Desjardins
Capital régional
et coopératif

2005 ANNUAL REPORT

INVEST IN QUÉBEC

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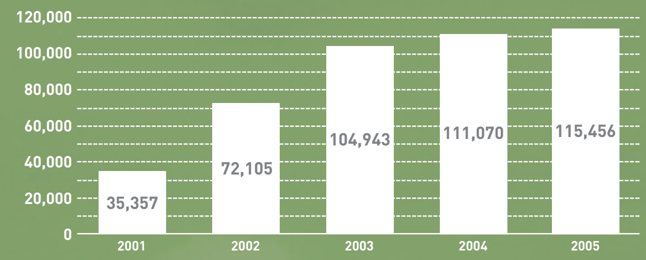

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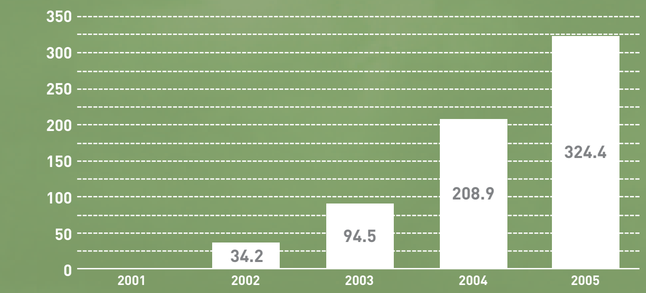

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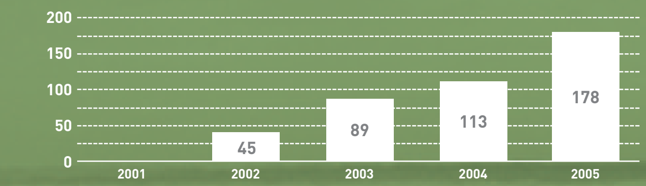

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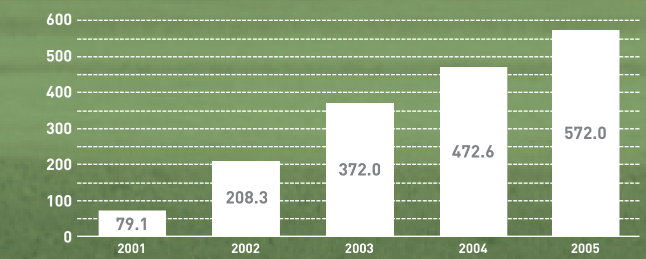

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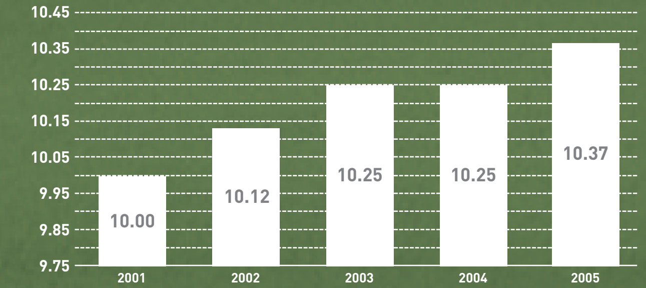


MESSAGE FROM THE CHAIRMAN OF THE BOARD

INVESTING IN GROWTH ACROSS QUÉBEC

Amid continued transition in 2005, the Québec venture capital industry was spurred by the arrival of new market players, in particular FIER Partners and a number of foreign investors.

In 2005, investments in the industry were up 12% compared with 2004, with growth companies receiving the lion's share for the second straight year. In keeping with its growth-driver role, Capital régional et coopératif Desjardins was involved in five of the ten largest financing rounds in Québec in 2005.

Against that backdrop, the Company continued to favour forward-looking projects in the pursuit of its twin mandate: investing to stimulate the economy in all regions of Québec while delivering attractive shareholder returns and working to maintain the share price level over the short and medium terms. In this regard, we are very pleased to note that our share price was $10.37 as at December 31, 2005.

During the year, investments reached quite impressive levels. As at December 31, 2005, a total of $309.1 million was committed, including $133.7 million in eligible investments in cooperatives and companies in resource regions. As at December 31, 2005, more than 97% of our investments were in eligible entities, with 43% in cooperatives and resource regions. We are proud to report that we are ahead of our targets in this regard and are quite confident that the requirements set out in the Company's incorporating act will be met in 2006. Thanks to our active involvement in FIER Partners and Desjardins – Innovatech S.E.C. (both transactions were concluded in 2005), resource-region investment levels should be maintained if not increased.

In 2005, we forged closer ties with the Desjardins Business Centres, thereby generating a number of transactions and providing Québec entrepreneurs with "one-stop" service convenience. I am particularly grateful to Louis L. Roquet, President and Chief Operating Officer of Desjardins Venture Capital (the Company's manager), who undertook a cross-Québec tour in 2005 with a view to strengthening these relationships. Our invaluable links with various Desjardins Group entities have played a key role in the growth we have recorded over the past five years.

I would also like to recognize the outstanding efforts of the Desjardins caisse network, which runs our annual capital raising programs with a skilled and steady hand. In 2005, the Company's share issue sold out within a week. My thanks as well to our manager, Desjardins Venture Capital, for its enlightened investments and its extensive efforts, enabling us to meet if not exceed our goals. I would also like to pay tribute to the hard work of the Board of Directors, whose contributions are key to our success.

In closing, I would like to extend a warm welcome to Josée Fortin, who was recently elected to serve on the Board, in addition to Bruno Morin, who was appointed General Manager of the Company in 2005. Mr. Morin's responsibilities include overseeing and monitoring compliance with the requirements imposed on us by our incorporating act. I am confident that his extensive knowledge of the entrepreneurial and cooperative sectors will be a tremendous asset to Capital régional et coopératif Desjardins.

André Lachapelle
Chairman of the Board of Directors

YEAR IN REVIEW

FROM LEFT TO RIGHT

Marie-Claude Boisvert:	Senior Vice-President, Desjardins Venture Capital and Chief Financial Officer of the Company
Bruno Morin:	General Manager of the Company
Louis L. Roquet:	President and Chief Operating Officer, Desjardins Venture Capital
Denis Williams:	Senior Vice-President Investments, Desjardins Venture Capital

CONTINUED GROWTH

Capital régional et coopératif Desjardins is proud of its many achievements in 2005. Our share issue, which sold out within a week, raised $100.6 million with the participation of 43,679 shareholders. In addition, commitments to 106 companies and cooperatives totalled $116.5 million, in line with the 2004 level. Approximately 37 % of that amount consisted of reinvestments in portfolio companies. Commitments totalling $18.4 million were made in 11 cooperatives.

As at December 31, 2005, the Company's net assets totalled $586.7 million, compared with $480.6 million at the same date in 2004, with a total of 115,456 shareholders.

Moreover, as at December 31, 2005, the share price was established at $10.37. This price is set twice a year and depends on the valuation of our portfolio companies, together with the impact of interest rate changes on the liquid investment portfolio.

