carried out during the year ended December 31, 2002.

The debentures and advances bear interest at a weighted average rate of 13.73% and have an average residual term of 4.25 years.

Allocation of investments by industry segment:

Industry segment	Unsecured investments \$	Funds committed but not disbursed \$	Total \$
Cooperatives	1,413	-	1,413
Industrial	10,049	2,534	12,583
Health and Biotechnology	3,770	4,330	8,100
Telecommunications	2,200	1,475	3,675
Information Technology	6,969	1,480	8,449
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Total at cost	24,401	9,819	34,220
Unrealized appreciation (depreciation)	(491)	-	(491)
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Fair value	23,910	9,819	33,729
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Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2002 and 2001

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

1 Governing statutes, mission, administration and investments

Governing statutes and mission

Capital régional et coopératif Desjardins (the “Company”) is constituted by an Act of the Quebec National Assembly (S.Q. 2001, c. 36) and is deemed to have been incorporated by the filing of statutes on July 1, 2001. The Company started its activities on November 5, 2001 and is a legal person with share capital whose mission is to:

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

Administration

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

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

Investments

The Company may invest in eligible entities, with or without a guarantee or security. Eligible entities include eligible cooperatives and partnerships or a legal person actively operating an enterprise, the majority of whose employees are resident in Quebec and with less than \$50,000,000 of assets and net equity of not more than \$20,000,000.

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 titles of an entity operating in Quebec but which is not an eligible entity. In such case, the Company may, directly or indirectly, acquire or hold shares representing up to a maximum of 30% of the voting rights, which can be exercised in all circumstances.

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2002 and 2001

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

1 Governing statutes, mission, administration and investments *(continued)*

During each fiscal year, from the fiscal year beginning on January 1, 2006, the portion of the Company's investments in eligible entities which does not entail any security or hypothec must represent on average at least 60% of the average net assets of the Company for the preceding year. Furthermore, a portion representing at least 35% of that percentage must be invested in entities situated in resource regions of Quebec or in eligible cooperatives.

2 Accounting change

During the year ended December 31, 2001, an amount of \$1,582,000 representing the cost of software development was recorded as an expense and an equivalent portion of the deferred grants was recorded against this expense, resulting in a nil effect on the net earnings. During the year ended December 31, 2002, the Company changed the accounting treatment of these items retroactively with restatement of the comparative figures. The restatement consisted in capitalizing the expense mentioned above and increasing the deferred non-refundable grants for the same amount. These changes did not affect any of the Company's net assets, net earnings or cash flows for the years ended December 31, 2001 and 2002.

3 Significant accounting policies

Use of estimates

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

Unsecured investments impacting on the Quebec economy

Unlisted shares and debentures and advances

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

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

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2002 and 2001

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

3 Significant accounting policies *(continued)*

Funds committed but not disbursed

Funds committed but not disbursed represent investments that have been agreed upon and where funds have been committed but not disbursed at the end of the year.

Other investments

Other investments consist of temporary investments recorded at the lower of cost and fair value and bonds recorded at their unamortized cost net of the provision for losses, if necessary. The fair value is calculated according to the market value, presented in note 4, which is the stock quotation closing price at the date of the balance sheet.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand. In accordance with sector practice, short-term investments with original terms to maturity of three months or less are not included in cash and cash equivalents but in other investments.

Software

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

Income taxes

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

Revenue recognition

Gains and losses on disposal of investments

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

Gains and losses on disposal of other investments are recorded at the date of sale and represent the difference between the sale proceeds and the cost.

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2002 and 2001

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

3 Significant accounting policies *(continued)*

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 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.

Non-refundable grants

The non-refundable grants received from the ministère de l'Industrie et du Commerce du Québec and the Mouvement des caisses Desjardins are allocated to net earnings when the related expenses are committed.

4 Other investments

a) Other investments include the following:

	2002	2001
	\$	\$
Bonds	187,206	-
Temporary investments		
Term deposits	500	70,545
Bankers' acceptance	1,217	-
	<hr/>	<hr/>
	188,923	70,545
Less: Funds committed but not disbursed	9,819	-
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	179,104	70,545
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Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2002 and 2001

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

4 Other investments (continued)

b) Allocation of investments by maturity date

Bonds	2002		
	1 to 5 years \$	More than 5 years \$	Total \$
Unamortized cost	103,430	83,776	187,206
Par value	100,000	78,500	178,500
Fair value	105,475	85,435	190,910
Average effective rate	4.75%	5.49%	5.04%
Average nominal rate	5.44%	6.58%	5.94%

The term deposit and bankers' acceptance mature in January 2003 and bear interest at the rate of 2.70% and 2.77% respectively.

The fair value of temporary investments as at December 31, 2002 was approximately equal to their book value.

5 Accounts receivable

	2002 \$	2001 \$
Subscriptions and membership dues receivable	1,450	10,272
Non-refundable grants receivable		
Mouvement des caisses Desjardins	-	5,000
Ministère de l'Industrie et du Commerce du Québec	-	5,000
Interest receivable on other investments	1,879	71
Sales taxes receivable	481	141
Other accounts receivable	482	-
	4,292	20,484

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2002 and 2001

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

6 Non-refundable grants

To accelerate the start-up of the Company and the development of its activities in various regions of Quebec, the ministère de l'Industrie et du Commerce du Québec and the Mouvement des caisses Desjardins granted the Company, in equal shares, non-refundable grants totalling \$10,000,000. These grants will allow the Company to pay its organization and start-up costs and set up a sectoral know-how allowing the support of the companies and cooperatives in their start-up phase and with their development. For the year ended December 31, 2002, \$2,993,000 (2001 – \$1,992,000, including \$1,848,000 recorded in earnings and \$144,000 in retained earnings) of these grants has been used. The balance of \$5,015,000 (2001 – \$8,008,000) has been deferred and presented in liabilities on the balance sheet.

