

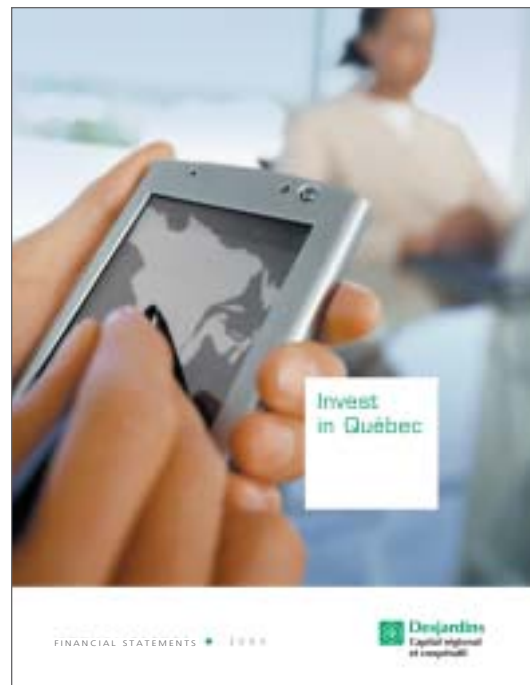
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Interim Financial Statements

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Capital régional et coopératif Desjardins
 2 Complexe Desjardins, Suite 1717
 P.O. Box 760, Desjardins Station
 Montréal, Québec
 H5B 1B8



 **Desjardins**
 Capital régional
 et coopératif

2 Complexe Desjardins
 P.O. Box 790, Desjardins Station
 Montréal, Québec H5B 1B9
 Telephone: 1 888 522-3222
 Fax: (514) 281-7808

Web site: www.capitalregional.com

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Message from the Chairman of the Board

A VERY POSITIVE FIRST HALF OF THE YEAR

Capital régional et coopératif Desjardins was highly active in the first six months of 2004. Most notably, the provincial government imposed a temporary moratorium on sales of the Company's shares, postponing the new share issue until April 19. Meanwhile, the Company's management arm, Desjardins Venture Capital, stepped up its pursuit of investments in Québec's various regions. As a result, the Company's new investments in companies in resource regions and in cooperatives were ten times greater than during the same period last year.

Moreover, the share price held steady at \$10.25 – excellent news for a fledgling venture capital fund. Since the Company accounts for investments using the fair value method, drops in value are frequently recorded at the beginning of the investment cycle, with successful results appearing later on (based on a 5-8 year cycle). Therefore, a \$4.3 million decline in the fair value of the Company's investment portfolio, was offset by a \$4.1 million gain stemming from the liquidity fund. In addition, during the first six months of 2004, the portfolio was rebalanced to better match the average maturity date with the redemption dates.

RECORD-BREAKING POPULARITY

Enthusiasm for Capital régional et coopératif Desjardins shares was even more pronounced this year. Capped at \$100 million, the new issue sold out in a record three weeks. Unfortunately, as a direct result of keen public interest, shares were in short supply and several investors came away empty-handed. In this respect, I would like to pay tribute to the Desjardins caisses network. The caisses were incredibly helpful and supportive during the government-imposed moratorium period, which took effect in February, and they went to great lengths to keep up with demand.

During the first six months of the year, some 45,000 investors injected \$101.2 million into Capital régional et coopératif Desjardins. As at June 30, there were 111,252 shareholders in total and share capital amounted to \$473.2 million, compared with 104,943 shareholders and \$372 million in share capital as at December 31, 2003.

At the half-year mark, Capital régional et coopératif Desjardins' net assets totalled \$481.2 million, compared with \$380.1 million as at December 31, 2003. In addition, the income statement showed a net loss of \$118,000 for the six-month period ended June 30, 2004, compared with net earnings of \$5 million during the same period in 2003, including the amortization of \$2.7 million in start-up grants; these grants were completely used up in 2003. This result may also be explained by the fair value declines recorded by a number of portfolio companies. These declines, however, were offset by equivalent portfolio gains.



EXPANDED PRESENCE IN COOPERATIVES AND RESOURCE REGIONS

Under its act of incorporation, Capital régional et coopératif Desjardins is required to invest 60% of its average net assets in SMEs and eligible Québec cooperatives by the end of fiscal 2006. In addition, at least 35% of this amount must be invested in resource regions around the province. Since its inception, the Company has actively strived to achieve this objective.

Investments in SMEs and cooperatives have reached impressive levels. Thanks to sustained initiatives throughout Québec, 42 investments totalling \$39.8 million were authorized in the first six months of the year. As at June 30, 2004, investments totalled \$126.5 million, compared with \$91.1 million at the end of 2003 – a 39% increase.

Furthermore, the Company significantly increased its investments in cooperatives and resource regions.