ANSWERS TO SHAREHOLDERS' QUESTIONS

Some shareholders have voiced concerns about the duration of the shareholding period. Although the Company does not anticipate redeeming all of its shares, it has prepared for that eventuality and will have sufficient liquid assets to do so. It is also important to note that share redemptions have a number of consequences for shareholders, most notably their ineligibility for the tax credit on subsequent share purchases.

Furthermore, other shareholders have asked about the Company's return, which they consider quite low. This situation is explained by the relatively recent creation of our portfolio. In fact, venture capital investments tend to follow a cycle of roughly five to eight years, with results usually generated in the latter stages of the cycle. Moreover, many – but not all – investments are profitable over the long term. For instance, although Meubles Fly America's 2005 bankruptcy resulted in losses, we reaped impressive profits on Miranda Technologies' initial public offering and Cilys' acquisition by a U.S. company. The Company's return should thus be considered over the long run and, in this regard, I am confident that most shareholders will be satisfied with our performance.

CONCRETE ACTION IN SUPPORT OF GOOD GOVERNANCE

In 2005, the Company's Board of Directors adopted a corporate governance policy. Although it is not required to adhere to the governance guidelines for issuers under Canadian securities legislation, the Company has voluntarily chosen to do so. This policy complies with the regulatory requirements prescribed by the Autorité des marchés financiers and is consistent with the Desjardins Group's direction.

THE BENEFITS OF TEAMWORK

The Company's success is attributable to the hard work of several teams. Above all, the day-to-day efforts of Desjardins Venture Capital, which selects, analyzes and executes our investments and manages our portfolio, deserve recognition. I would also like to pay tribute to the Desjardins Business Centres, which work closely with our manager with a view to identifying potential investments. In addition, trustee-related services are provided by Desjardins Trust, while shares are sold by the experienced employees in the Desjardins caisse network, to whom I extend my warmest thanks.

On a more personal note, I was delighted to be appointed General Manager of Capital régional et coopératif Desjardins in 2005. In that capacity, I am responsible for ensuring compliance with accounting and reporting standards, representing the Company in matters involving the Autorité des marchés financiers, providing day-to-day monitoring of management contracts entered into with other Desjardins Group companies and ensuring compliance with the provisions thereof.

In closing, I would like to thank the shareholders of Capital régional et coopératif Desjardins not only for the trust they have shown since the Company was founded, but also for their contributions to growth in all regions of Québec.

Bruno Morin
General Manager

INVESTMENTS

STRATEGIC COMMITMENTS TO RESOURCE REGIONS AND COOPERATIVES

In 2005, Capital régional et coopératif Desjardins authorized a large number of investments, for a total of $116.5 million in 106 companies and cooperatives across Québec. These investments were diversified by economic sector, with a high concentration in the traditional sectors.

New tools were developed to better meet the financing needs of companies throughout the province. For example, Financement Croissance Desjardins was launched in Spring 2005 in the resource regions. After a short trial period and due to strong demand, the program was expanded across Québec in November 2005 to reach even more entrepreneurs. Approximately ten financing projects were completed in just nine months.

Thanks to new financing vehicles specifically designed for various types of Québec cooperatives, more cooperatives are being reached each year. In addition, a cooperative business line was introduced and a sector-specific team was set up in 2005.

NEW INVESTMENTS AND REINVESTMENTS

New authorized investments in 39 partner companies totalled $49.3 million in 2005. These included:

- A $3.7 million stake in Tranzyme Pharma in one of the largest financing rounds in the Canadian life sciences sector.
- $3.1 million in Gemofor, a company located in Normandin (Saguenay–Lac-Saint-Jean region) that designs, manufactures and installs high-tech lumber handling equipment for sawmills and planer mills.
- $1.9 million in Sherbrooke-based Mésotec, which manufactures high-precision parts and tools for the aeronautics, automotive and electronics industries.

In addition, we authorized a $25 million investment in FIER Partners.

Furthermore, 73 partner companies received our vote of confidence in the form of $43.2 million in authorized reinvestments designed to promote growth-oriented projects.

INVESTMENTS IN RESOURCE REGIONS AND COOPERATIVES

During 2005, we authorized $81.4 million in eligible investments in resource regions and cooperatives – an outstanding volume level. By the end of 2006 (i.e., within the prescribed statutory timeframe), the Company is likely to meet the requirements set out in its incorporating act.

Our presence in cooperatives increased significantly, with commitments of nearly $18.4 million in 2005. The Québec cooperative movement seems increasingly willing to consider venture capital as a financing source, and the Company's portfolio features several successful examples in this regard.

These examples include the creation of shareholding workers cooperatives, a potentially attractive option during the business ownership transfer process. In 2005, the Company financed the creation of a shareholding workers cooperative with 87 employees from Congébec Logistique. Thanks to this investment, the cooperative's employees were able to purchase a portion of the founder's shares. In addition to enhancing their sense of ownership, the new structure gives the employees a share of any profits.

Continuity partly ensured by the creation of a shareholding workers cooperative.

FROM LEFT TO RIGHT

Richard Dubreuil: General Manager of operations, Congébec Logistique and President of Coopérative de travailleurs actionnaires

Renaud Lapierre: Chief Executive Officer, Congébec Logistique

Other cooperative investments authorized in 2005 included:

- $3.7 million in Mont-Laurier's Coopérative Forestière des Hautes-Laurentides (Upper Laurentians region), which specializes in timber harvesting, forestry management/planning and seedling production.
- $3 million in Qualiporc Regroupement Coopératif, located in Les Cèdres (Montérégie region) and specializing in pork processing (slaughtering/cutting) and distribution.

PARTNERSHIPS

DESJARDINS – INNOVATECH S.E.C.

One of the most important partnership initiatives of 2005 was undoubtedly the creation of Desjardins – Innovatech S.E.C., co-owned by Capital régional et coopératif Desjardins (53.1%) and the Government of Québec (46.9%) and poised to inject an additional $30 million into the Québec venture capital industry. In addition to covering the resource regions, this partnership will provide start-up financing, particularly in the technological innovation sector. Desjardins – Innovatech S.E.C. already has some 40 portfolio companies, due primarily to the transfer of participating interests from Société Innovatech Régions ressources. Since its inception, Desjardins – Innovatech S.E.C. has generated $1.6 million in new commitments.

FIER PARTNERS L.P.

In March 2005, Capital régional et coopératif Desjardins and three partners (Investissement Québec, the Fonds de solidarité FTQ and Fondaction CSN) announced the creation of FIER Partners L.P., a limited partnership designed to support the set-up of sector-specific development funds. As part of this venture, Capital régional et coopératif Desjardins authorized a $25 million investment, all of which was resource-region eligible. With an initial capitalization of $180 million, FIER Partners will invest $80 million to create sector-specific development funds in support of company start-ups, with an additional $100 million earmarked for viable, profitable and strategic large-scale projects providing broad-based benefits, particularly on a regional basis.

