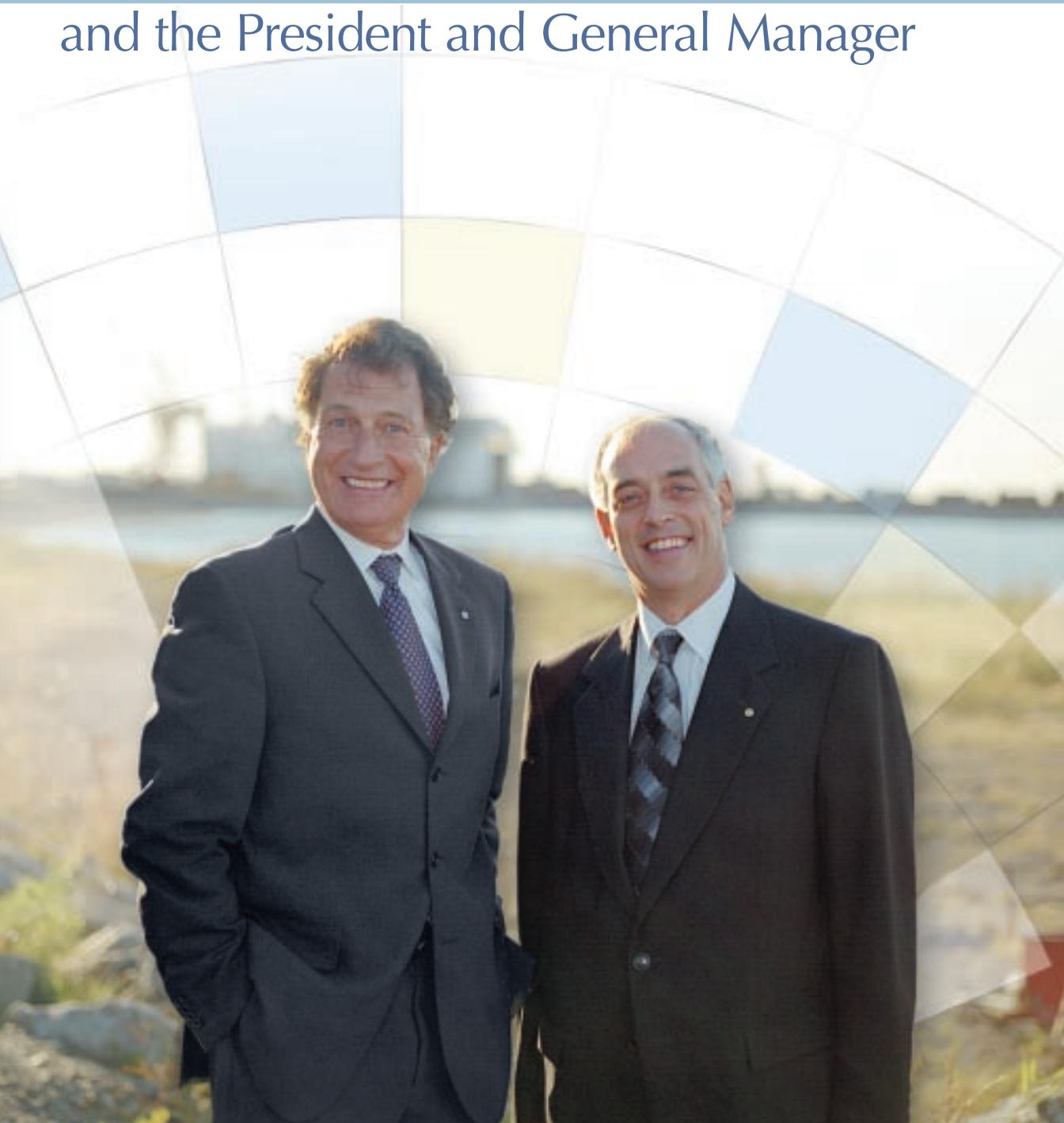


MESSAGE FROM THE CHAIRMAN OF THE BOARD and the President and General Manager



Half year marked by growth

Despite difficult economic conditions, the first six months of 2003 were marked by growth for Capital régional et coopératif Desjardins. Indeed, the Company carried out numerous investments and posted excellent results for the six-month period ended June 30, 2003.