A total of \$11.8 million was invested in four cooperatives and eight companies in resource regions, as against \$740,000 invested in six cooperatives and companies in the first half of 2003.

As a result, the Company's total investment commitment with respect to cooperatives and companies in resource regions increased to \$20.3 million, divided among six cooperatives and 21 other companies. In this respect, we are very proud of our \$8.4 million investment in Matériaux Spécialisés Louiseville (Louiseville Speciality Products). Based in the Mauricie resource region, this company manufactures and markets a number of unique and patented building materials, including acoustic panels and fire-resistant products. As a result of this investment, Matériaux Spécialisés Louiseville acquired two divisions of Cascades Inc. (Matériaux Cascades and Convermat).

Finally, we intensified our marketing efforts aimed at cooperatives and other companies, and we expect to complete several large transactions by the end of the year.

MANAGEMENT CHANGE

On behalf of the Board of Directors and myself, I would like to thank Mr. Luc Chabot, who left the Company during the first six months of 2004. Mr. Chabot played a key role in building Capital régional et coopératif Desjardins, dating back to its inception. We are grateful for his contributions to the Company's growth and wish him the best of luck in his future endeavours.

Following Mr. Chabot's departure, I have agreed to serve as Interim President and General Manager until a successor is appointed.

(signed) Bruno Riverin

Chairman of the Board
Interim President and General Manager

Condensed Financial Statements

The results presented are extracted from the interim audited financial statements. The complete interim financial statements of Capital régional et coopératif Desjardins including the notes and the auditors' report were deposited at the Autorité des marchés financiers. 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 SHEET	As at June 30, 2004	As at December, 2003
	\$	\$
Assets		
Investments impacting on the Quebec economy		
Investments (see schedule)	93,295	61,438
Funds committed but not disbursed (see schedule)	33,201	29,623
	126,496	91,061
Investments	272,096	279,527
Income taxes receivable	80	-
Accounts receivable	4,236	3,611
Cash and cash equivalents	77,255	5,397
Software (net of accumulated amortization of \$1,105; December 31, 2003 – \$877)	2,135	2,363
Future income taxes	385	-
	482,683	381,959
Liabilities		
Accounts payable and accrued liabilities	1,455	1,377
Income taxes payable	-	185
Future income taxes	-	244
	1,455	1,806
Net assets	481,228	380,153
Shareholders' Equity		
Share capital	473,170	371,967
Retained earnings	14,034	11,627
Unrealized appreciation (depreciation)	(5,976)	(3,441)
	481,228	380,153
Number of outstanding common shares	46,957,853	37,085,339
Net value per common share	10.25	10.25

STATEMENTS OF EARNINGS For the six-month periods ended June 30,

	2004	2003
	\$	\$
Revenue		
Realized revenue		
Interest on investments	7,393	5,817
Gain on disposal of investments	4,093	4,205
Interest on debentures	1,209	447
Loss on disposal of investments impacting on the Quebec economy	(1,760)	(736)
Negotiation fees	429	424
Membership dues	287	1,379
Change in unrealized appreciation (depreciation)	(2,535)	(593)
	9,116	10,943
Expenses		
Operating expenses	7,292	4,912
Shareholder services	1,245	1,151
Capital tax	219	466
Amortization of software	228	228
Non-refundable grants	-	(2,661)
	8,984	4,096
Earnings before income taxes	132	6,847
Income taxes	250	1,834
Net earnings (loss) for the period	(118)	5,013
Weighted average number of common shares	41,976,438	28,769,848
Net earnings (loss) per common share	0.00	0.17

Notes to Financial Statements

June 30, 2004

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 the fair value of investments impacting on the Quebec economy. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, are reported in earnings (loss) in the period in which they are known.

Investments impacting on the Quebec 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 at the balance sheet date. Previously, fair value was calculated using the weighted average closing price for a 50-day period ending on the balance sheet date. The value of shares that are restricted in negotiability or transferability are 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 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.

Investments

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. Fair value is calculated according to the market value, which is the stock quotation closing price at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and short-term deposits with original terms to maturity of three months or less, the latter of which were previously classified with 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

Gains and losses on disposal of 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 period.

Gains and losses on disposal of 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 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.

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 recognized when the related expenses are committed.