FROM LEFT TO RIGHT

Ghislain Blanchet:	Regional Director, Desjardins – Innovatech S.E.C.
André Lachapelle:	Chairman of the Board of Directors of the Company
Alban D'Amours:	Desjardins Group President and Chief Executive Officer
Louis L. Roquet:	President and Chief Operating Officer, Desjardins Venture Capital

DISPOSALS

Even though venture capital investments are usually profitable, there are a number of associated risks. Despite the rigorous investment criteria applied when selecting portfolio companies, problems sometimes arise. For example, radical and unforeseen changes in economic conditions or target markets may lead to insurmountable difficulties for some companies.

The foregoing applies to Meubles Fly America, which despite a realistic business plan and a competent management team saw its financial position deteriorate during the year due to market consolidation and excessively high operating costs. Although all possible steps were taken to ensure the company's survival, bankruptcy could not be avoided. In addition to the financial considerations, the termination of Meubles Fly America's operations had unfortunate consequences for the employees and creditors directly affected by the situation. Indeed, all stakeholders had worked tirelessly to ensure the company's survival.

Although those efforts did not pan out, other companies do manage to overcome the difficulties they face. For instance, at one point, Miranda Technologies found itself seriously affected by the problems facing the telecommunications industry. In less than three years, however, the company operated a complete turnaround, and its initial public offering in 2005 was one of the most successful in the past five years.

FROM LEFT TO RIGHT

Luc Ménard:	Sector Director - Telecommunications, Desjardins Venture Capital
Strath Goodship:	President and CEO, Miranda Technologies
René Vachon:	Executive Vice-President and CFO, Miranda Technologies
Fabrice Lucherini:	Vice-President - Technologies, Desjardins Venture Capital

In less than 12 months, two highly successful IPOs took place: Miranda Technologies and Technologies 20-20, which went public in December 2004. This highly favourable development points to renewed market confidence in technology companies.

In addition, Cilys was purchased by a U.S. company in 2005, with Capital régional et coopératif Desjardins' minority stake sold for a profit after being held for only 18 months – quite an exceptional turn of events given that the Company's investment duration is usually five to eight years.

BUSINESS SUCCESSION IN QUÉBEC

Business succession is a major concern in Québec since more than 90% of the province's companies are small and medium-sized businesses with fewer than 100 employees; 51% of these companies will be changing ownership over the next 10 years, with succession (primarily a human resources issue) taking anywhere from three to five years. It is crucial that ownership be transferred successfully given the large numbers of jobs involved.

Given the increased frequency of business ownership transfers, this type of investment accounts for a significant portion (nearly 25%) of the Company's portfolio.

A number of investments in 2005 led to successful business ownership transfers, including:

- $2.6 million in Québec City-based Engrenage Provincial, enabling senior management to acquire a stake in this growing company, which specializes in the distribution and integration of hydraulic components for the mobile and industrial equipment markets.
- $0.9 million in Les Emballages Deltapac, located in Montréal's Anjou district and specializing in the manufacture of high-density polyethylene bottles via the "blow molding" process.
- $1.7 million in CIF Métal, an aluminum and zinc alloy foundry in Thetford Mines (Chaudière-Appalaches region), as part of an $8 million project in the Asbestos region.

It should be noted that the above ownership transfers were all referred by Desjardins Business Centres, thus demonstrating the numerous advantages of Desjardins' synergy for entrepreneurs.

HARD-WORKING INVESTMENT TEAMS

In 2005, the Company's manager (Desjardins Venture Capital) continued to build on the strength of its various teams, particularly on a regional basis. Desjardins Venture Capital continues to deploy its expertise and enhance its presence across Québec, including the addition of experienced human resources in the Beauce, Abitibi-Témiscamingue, Côte-Nord and Gaspésie regions. Desjardins Venture Capital's service offering now extends throughout the province, with all human resources having in-depth knowledge of their assigned regions.

Louis L. Roquet, President and Chief Operating Officer of Desjardins Venture Capital, completed a province-wide tour in 2005, including some 60 public appearances. Meetings were held with representatives from the business community (entrepreneurs, professional associations and other socio-economic stakeholders) to discuss their various needs, challenges and realities and to outline Desjardins Venture Capital's over 30-year role in the industry. These meetings led to a large number of investments.

Continuity ensured by a family transfer.

FROM LEFT TO RIGHT

Philippe Constancis:	General Manager, Mésotec
Paul Constancis:	Chairman of the Board of Directors, Mésotec

Continuity ensured by a management buyout.

FROM LEFT TO RIGHT

Jean Marcoux:	President and General Manager, CIF Métal
Marc Rouleau:	Ex-Chairman of the Board of Directors, CIF Métal

Mr. Roquet's tour also resulted in closer ties with the Desjardins Business Centres, which operate across Québec and serve as a gateway for entrepreneurs seeking Desjardins products and services, including venture capital. In many cases, investment projects are first analyzed by a Desjardins Business Centre, which then calls on Desjardins Venture Capital to expand on the offers made to entrepreneurs.

Thanks to these closer ties, Québec entrepreneurs now have access to convenient "one-stop" financing – an invaluable tool for growth.

MAJOR ISSUES IN 2006

In 2006, Capital régional et coopératif Desjardins will continue to invest in resource regions and cooperatives. Numerous efforts will be devoted to supporting the growth of portfolio companies, particularly via reinvestments. The Company will continue to draw on its business transfer expertise with a view to ensuring long-term regional economic prosperity.

However, due to the limits imposed on authorized capital increases over the past four years, the Company's investment capacity has been reduced. An appropriate solution will have to be found to contribute proactively to the economic development of all Québec regions, particularly the resource regions.

BOARD OF DIRECTORS

OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS (FEBRUARY 8, 2006)

The Company's business is administered by a Board of Directors made up of the following persons:

01 **ANDRÉ LACHAPELLE** (2) (4)
Chairman of the Company's Board of Directors, Notary with Gagnon, Cantin, Lachapelle, Sasseville, Éthier, Riopel, Hébert, Lord, Ostiguy

02 **YVES LAVOIE** (2) (4)
Vice-Chairman of the Company's Board of Directors, Corporate Director

03 **GILBERT BEAULIEU**
Secretary of the Company's Board of Directors, General Manager, Caisse Desjardins de Vaudreuil-Dorion

04 **BRUNO MORIN** (4)
General Manager of the Company, Senior Vice-President, Investment Funds and Trust Services, Fédération des caisses Desjardins du Québec

05 **LORRAIN BARRETTE, FCA** (1)
President, Caisse Desjardins de Rouyn-Noranda

06 **JEAN BOISVERT** (1) *
President, Solvteq inc.