In the first six months, we completed the 2002 share issue and undertook our 2003 capital-raising campaign. Thus, \$129.1 million of capital were injected into Capital régional et coopératif Desjardins during the six-month period, thereby boosting the total number of shareholders to 103,177 and the share capital to \$337.5 million as of June 30.

However, such growth will not be sustained in the second half of the year as a result of a new tax measure adopted by the Government of Québec in June 2003 whereby the annual increase in the share capital of the Company for the 2003 issue was capped at \$75 million instead of \$150 million. This measure underscored the scarcity already noted in connection with the sale of our shares.

Rise in share price

On August 18, 2003, the Company released its results for the period ended June 30, 2003. The Company reported net earnings in the amount of \$5 million and an increase in share price to \$10.24, up 12 cents since December 31, 2002. Barely 20 months following the launch of Capital régional et coopératif Desjardins, its shares therefore gained 24 cents over the initial subscription price. In this regard, we wish to highlight the excellent work performed by Desjardins Venture Capital¹ which, through prudent and skillful management of our investments, helped us not only to protect the capital of our shareholders but also generate significant returns on their behalf, even though our development capital investments are still in the early stages and not yet ready to generate positive spinoffs.

¹ On September 2, 2003, Investissement Desjardins changed its name to “Desjardins Venture Capital” in order to better reflect its specific operations.



Sustained presence in the Québec economy

During the first six months of the year, we authorized close to 20 new investments in companies located throughout the province. Thus, as at June 30, 2003, our portfolio consisted of 62 small- and medium-sized companies and cooperatives located in different regions and operating in various industries for a fair value totalling \$67.3 million.

In fact, our manager, Desjardins Venture Capital, has been ranked among the most active players in the Québec venture capital industry. With the support of the Desjardins network, which is already solidly established across the province of Québec, and that of socio-economic stakeholders, Desjardins Venture Capital is able to quickly identify businesses with high development potential.

Annual General Meeting: Highly regarded by shareholders

Over 2,500 persons attended our Company's second Annual General Meeting that was held in Montréal on March 28, 2003. In addition to presenting our 2002 results, the Meeting was an opportunity for shareholders to learn about the changes made to the Board of Directors. Indeed, five new directors were appointed, of which two were elected by shareholders attending the meeting or by proxy. We wish to express our gratitude once again to Messrs. Pierre Brossard, Raynald Bisson and Olivier Lavoie, outgoing directors, for their significant contribution to the Board of Directors of Capital régional et coopératif Desjardins since its inception. We are proud to welcome their replacements, Messrs. Serges Chamberland, Serge Cousineau and Pierre Gauvreau, as well as Ms. Carole Voyzelle and Mr. Jean Boisvert, who were re-elected and elected respectively as members of the Board through a secret ballot that took place at the Annual General Meeting. Their involvement in the Board of Directors is invaluable to our Company.



Sustained investments and expanded regional presence in second half of year

The tax measure adopted by the Government of Québec in June 2003 will slow the growth of our capitalization in the second half of the year. However, we will continue to make every effort to pick up the pace of our investments and fully play our role as an agent of economic development. Indeed, with the upcoming opening of several new business offices in the regions of Abitibi-Témiscamingue, Central Québec, Charlevoix-Côte-Nord, Gaspésie-Îles-de-la-Madeleine, Lanaudière, Laval-Laurentides, Mauricie, Montérégie and Outaouais, our manager, Desjardins

Venture Capital, will soon have 16 business locations across the province and therefore be closer to Québec companies and cooperatives.


Bruno Riverin

Chairman of the Board



Luc Chabot

President and General Manager

Since September 8, 2003, the Company's 2003 share issue has been fully subscribed. Many investors will be unable to benefit from our product as part of their 2003 financial planning. When the next issue becomes available, on March 1st, 2004, we therefore urge you to contact your Desjardins caisse advisor.