Schedule of Investments Impacting on the Quebec Economy as at June 30, 2004



	Initial investment	Industry segment	Unsecured investments			Secured investments	Total
			Common shares \$	Preferred shares \$	Debentures and advances \$	Debentures and advances \$	
Bas-Saint-Laurent							
Aqua-Biokem BSL inc.	2002	I	-	640	120	-	760
Boutique Le Pentagone inc.	2003	I	-	-	413	-	413
Coopérative funéraire du Bas-Saint-Laurent	2002	C	-	-	108	-	108
Gestion Arnold Gauthier inc.	2002	I	-	80	293	-	373
Les Diamants du Saint-Laurent inc.	2002	I	292	-	-	-	292
Les Industries Francis Pelletier inc.	2003	I	80	-	80	-	160
Location Jesna inc. (9133 1355 Québec inc.)	2003	I	60	-	40	-	100
PG Systèmes d'information inc.	2003	IT	-	1,080	360	-	1,440
Total Bas-Saint-Laurent			432	1,800	1,414	-	3,646
Capitale-Nationale							
Bio Max inc.	2003	I	200	-	120	-	320
Bioxalis Médica inc.	2003	H	-	920	-	-	920
Dupont Industries inc. (formerly DupontTrolley Industries inc.)	2002	I	-	-	280	-	280
Labcal Technologies inc.	2004	IT	-	1,840	460	-	2,300
Les Logiciels Dynagram inc.	2002	IT	-	364	-	-	364
Usital Canada inc.	2002	I	240	-	240	-	480
Viridis Biotech inc.	2002	H	-	-	-	362	362
Total Capitale-Nationale			440	3,124	1,100	362	5,026
Centre-du-Québec							
Rovibec inc.	2002	I	-	160	146	-	306
Total Centre-du-Québec			-	160	146	-	306
Chaudière-Appalaches							
Coopérative de Travail Trans-Groupe	2004	C	-	-	1,200	-	1,200
Groupe BOB inc.	2003	I	320	-	320	-	640
Les Fumets Sylvestre inc.	2003	I	-	-	160	-	160
Matiss inc.	2002	I	400	-	400	-	800
Portes Patio Résiver inc.	2003	I	-	-	297	-	297
Total Chaudière-Appalaches			720	-	2,377	-	3,097
Estrie							
9116-4509 Québec inc. (Plastiques Anchor Ltée et Les Plastiques TPI inc.)	2002	I	-	400	-	-	400
Camoplast inc.	2002	I	2,697	-	-	-	2,697
Cogiscan inc.	2002	IT	-	800	315	-	1,115

	Initial investment	Industry segment	Unsecured investments			Secured investments	Total
			Common shares \$	Preferred shares \$	Debentures and advances \$	Debentures and advances \$	
Coopérative des employés Laser AMP inc.	2004	C	-	-	500	-	500
Coopérative de Travailleurs actionnaires Filage Sherbrooke	2004	C	-	-	1,524	-	1,524
Crea BioPharma inc.	2003	H	-	-	16	170	186
FilSpec Inc. (9120-0782 Québec inc.)	2004	I	400	-	-	-	400
FilSpec Inc. (9139-4841 Québec)	2004	I	160	-	-	-	160
Fivetricks inc.	2002	I	-	120	320	-	440
Gestion Ferti-Val inc.	2003	I	24	536	-	-	560
IPS Thérapeutique inc.	2002	H	-	80	80	40	200
Laser AMP inc.	2004	I	10	74	-	-	84
Les Entreprises Michel Lapierre inc.	2004	I	-	1,414	1,886	-	3,300
Les Plastiques TPI inc.	2002	I	-	-	400	-	400
Les Tissages Sherbrooke inc.	2003	I	320	-	280	-	600
Neptune Technologies & Bioressources inc.	2003	S	800	-	886	-	1,686
NeXCell BioSciences inc.	2003	S	-	-	-	150	150
Tranzyme Pharma inc. (formerly Néokimia inc.)	2003	S	-	-	1,600	-	1,600
Uniflex Technologies inc.	2003	I	200	-	200	-	400
Total Estrie			4,611	3,424	8,007	360	16,402
Lanaudière							
Dessert & Passion inc.	2003	I	-	160	80	-	240
Total Lanaudière			-	160	80	-	240
Laurentides							
Coopérative Forestière des Hautes-Laurentides	2002	C	-	-	678	-	678
Triton Électronique inc.	2003	I	-	2,000	-	-	2,000
Total Laurentides			-	2,000	678	-	2,678
Laval							
Datacom Wireless Corporation inc.	2003	TC	-	1,600	-	-	1,600
Meubles Fly America inc.	2003	I	-	6,400	-	-	6,400
Neks Technologies inc.	2002	I	248	667	-	-	915
Technique d'usinage Sinlab inc.	2002	I	-	511	-	-	511
Technologies 20-20 inc.	2002	TI	-	-	1,000	-	1,000
Total Laval			248	9,178	1,000	-	10,426
Mauricie							
Cilyls 53 inc.	2003	TC	-	945	-	-	945
Matériaux Spécialisés Louiseville inc.	2004	I	-	-	8,200	-	8 200
Total Mauricie			-	945	8,200	-	9,145
Montérégie							
AudiSoft Technologies inc.	2003	TC	-	217	531	-	748
Coencorp Consultant Corporation	2002	TI	-	112	-	-	112
Distech Contrôles inc.	2003	TI	-	718	280	-	998
Plante Snack Foods (3523454 Canada inc.)	2003	I	48	-	40	-	88
Total Montérégie			48	1,047	851	-	1,946
Montréal							
Aegera Therapeutics Inc.	2002	H	-	1,334	2,496	-	3,830
Artificial Mind & Movement inc.	2002	IT	694	-	875	-	1,569
Aurelium BioPharma inc.	2003	H	-	1,602	-	-	1,602
Avance Pharma Inc.(formerly Phytobiotech)	2002	H	2,000	-	-	-	2,000
BioAxone Thérapeutique inc.	2002	H	-	2,000	-	-	2,000
Cardianove inc.	2003	H	-	640	-	-	640