07 **ÉVANGÉLISTE BOURDAGES** (3)
President, Gestion Bourgade

08 **SERGES CHAMBERLAND, M.B.A.** (1) (4)
Assistant General Manager, Administrative and Financial Services, City of Saguenay

09 **SERGE COUSINEAU**
General Manager, Caisse Desjardins de Drummondville

10 **CAMILLE FORTIER** (3)
Corporate Director

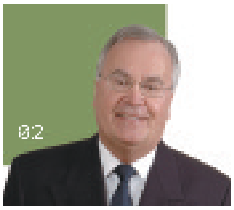
11 **JOSÉE FORTIN, M.B.A.**
Manager, Commercial Division, Julien inc.

12 **PIERRE GAUVREAU, FCA** (2) (3)
Corporate Director

13 **CAROLE VOYZELLE** (2) *
President and General Manager, Québec Metro High Tech Park

(1) Member of the Audit Committee
(2) Member of the Executive Committee
(3) Member of the Ethics and Professional Conduct Committee
(4) Member of the Investment Committee
* Outgoing Director eligible for re-election at the Annual General Meeting of Shareholders.

All Directors are appointed or elected each year, in accordance with the Company's Incorporating Act and General Bylaws.



COMPANY DIRECTORS AND COMMITTEE MEMBERS: ATTENDANCE AND COMPENSATION FOR 2005

NAME	BOARD OF DIRECTORS	EXECUTIVE COMMITTEE	AUDIT COMMITTEE	INVESTMENT COMMITTEE	ETHICS AND PROFESSIONAL CONDUCT COMMITTEE	AD HOC COMMITTEE	TOTAL COMPENSATION
BARRETTE, LORRAIN	9/9		5/5				$ 21,500.00
BEAULIEU, GILBERT	8/9						$ 18,000.00
BOISVERT, JEAN	9/9		5/5				$ 21,500.00
BOURDAGES, ÉVANGÉLISTE	7/9				8/9		$ 22,950.00
CHAMBERLAND, SERGES	9/9		5/5	2/5			$ 27,900.00
COUSINEAU, SERGE	7/9		3/3				$ 18,500.00
FORTIER, CAMILLE	4/6				4/4		$ 12,438.46
GAUVREAU, PIERRE	6/9	7/10			4/4	1/1	$ 21,800.00
LABELLE, LUC	3/3				5/5		$ 6,800.00
LACHAPELLE, ANDRÉ	6/6	4/4		3/3			$ 27,807.69
LAFLAMME, JEAN	---			5/5			$ 7,500.00
LANDRY, JEAN-LUC	---			5/5			$ 7,500.00
LAVOIE, YVES	9/9	10/10		5/5		1/1	$ 27,200.00
MORIN, BRUNO (1)	6/6			3/3			$ 6,538.46
RIVERIN, BRUNO	3/3	6/6	2/2	2/2	1/1		$ 37,892.31
ROQUET, LOUIS L. (2)	---			4/5			$ 7,000.00
VERREAULT, DENISE	2/3				5/5	1/1	$ 7,925.00
VOYZELLE, CAROLE	9/9	10/10				1/1	$ 23,300.00
NUMBER OF MEETINGS	9	10	5	5	9	1	$ 324,051.92

NOTE

Mr. Lachapelle replaced Mr. Riverin as of May 5, 2005.

Mr. Fortier replaced Mr. Labelle as of May 5, 2005.

Ms. Verreault left her position on April 1, 2005.

Mr. Morin took up his duties as General Manager on May 5, 2005. As regards the General Manager's compensation, an annual lump sum of $10,000 is paid.

(1) Compensation paid to Fédération des caisses Desjardins du Québec
(2) Compensation paid to Desjardins Venture Capital

COMMITTEE REPORTS

EXECUTIVE COMMITTEE

The Executive Committee's activities focused on the Company's governance, including its corporate governance rules and practices, and on updates to the investment policy and the management agreement between the Company and Desjardins Venture Capital. The Committee also reviewed purchase-by-agreement reports, concentrating in particular on monitoring investments in difficulty requiring specific action.

AUDIT COMMITTEE

The Audit Committee's role involves assisting the Board of Directors in the discharge of its oversight responsibilities. The Committee's mandate primarily consists of reviewing the financial statements and their presentation, in addition to the quality of accounting principles, financial reporting-related risk management procedures, internal control systems, internal and external audit processes, related audit procedures and regulatory compliance management.

The Committee reviews the Company's quarterly and interim financial statements, in addition to the annual report. It discusses important issues relating to accounting principles and financial statement presentation.

The Committee ensures that the Company's manager, Desjardins Venture Capital, has developed and implemented an effective internal control system with respect to financial reporting, asset safeguarding, fraud detection and regulatory compliance. It also ensures that the Company's manager has implemented systems to manage the main risks that could affect the Company's financial results.

The Committee has direct authority over the external auditors. As part of its responsibilities in this respect, the Committee ensures and maintains the external auditors' independence by authorizing all non-audit services; recommends the auditors' appointment or re-appointment; sets and recommends the auditors' compensation; and evaluates the auditors on an annual basis. The Committee also oversees the external auditors' work and reviews their proposal, mandate, annual audit plan and reports, in addition to their management letter and management's response. During the year, the Company adopted an external auditor policy setting out the rules governing (i) the selection of the external auditors, (ii) the awarding of audit engagements and other services and (iii) the recruitment of personnel from chartered accounting firms.

In 2005, the Company also adopted a policy governing the reporting of conduct in violation of regulatory provisions.

The Committee ensures that the internal audit function's independence is protected. It analyzes the Company's annual internal audit plan, reviews the summary reports of internal audits and ensures follow-up, as necessary. In this respect, the Committee meets with the Desjardins Group's internal audit head to review all important matters submitted to management. The Committee reviews the inspection report issued by the Autorité des marchés financiers, together with the action schedule drawn up by the Company's manager in response to the findings and recommendations set out in the report.

The Committee meets privately with the external auditors, the manager's representatives and the Desjardins Group's internal audit head. It reports to the Board of Directors on a quarterly basis and submits recommendations, as necessary.

INVESTMENT COMMITTEE

At each of its meetings, the Investment Committee monitored investment management and ensured that the Company's assets and liabilities were properly matched. The Committee also enquired about the control and risk procedures implemented to offset operating risks.

The Committee members heard three presentations by Desjardins Group economists concerning quarterly financial forecasts.

ETHICS AND PROFESSIONAL CONDUCT COMMITTEE

In fiscal 2005, the Ethics and Professional Conduct Committee approved the candidates for the Company's directorships. The Committee also reviewed the Company's management contracts, analyzed a transaction between the Company and its manager, completed the harmonization of the Company's and the manager's Codes of Ethics and made appropriate recommendations to the Board of Directors. In addition, the Committee fulfilled the mandate assigned by the Board of Directors and reported thereon to the Board.

FINANCIAL REVIEW

This Financial Review seeks to provide an in-depth understanding of the operations of Capital régional et coopératif Desjardins (the "Company"). It should be read in conjunction with the audited consolidated annual financial statements and the accompanying notes. This disclosure document contains management's analysis of forward-looking statements. Caution should be exercised in the interpretation of this analysis and these statements since management often makes reference to objectives and strategies that contain risks and uncertainties.