Financial Statements

The results presented are extracted from the interim audited financial statements prepared by PricewaterhouseCoopers. The complete interim financial statements of Capital régional et coopératif Desjardins including the notes and the auditors' report were deposited at the Commission des valeurs

mobilières du Québec. These financial statements can be obtained free of charge by communicating with the Company or by transmitting the attached order form. Except for the information presented on a common share basis and the number of shares, the information provided is in thousands of dollars.

BALANCE SHEETS

Assets

	AS AT JUNE 30, 2003 \$	AS AT DECEMBER 31, 2002 \$
Unsecured investments impacting on the Québec economy		
Investments (see schedule)	41,730	23,910
Funds committed but not disbursed (see schedule)	25,576	9,819
	67,306	33,729
Other investments	271,963	179,104
Accounts receivable	5,055	4,292
Cash and cash equivalents	2,586	1,101
Software (net of accumulated amortization of \$648; December 31, 2002 – \$420)	2,192	2,080
Future income taxes	267	998
	349,369	221,304

Liabilities

Deferred non-refundable grants	2,354	5,015
Accounts payable and accrued liabilities	1,644	4,192
Income taxes	502	1,358
	4,500	10,565

Net assets**Shareholders' Equity**

Share capital	337,449	208,328
Retained earnings	8,504	2,902
Unrealized appreciation (depreciation)	(1,084)	(491)
	344,869	210,739

Number of outstanding common shares

	33,680,235	20,832,862
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Net value per common share

	10.24	10.12
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STATEMENTS OF EARNINGS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30,
2003 2002

	2003 \$	2002 \$
Revenue		
<i>Realized revenue</i>		
Interest on other investments	5,817	977
Gain on disposal of other investments	4,205	-
Interest on debentures	447	17
Loss on disposal of unsecured investments impacting on the Québec economy	(736)	-
Negotiation fees	424	104
Membership dues	1,379	381
Change in unrealized appreciation (depreciation)	(593)	-
	10,943	1,479
Expenses		
Operating expenses	4,912	1,689
Shareholder services	1,151	600
Capital tax	466	93
Amortization of software	228	184
Non-refundable grants	(2,661)	(1,283)
	4,096	1,283
Earnings before income taxes	6,847	196
<i>Income taxes</i>	1,834	188
Net earnings for the period	5,013	8
Weighted average number of common shares	28,769,848	9,325,545
Net earnings per common share	0.17	0.00



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. The principal estimates are related to the determination of fair value of unsecured investments impacting on the Québec economy. 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 become known.

Unsecured investments impacting on the Québec 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.

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 period.

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

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.

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.