	Initial investment	Industry segment	Unsecured investments			Secured investments	Total \$
			Common shares \$	Preferred shares \$	Debentures and advances \$	Debentures and advances \$	
Chronogen inc.	2003	H	-	1,977	-	-	1,977
Coradiant inc.	2004	IT	-	3,140	-	-	3,140
Fonds d'investissement MSBI, société en commandite	2004	F	460	-	-	-	460
Gestion MSBI inc.	2004	F	154	-	-	-	154
IndustryHub inc.	2002	IT	-	400	-	50	450
Invidex inc.	2003	IT	-	2,800	-	-	2,800
ISAC Technologies inc.	2003	IT	1,536	-	-	-	1,536
Les Reproductions BLB inc.	2004	I	-	100	300	-	400
Lipso Systems inc.	2002	TC	-	800	-	-	800
LxSix Photonics inc.	2002	TC	-	1,867	-	-	1,867
Nextal Biotechnologies inc.	2003	H	-	521	-	-	521
Nstein Technologies inc.	2004	IT	192	-	-	-	192
Original Solutions inc.	2003	I	-	800	-	-	800
Osprey Pharmaceuticals Limited	2003	H	-	321	224	-	545
PainCeptor Pharma Corporation	2004	H	-	2,162	-	-	2,162
Polyplan Technologies inc.	2003	IT	-	2,000	-	-	2,000
Procyon Biopharma inc.	2003	H	1,600	-	-	-	1,600
Resonant Medical inc.	2004	H	-	2,800	-	-	2,800
Ryshco Media inc.	2002	IT	-	-	-	200	200
SDP Components inc.	2002	I	-	1,778	-	-	1,778
StormMaker Software inc.	2002	IT	-	534	-	-	534
Technologies Miranda inc.	2002	TC	-	2,036	-	-	2,036
Timespring Software Corporation	2003	IT	-	2,800	-	-	2,800
Total Montréal			6,636	32,412	3,895	250	43,193
Outaouais							
Cactus Commerce inc.	2004	TI	-	800	-	-	800
Total Outaouais			-	800	-	-	800
Saguenay-Lac-Saint-Jean							
Agricom inc.	2003	TI	-	80	-	-	80
Bois B.T. (9131-9210 Québec inc.)	2003	I	50	-	150	-	200
Champi-Lac (9124-0598 Québec inc.)	2004	I	-	80	120	-	200
C.R.O.I. (9068-6767 Québec inc.)	2004	I	80	-	80	-	160
Groupe Nova inc.	2002	I	320	-	200	-	520
Institut d'échafaudage du Québec (9020-4983 Qc inc.)	2002	I	236	-	80	-	316
Les Luzernes Belcan du Lac-St-Jean inc.	2002	C	226	-	120	-	346
Nature 3M inc.	2002	I	100	-	60	-	160
Noxent inc. (Institut d'échafaudage du Québec)	2002	I	4	-	-	-	4
Thermo-Tech (9132-8716 Québec inc.)	2003	I	-	18	262	-	280
Végétolab inc.	2003	I	32	-	68	-	100
Total Saguenay-Lac-Saint-Jean			1,048	178	1,140	-	2,366
Total at cost			14,183	55,228	28,888	972	99,271
Unrealized appreciation (depreciation)							(5,976)
Sub-total							93,295
Funds committed but not disbursed							33,201
Fair value							126,496

Industry segment legend

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

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

The debentures and advances bear interest at a weighted average rate of 12.20% and have an average residual maturity of 4.4 years.



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This site is intended to be a comprehensive, user-friendly communications tool designed for and accessible to all users. In addition to highlighting Capital régional et coopératif Desjardins and its achievements through the publication of news, the site answers questions that may be raised by shareholders, business people and the general public. It also features a variety of topics, including our affiliated organizations, shareholder services and an FAQ.