Due to the nature of the Company's operations, the associated risks and uncertainties could cause actual results to differ from those anticipated in forward-looking statements. The Company disclaims any intention or obligation to update or revise such statements based on any new information or event that may occur.

1. MAIN ACTIVITIES

On the initiative of the Desjardins Group, the Company was founded on July 1, 2001, following the adoption of its incorporating act (the "Act") by Québec's National Assembly on June 21, 2001.

VISION

The Company aims to achieve recognition as the preferred strategic partner of businesses by creating wealth and contributing to sustainable economic development across Québec.

MISSION

- Contribute to Québec's economic development and take an active part in the growth of the following regions: Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie–Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay–Lac-Saint-Jean (the "resource regions").
- Inject venture capital into companies and cooperatives and provide expert advice to support their start-up, growth and expansion.
- Generate returns that will encourage shareholders to reinvest in the Company.

In the pursuit of its vision and mission, the Company follows three main guidelines:

- Contribute proactively to the economic development of all Québec regions by meeting the criteria set out in the Act and ensure the Company's long-term viability.
- Generate returns that will encourage shareholders to reinvest in the Company by offering companies and cooperatives financial products that meet their needs and by ensuring proactive portfolio management.
- Optimize the business relationship with Desjardins with a view to capitalizing on its networks and expertise and meeting the target objectives.

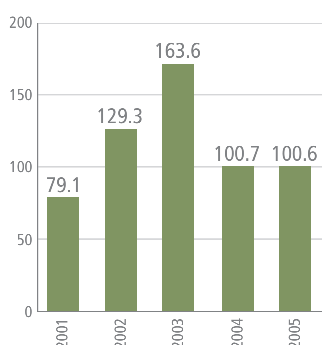
1.1. CAPITAL RAISING

The Company sells its shares exclusively through the Desjardins caisse network. As at December 31, 2005, this distribution network consisted of 530 Desjardins caisses and 862 service centres, for a total of 1,392 sales outlets.

Since it began selling shares in November 2001, the Company has enjoyed remarkable success. As a rule, its share capital may be increased by $150 million per capitalization period. However, in the past, the Government of Québec limited the annual share capital increase for fiscal 2003, 2004 and 2005 to $75 million, $100 million and $100 million respectively.

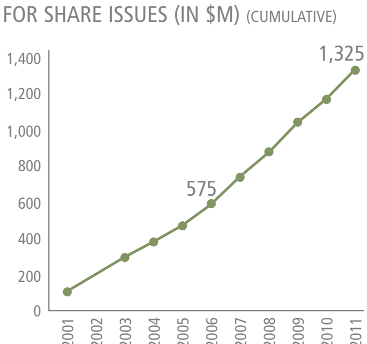
The Company sold its entire 2005 issue in a week, raising $100.6 million during fiscal 2005 and bringing the total number of shareholders as at December 31, 2005 to 115,456 and the share capital to $572 million, considering common share redemptions totalling $1.2 million. As at December 31, 2005, the Company had 56,600,254 common shares outstanding.

NET SHARE CAPITAL RAISED (IN $M)
(ANNUAL)



In accordance with regulatory requirements, the annual limit for the share capital increase will be $150 million in fiscal 2006 (ending February 28, 2007).

ANNUAL REGULATORY MAXIMUM
FOR SHARE ISSUES (IN $M) (CUMULATIVE)



A special tax is payable by the Company if it fails to comply with these limits. Control mechanisms have thus been implemented by the Company to ensure compliance.

1.2. INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

During fiscal 2005, the Company made $112.1 million in disbursements, while Société Innovatech Régions ressources contributed an investment portfolio valued at $26.3 million. As a result, the fair value of the Company's investments impacting the Québec economy totalled $244.1 million as at December 31, 2005 (on a consolidated basis). Indeed, on July 4, 2005, Desjardins – Innovatech S.E.C. was created via a $30 million investment in units by the Company, representing a 53.1% partnership interest, and via the contribution of an investment portfolio by the other partner, Société Innovatech Régions ressources. Desjardins – Innovatech S.E.C. is consolidated in the Company's financial statements. Unless otherwise indicated, the financial information in this Financial Review is presented on a consolidated basis.

In accordance with Canadian accounting practices, the Company accounts for its investments impacting the Québec economy at their fair value. In fiscal 2005, two comprehensive portfolio reviews were carried out, with one covering the six-month period ended June 30 and the other covering the six-month period ended December 31, 2005. As a result of these reviews, 60 investments were revalued. Considering the $8.2 million gain upon disposal of investments impacting the Québec economy, the Company recorded in its results for the year a $2.8 million increase in unrealized depreciation, for a cumulative portfolio depreciation of $15.3 million, as reported in the balance sheet as at December 31, 2005. This depreciation is broken down as follows:

DISBURSEMENTS BY SECTOR	COST $M	APPRECIATION (DEPRECIATION) $M	%
Cooperatives	34.4	(0.4)	(1.2)
Industrial	115.6	(4.0)	(3.5)
Health and biotechnology	51.4	(6.9)	(13.4)
Telecommunications	19.7	2.1	10.7
Information technology	37.5	(6.3)	(16.8)
Investment funds	0.8	0.2	25.0
Total	259.4	(15.3)	(5.9)

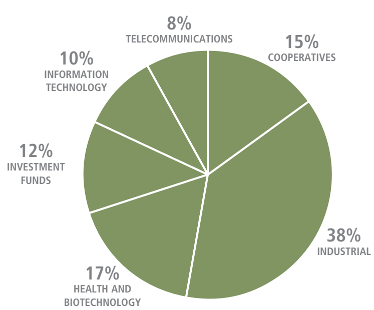
DISBURSEMENTS BY DEVELOPMENT STAGE	COST $M	APPRECIATION (DEPRECIATION) $M	%
Early stage	10.9	(0.8)	(7.3)
Start-up	91.5	(20.5)	(22.4)
Growth	76.7	(3.6)	(4.7)
Mature	79.5	9.4	11.8
Investment funds	0.8	0.2	25.0
Total	259.4	(15.3)	(5.9)

Once again this year, the fair-value valuation of the investment portfolio had a negative impact on the Company's results as the Company was in the final phase of constituting its investment portfolio.

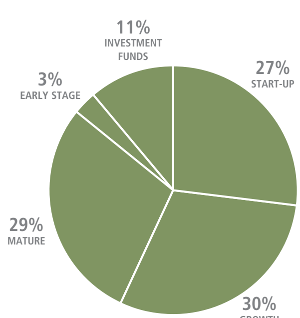
Due to the nature of the Company's operations, i.e., venture capital investments in small and medium-sized enterprises, problems are more likely to occur early in the investment cycle, whereas successes are more likely toward the end of the cycle, which generally lasts from five to eight years. Consequently, the prospect of an increase in the investment value should normally be considered over a period of five to eight years.