7 Accounts payable and accrued liabilities

	2002 \$	2001 \$
Entity members of the Mouvement des caisses Desjardins		
Management fees	2,015	-
Other operating expenses	556	984
Shareholder services	1,178	324
Software	313	1,701
Start-up fees	-	2,141
	<hr/>	<hr/>
	4,062	5,150
Other	130	360
	<hr/>	<hr/>
	4,192	5,510
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8 Share capital

Authorized

The Company is authorized to issue common shares and fractions of common shares, participating, voting, with the right to elect two representatives to the Board of Directors, without par value, so that its capital increases by a maximum of \$150,000,000 annually to a maximum of \$1,500,000,000, redeemable subject to certain conditions provided under the Act.

Issued and fully paid

	2002 \$	2001 \$
20,832,862 Common shares (2001 – 7,905,450)	<hr/>	<hr/>
	208,328	79,054

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2002 and 2001

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

8 Share capital *(continued)*

During the year, the Company issued 12,927,412 common shares (2001 – 7,905,450) for a cash consideration of \$129,274,120 (2001 – \$79,054,500).

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 therefore in writing within 30 days after subscribing it; and
- at the request of a person who acquired it from the Company if that person is declared to have a severe and permanent mental or physical disability which makes this person incapable of pursuing his or her work.

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

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

9 Income taxes

For purposes of calculating taxable income in Quebec, the Company is authorized to deduct, for a given taxation year, an amount that is not more than its taxable income for the year. Accordingly, the Company's income will be exempt from Quebec income tax.

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

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2002 and 2001

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

9 Income taxes (continued)

a) The income tax expense is detailed as follows:

	2002 \$	2001 \$ (57 days)
Current income taxes	2,079	51
Future income taxes	(998)	-
	<u>1,081</u>	<u>51</u>

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

	2002 \$	2001 \$ (57 days)
Income taxes by applying the combined basic income tax rate of 29.12%	1,018	21
Large corporations tax*	88	30
Permanent differences between earnings before income taxes and taxable income and other	(25)	-
	<u>1,081</u>	<u>51</u>

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

c) Future income taxes relate to the following items:

	2002 \$	2001 \$
Future income tax assets		
Deferred non-refundable grants	1,460	-
Other items	143	-
	<u>1,603</u>	<u>-</u>
Future income tax liabilities		
Software	(605)	-
	<u>998</u>	<u>-</u>
Future income tax assets, net		

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

Capital régional et coopératif Desjardins

Notes to Financial Statements

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

10 Cash flows

The change in non-cash operating working capital balances consists of the following:

	2002	2001
	\$	\$
		(57 days)
Decrease (increase) in accounts receivable	16,192	(20,484)
Increase (decrease) in accounts payable and accrued liabilities	(1,318)	5,510
Increase in income taxes	1,337	21
	<hr/>	<hr/>
	16,211	(14,953)
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11 Related party transactions

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

	2002	2001
	\$	\$
		(57 days)
Earnings		
Caisse centrale Desjardins		
Interest on term deposits	1,161	71
Fédération des caisses Desjardins du Québec		
Paid expenses	-	2,096
Operating expenses	440	-
Desjardins Trust Inc.		
Paid expenses	-	1,217
Shareholder services	1,171	302
Investissement Desjardins inc.		
Paid expenses	-	978
Management fees	4,827	-
Mouvement des caisses Desjardins		
Non-refundable grant	1,497	924
Valeurs mobilières Desjardins		
Interest on other investments	3,175	-
Gain on disposal of other investments	1,698	-
Retained earnings		
Mouvement des caisses Desjardins		
Non-refundable grant	-	72

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

11 Related party transactions *(continued)*

	2002 \$	2001 \$ (restated)
Balance sheet		
Caisse centrale Desjardins		
Bankers' acceptances	1,217	-
Term deposits	500	70,545
Accounts receivable	78	71
Cash	1,018	5
Capital Desjardins inc.		
Bonds	15,485	-
Fédération des caisses Desjardins du Québec		
Accounts receivable	-	5,000
Software	701	-
Accounts payable and accrued liabilities	742	2,253
Desjardins Trust Inc.		
Accounts receivable	1,450	10,272
Software	1,379	1,532
Accounts payable and accrued liabilities	1,204	1,633
Fonds d'investissement Desjardins régionaux		
Accounts receivable	223	-
Investissement Desjardins inc.		
Accounts receivable	117	-
Accounts payable and accrued liabilities	2,116	1,264
Mouvement des caisses Desjardins		
Deferred non-refundable grant	2,508	4,004

12 Commitments

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

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

Capital régional et coopératif Desjardins

Notes to Financial Statements

December 31, 2002 and 2001

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

12 Commitments *(continued)*

The Company has appointed Desjardins Trust Inc., a Mouvement des caisses Desjardins corporation, to act as its registrar and transfer agent with respect to shareholder transactions. The term of this contract is three years and two months effective November 1, 2001 and is renewable annually under the same terms and conditions unless either party gives written notice to the contrary 180 days before the end of a year.

13 Financial instruments

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 for other 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 Caisse centrale Desjardins and Valeurs mobilières Desjardins, entities that are members of the Mouvement des caisses Desjardins.

14 Comparative figures

Grouping and presentation of comparative figures may vary from prior years in order to conform with the new presentation for the current year.