SCHEDULE OF UNSECURED INVESTMENTS IMPACTING ON THE QUÉBEC ECONOMY AS AT JUNE 30, 2003



	Initial investment year	Industry segment	Common shares \$	Preferred shares \$	Debentures and advances \$	Total \$
Bas-Saint-Laurent						
Aqua-Biokem BSL inc.	2002	I	-	200	40	240
Coopérative funéraire du Bas-Saint-Laurent	2002	C	-	-	158	158
Gestion Arnold Gauthier inc.	2002	I	-	80	320	400
Les Diamants du Saint-Laurent inc.	2002	I	292	-	-	292
TOTAL BAS-SAINT-LAURENT			292	280	518	1,090
Estrie						
9116-4509 Québec inc. (Plastiques Anchor Ltée)	2002	I	-	400	-	400
Bois BissBeau inc. (Groupe Beaudry)	2002	I	-	240	240	480
Camoplast inc.	2002	I	2,698	-	-	2,698
Crea Biopharma inc.	2003	H	-	-	140	140
Fivetacks inc.	2002	I	-	120	320	440
IPS Thérapeutique inc.	2002	H	-	80	120	200
Les Tissages Sherbrooke inc.	2003	I	320	-	-	320
Neptune Technologies & Bioressources inc.	2003	H	800	-	-	800
NeXCell BioSciences inc.	2003	H	-	-	85	85
TPI Plastics Inc.	2002	I	-	-	400	400
Uniflex Technologies inc.	2003	I	200	-	200	400
TOTAL ESTRIE			4,018	840	1,505	6,363
Montréal						
Aégera Thérapeutiques inc.	2002	H	-	1,000	-	1,000
Artificial Mind & Movement Inc.	2002	IT	694	-	972	1,666
Audisoft Technologies inc.	2003	TC	-	200	-	200
Aurelium BioPharma Inc.	2003	H	-	521	-	521
BioAxone Thérapeutique inc.	2002	H	-	1,000	-	1,000
Coencorp Consultant Corporation Inc.	2002	IT	-	112	-	112
Coopérative Forestière des Hautes-Laurentides	2002	C	-	-	848	848
Datacom Wireless Corporation Inc.	2003	TC	-	960	-	960
Groupe Documens inc.	2002	IT	-	667	200	867
IndustryHub Inc.	2002	IT	-	400	-	400
KM Technologies inc.	2002	IT	-	-	267	267
Lipso Systems Inc.	2002	TC	-	300	-	300
LxSix Photonics Inc. (formerly Viamode Photoniques inc.)	2002	TC	-	1,867	-	1,867
Meubles FLY America inc.	2003	I	-	6,400	-	6,400
Neks Technologies Inc.	2002	I	248	533	-	781
Opendesk Inc.	2002	IT	-	-	12	12
Original Solutions Inc.	2003	I	-	800	-	800
Osprey Pharmaceuticals Limited	2003	H	-	321	-	321
Phytobiotech inc.	2002	H	2,000	-	-	2,000
Polyplan Technologies Inc.	2003	IT	-	2,000	-	2,000
Procyon Biopharma inc.	2003	H	1,600	-	-	1,600
Ryshco Média inc.	2002	IT	-	-	200	200
SDP Components Inc.	2002	I	-	1,778	-	1,778
Silonex inc.	2002	IT	800	-	-	800
StormMaker Software Inc.	2002	IT	-	533	-	533
Technologies 20-20 inc.	2002	IT	-	-	1,000	1,000
Technique d'usinage Sinlab inc.	2002	I	-	511	-	511
Technologies Miranda inc.	2002	TC	-	833	-	833
TOTAL MONTRÉAL			5,342	20,736	3,499	29,577

Québec

	Initial investment year	Industry segment	Common shares \$	Preferred shares \$	Debentures and advances \$	Total \$
Biomax inc.	2003	I	200	-	40	240
Bioxalis Medica inc. (formerly Gelkem)	2003	H	-	720	-	720
CO2 Solution inc.	2002	I	-	-	80	80
DuponTrolley Industries inc.	2002	I	-	-	280	280
Les Fumets Sylvestre inc.	2003	I	-	-	80	80
Les Logiciels Dynagram inc.	2002	IT	-	364	-	364
Matiss inc.	2002	I	400	-	240	640
Portes Patio Résiver	2003	I	-	-	280	280
Produit forestiers BOB	2003	I	320	-	-	320
Usital Canada inc.	2002	I	-	240	-	240
Viridis Biotech inc.	2002	H	-	-	120	120
TOTAL QUÉBEC			920	1,324	1,120	3,364

Richelieu-Yamaska

Cogiscan inc.	2002	IT	-	800	-	800
Rovibec inc.	2002	I	-	160	160	320
TOTAL RICHELIEU-YAMASKA			-	960	160	1,120

Saguenay-Lac-Saint-Jean

9020-4983 Québec inc. (Institut d'échafaudage du Québec)	2002	I	236	-	80	316
Agricom inc.	2003	IT	-	-	20	20
Groupe Nova inc.	2002	I	320	-	200	520
Les Luzernes Belcan du Lac-St-Jean inc.	2002	C	160	-	120	280
Nature 3M inc.	2002	I	100	-	60	160
Noxxent inc. (Institut d'échafaudage du Québec)	2002	I	4	-	-	4
TOTAL SAGUENAY-LAC-SAINT-JEAN			820	-	480	1,300

TOTAL AT COST

			11,392	24,140	7,282	42,814
Unrealized appreciation (depreciation)						(1,084)
Funds committed but not disbursed						41,730
						25,576

FAIR VALUE

						67,306
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Industry segment legend

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

Agreements related to unsecured investments impacting on 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 14.1% and have an average residual term of 3.76 years.