The Company and its manager, Desjardins Venture Capital, have adopted investment policies and strategies designed to promote the interests of the Company's shareholders. In this regard, the economic sector and the development stage of the companies in which the Company invests are clearly defined. Moreover, monitoring is ensured by the Company's internal and external auditors and by those of its manager in connection with their audit.

TOTAL COMMITMENTS AT FAIR VALUE BY SECTOR AS AT DECEMBER 31, 2005



TOTAL COMMITMENTS AT FAIR VALUE BY DEVELOPMENT STAGE AS AT DECEMBER 31, 2005



As part of its business development activities, the Company's manager focuses from time to time on different economic sectors or companies at different development stages to ensure investment portfolio balance. In order to generate both short and long-term returns for the Company's shareholders, the range of financial instruments used may also vary. As part of their 2006 investment objectives, the Company and its manager will make additional investments in fixed-income securities and will continue to increase the proportion of investments in growth and mature-stage companies. As at December 31, 2005 and 2004, the composition of the investment portfolio in the balance sheets was as follows:

	2005	2004
BY DEVELOPMENT STAGE (FAIR VALUE)	%	%
Early stage	4.1	4.2
Start-up	29.1	36.6
Growth	29.9	34.9
Mature	36.5	23.8
Investment funds	0.4	0.5
Total	100.0	100.0

	2005	2004
BY FINANCIAL INSTRUMENT (FAIR VALUE)	%	%
Fixed-income securities	40.6	24.3
Equity securities	59.4	75.7
Total	100.0	100.0

The investment activities should be measured taking into account the change in funds committed but not disbursed. During fiscal 2005, new commitments totalled $116.5 million, of which $112.1 million was disbursed, compared with $116.9 million and $85.9 million respectively in 2004.

The investment activities have now reached a recurring annual level that will enable the Company to meet the investment requirements set out in the Act. These statutory requirements are applicable as of the fiscal year beginning January 1, 2006.

As at December 31, 2005, total commitments amounted to $324.4 million in 178 companies, of which $259.4 million was disbursed to 170 portfolio companies. Commitments by region were as follows:

COMMITMENTS BY REGION	COST $M	%	NUMBER OF COMPANIES
Abitibi-Témiscamingue*	4.0	1.2	10
Bas-Saint-Laurent*	11.0	3.4	19
Capitale-Nationale	16.4	5.1	13
Central Québec	0.8	0.2	1
Chaudière-Appalaches	5.6	1.7	7
Côte-Nord*	3.9	1.2	3
Eastern Townships	56.8	17.5	23
Gaspésie–Îles-de-la-Madeleine*	3.0	0.9	7
Lanaudière	3.0	0.9	4
Laurentians	13.2	4.1	4
Laval	7.5	2.3	5
Mauricie*	10.3	3.2	6
Montérégie	5.2	1.6	6
Montréal	157.8	48.7	38
Outaouais	1.7	0.5	3
Saguenay–Lac-Saint-Jean*	23.3	7.2	28
Outside Québec	0.9	0.3	1
Total	324.4	100.0	178

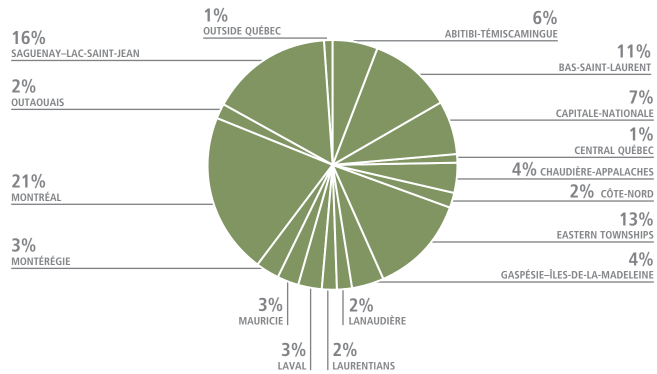
*Resource regions

According to the statutory requirements taking effect as of fiscal 2006, the Company's average investments in eligible entities (on a non-consolidated basis) must represent at least 60% of its average net assets for the preceding year. Furthermore, at least 35% of that percentage (60%) must be invested in entities in Québec's resource regions or in cooperatives. If these criteria are not met, the Company is subject to penalties. As at December 31, 2005, the Company's investments impacting the Québec economy were as follows:

COMMITMENTS ON A NON-CONSOLIDATED BASIS	FAIR VALUE $M	%
Investments in resource regions	86.3	27.9
Investments in cooperatives	47.4	15.4
Sub-total	133.7	43.3
Other eligible investments	166.3	53.8
Sub-total, eligible investments	300.0	97.1
Non-eligible investments	9.1	2.9
Total	309.1	100.0

Non-eligible investments consisted primarily of debentures and secured loans. Although these investments are not part of the Company's mission, it is sometimes necessary to request guarantees in order to protect the capital already invested in companies that may experience financial difficulties.

REGIONAL BREAKDOWN OF COMPANIES
AS AT DECEMBER 31, 2005



As at December 31, 2005, the Company had reached 93.7% of the statutory target for eligible investments and 104.2% of the statutory target for investments in resource regions and cooperatives.

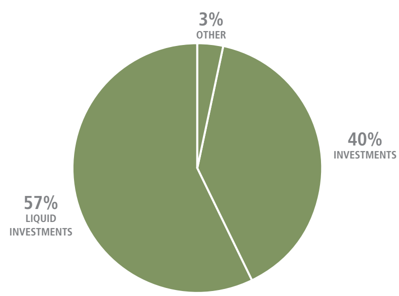
The Company expects to meet its investment objectives on schedule, in particular by maintaining a presence in all Québec regions via its manager's 18 offices.

The Company's priority is to ensure business development in all Québec regions, drawing on the expertise of investment professionals specializing in the industrial, cooperative, health and biotechnology, information technology and telecommunications sectors. The Company also has direct access to financial advisors in the Desjardins caisse network, Desjardins Business Centre managers and directors in the various regions. As a result, more than 6,000 people will be contributing directly or indirectly to the pursuit of the Company's 2006 investment objectives.

1.3. INVESTMENTS IN SECURITIES

Liquid portfolio management applies to the portion of the Company's assets not invested in eligible entities, including liquid assets temporarily available prior to investment in eligible entities.

TOTAL ASSET BREAKDOWN
AS AT DECEMBER 31, 2005



In addition to fulfilling its statutory mandate of fostering regional and cooperative development across Québec, the Company seeks to maximize its shareholders' total returns while reducing the risks of capital losses. As part of its global approach, the Company integrates the management of its portfolio of investments in eligible entities ("investment portfolio") with that of its securities portfolio ("liquid portfolio"). As a result, the Company's overall investment portfolio is balanced, in addition to offering shareholders strong potential returns over the entire holding period, regardless of economic conditions.

To achieve its objectives, the Company has elected to use a global management approach. This differs from mutual fund management and is more similar to cash or pension fund management. Under this approach, the average maturity of total assets is matched with the average maturity of expected fund outflows.

Prior to making asset selection decisions affecting the liquid portfolio, the Company considers the statutory requirements to which it is subject, together with the structure of its portfolio of investments in eligible entities. The main considerations are as follows:

- The Company's shareholders must hold their shares for at least seven years.
- Investments in eligible entities have target maturities of five to eight years and are generally more risky and less liquid.
- Returns on investments in eligible entities tend to be linked to economic cycles.
- The Company is subject to the capital tax and the corporate income tax.

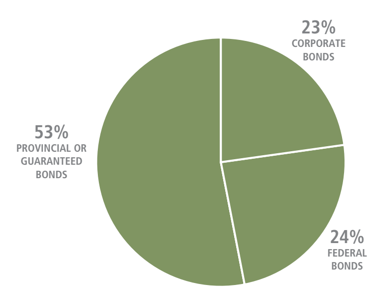
To enhance total portfolio returns, the Company's manager is also authorized to take market positions using the financial instruments stipulated in the investment policy and to carry out purchase/redemption transactions. Such trades are made in an overlay portfolio and their potential risk limits are defined and overseen by the Company's Investment Committee (liquid portfolio) and tracked daily by the Company's manager. As at December 31, 2005, the Company had no market positions.

As regards the management of its liquidities and securities investments, the Company deals mainly with Caisse centrale Desjardins, Desjardins Securities and Desjardins Trust.

As at December 31, 2005, the Company's securities portfolio (including cash and cash equivalents) totalled $362.9 million and consisted primarily of highly liquid bonds with low credit risks. As at December 31, 2005, almost 75% of the portfolio securities were government-guaranteed.

In accordance with new accounting standards, the Company adopted the fair value method of accounting for investments, effective January 1, 2005. As a result of this change, the balance of securities investments and the unrealized appreciation (depreciation) both increased by $1.5 million. The adoption of this standard is likely to lead to greater fluctuations in the Company's results and in net value per share since the liquid portfolio is directly influenced by changes in market interest rates.

LIQUID PORTFOLIO BREAKDOWN
AS AT DECEMBER 31, 2005
AT FAIR VALUE



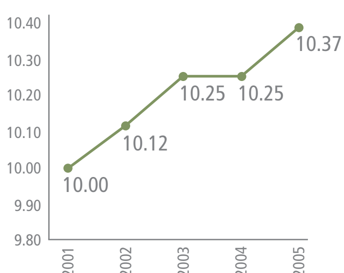
Interest income (primarily from bonds) is recognized at the bond effective rate at the acquisition date. Gains on disposal are recorded at the date of sale and correspond to the difference between the proceeds of disposal and the unamortized cost, regardless of the unrealized appreciation (depreciation) from prior years, which is reversed and reflected in the change in unrealized appreciation (depreciation) for the current period. Once again this year, interest income from securities investments and changes in appreciation (depreciation), both realized and unrealized, were important revenue sources for the Company in 2005, totalling $15.3 million and $2.7 million respectively.

2. SELECTED FINANCIAL INFORMATION

2.1. ANNUAL INFORMATION

The following table provides selected audited annual financial information concerning the Company. This information is taken from the Company's audited consolidated financial statements, and the accompanying notes are incorporated herein by reference. This information should be read in conjunction with these financial statements.

NET VALUE PER SHARE
AS AT DECEMBER 31 (IN $)



ANNUAL FINANCIAL INFORMATION

YEARS ENDED DECEMBER 31

(IN THOUSANDS OF $, EXCEPT NUMBER OF SHARES AND PER SHARE DATA)

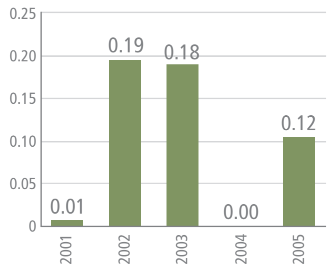
	2005	2004	2003
DATA FROM STATEMENTS OF EARNINGS			
Revenue	31,076	18,764	16,706
Expenses other than non-refundable grants	21,836	17,658	12,868
Non-refundable grants	-	-	(5,015)
Earnings before income taxes and minority interest	9,240	1,106	8,853
Income taxes	2,676	1,320	3,065
Earnings (loss) before minority interest	6,564	(214)	5,788
Minority interest	(187)	-	-
Net earnings (loss) for the year	6,751	(214)	5,788
Weighted average number of common shares	55,020,750	44,453,373	32,823,844
Net earnings (loss) per common share[1]	0.12	-	0.18
DATA FROM BALANCE SHEETS			
Investments impacting the Québec economy	244,114	135,911	61,438
Total assets	617,130	483,247	381,959
Liabilities	30,415	2,654	1,806
Shareholders' equity	586,715	480,593	380,153
Number of outstanding common shares	56,600,254	46,905,260	37,085,339
Net value per common share	10.37	10.25	10.25
DATA FROM CASH FLOW STATEMENTS			
Cash flows from investing activities[2]	(92,268)	(103,669)	(161,307)
Cash flows from financing activities[3]	99,371	100,654	163,626

(1) Net earnings (loss) per share were calculated using the weighted average number of common shares outstanding during the year.

(2) Including investments impacting the Québec economy and bond/money market investments.

(3) Including the proceeds from the share issue and the cost of share redemptions.

NET EARNINGS PER COMMON SHARE (IN $)



2.2. INTERIM INFORMATION

The following table provides selected interim financial information concerning the Company. This information is taken from the Company's audited consolidated financial statements, and the accompanying notes are incorporated herein by reference. This information should be read in conjunction with the financial statements.

2005

DATA FROM STATEMENTS OF EARNINGS	1ST HALF	2ND HALF	YEAR
(IN THOUSANDS OF $, EXCEPT NUMBER OF SHARES AND PER SHARE DATA)	(AUDITED)	(DIFFERENCE)	(AUDITED)
Revenue	15,163	15,913	31,076
Expenses other than non-refundable grants	11,065	10,771	21,836
Non-refundable grants	-	-	-
Earnings before income taxes and minority interest	4,098	5,142	9,240
Income taxes	1,288	1,388	2,676
Earnings before minority interest	2,810	3,754	6,564
Minority interest	-	(187)	(187)
Net earnings	2,810	3,941	6,751
Weighted average number of common shares	53,415,554	56,625,946	55,020,750
Net earnings per common share[1]	0.05	0.07	0.12

2004

DATA FROM STATEMENTS OF EARNINGS	1ST HALF	2ND HALF	YEAR
(IN THOUSANDS OF $, EXCEPT NUMBER OF SHARES AND PER SHARE DATA)	(AUDITED)	(DIFFERENCE)	(AUDITED)
Revenue	9,116	9,648	18,764
Expenses other than non-refundable grants	8,984	8,674	17,658
Non-refundable grants	-	-	-
Earnings before income taxes	132	974	1,106
Income taxes	250	1,070	1,320
Net loss	(118)	(96)	(214)
Weighted average number of common shares	41,976,438	46,930,308	44,453,373
Net loss per common share[1]	-	-	-

2003

DATA FROM STATEMENTS OF EARNINGS	1ST HALF	2ND HALF	YEAR
(IN THOUSANDS OF $, EXCEPT NUMBER OF SHARES AND PER SHARE DATA)	(AUDITED)	(DIFFERENCE)	(AUDITED)
Revenue	10,943	5,763	16,706
Expenses other than refundable grants	6,757	6,111	12,868
Refundable grants	(2,661)	(2,354)	(5,015)
Earnings before income taxes	6,847	2,006	8,853
Income taxes	1,834	1,231	3,065
Net earnings	5,013	775	5,788
Weighted average number of common shares	28,769,848	36,877,839	32,823,844
Net earnings per common share[1]	0.17	0.02	0.18

(1) Net earnings (loss) per common share were calculated using the weighted average number of common shares outstanding during the period or year.

2.3. DIVIDENDS

The Company has a policy of reinvesting its annual income from operations and paying no dividends to shareholders. This policy seeks to increase the capital available for investment in eligible entities and to create share appreciation.

3. LIQUIDITY AND CAPITAL RESOURCES

During fiscal 2005, the Company invested $112.1 million in Québec entities, primarily using cash flows from capital raising initiatives and from the disposal of certain investments. In 2004, cash flows from capital raising were sufficient to cover investments in Québec entities ($85.9 million) and to make additional bond investments ($18.7 million). Management anticipates that the liquid portfolio will remain stable at its current level over the next several years, until the primary shareholder redemptions begin in 2008.

Given the management approach of matching the average maturity of total assets with the average maturity of expected cash outflows, the Company does not anticipate any shortfall in liquidities in the short or medium term.

4. OPERATING RESULTS

This analysis aims to provide shareholders with an overview of the major changes that took place between the year ended December 31, 2005, and those ended December 31, 2004 and 2003.

4.1. REVENUE

	2005	2004	2003
DATA FROM STATEMENTS OF EARNINGS			
(IN THOUSANDS OF $)			
REVENUE			
Liquid investments			
Current revenue	15,295	15,155	13,045
Realized or unrealized appreciation (depreciation)	2,720	10,132	4,468
	18,015	25,287	17,513
Investments			
Current revenue	7,474	4,514	1,893
Realized or unrealized appreciation (depreciation)	5,366	(11,331)	(4,171)
	12,840	(6,817)	(2,278)
Membership dues	221	294	1,471
Revenue	31,076	18,764	16,706

Once again, the liquid investment portfolio made a significant contribution to the Company's operating revenue, totalling $18.0 million in 2005, compared with $25.3 million and $17.5 million in 2004 and 2003 respectively. In addition to current revenue, the liquid portfolio generated capital gains in 2003 and 2004, thanks to the investment strategy and lower market interest rates. As a result of the integrated risk management approach, these gains helped offset investment losses and operating expenses. Due to interest rate stability, no significant capital gains were generated in 2005.

The Company began making investments in eligible entities in February 2002, with investment activities generating losses of $2.3 million in 2003 and $6.8 million in 2004. In 2005, however, Miranda Technologies' successful initial public offering, combined with the growing proportion of fixed-income securities generating current revenue, reversed this trend as investment activities generated $12.8 million in revenue. As mentioned previously, due to the nature of the investments in question (i.e., venture capital investments in small and medium-sized enterprises), problems are more likely to occur early in the investment cycle, whereas successes are more likely toward the end of the cycle, which is generally estimated to last from five to eight years. The Company's results clearly reflect this trend.

Revenue from membership dues, which are payable by all new shareholders upon opening an account, is directly related to capital raising initiatives and to the number of Company shareholders. Since a critical mass of more than 100,000 shareholders was reached in September 2003, membership revenue was much less significant in 2004 and 2005, with this trend likely to continue in the future. As at December 31, 2005, the Company had over 115,000 shareholders.

4.2. EXPENSES

(IN THOUSANDS OF $)	2005	2004	2003
EXPENSES			
Management fees	17,950	14,112	9,779
Other operating expenses	731	736	599
Shareholder services	1,884	2,167	1,952
Capital tax	536	88	81
Amortization of software	735	555	457
	21,836	17,658	12,868
Non-refundable grants	-	-	(5,015)
Expenses	21,836	17,658	7,853

Expenses consist mainly of costs related to operations and shareholder services. These expenses were partially offset in 2003 by non-refundable grants to the Company.

OPERATING EXPENSES

Management fees in fiscal 2005 amounted to $17.9 million, or 96.1% of total operating expenses of $18.7 million, compared with $14.1 million or 95.0% of total operating expenses in 2004, and $9.8 million or 94.2% in 2003.

The billing basis is comparable from one period to another since no changes were made to the management agreement. Under this agreement, the management fees are equivalent to 3% of the average assets' net value of the Company's non-consolidated assets, less any amounts payable for the acquisition of investments and any deferred non-refundable grants. The management fees incurred by the Company are adjusted to avoid double billing on the Company's interest in Desjardins – Innovatech S.E.C. In addition, the management fee amount will be reduced to 2.5% as of the fiscal year following that in which the Company's net asset value reaches $750 million. At the current rate of authorized capital raising ($150 million per year), the Company expects that this reduced rate will be applicable as of fiscal 2008.

Desjardins – Innovatech S.E.C., the Company's subsidiary, is managed and operated by Desjardins Venture Capital, its general partner and the Company's manager. Desjardins – Innovatech S.E.C. has undertaken to make yearly management fee payments equalling 3% of the average assets' net value, less any amounts payable for the acquisition of investments and any provisions for guarantees. An additional amount equal to 20% of the return attributable to the partnership in excess of the average annual base return (set at 7.5%) is payable when the partnership is wound up.

SHAREHOLDER SERVICES

The Company has appointed Desjardins Trust Inc. as shareholder registrar and share transfer agent; Desjardins Trust also acts as an intermediary for various shareholder support services. Since the Company began operations, Desjardins Trust has represented the largest component of the Company's shareholder services expenses. For fiscal 2005, Desjardins Trust's services amounted to nearly $1.6 million, or 86.6% of the Company's shareholder services expenses; this level is in line with that recorded in 2004. In the Company's view, the trustee fees have stabilized at a recurring level because the number of shareholders is holding very steady from year to year.

The Company has entrusted the Fédération des caisses Desjardins du Québec with the activities related to the distribution of the Company's shares across the Desjardins caisse network.

Other than certain direct expenses, no commissions or other forms of remuneration are payable to any person as regards the distribution of the Company's shares.

CAPITAL TAX

The tax liability was minimized by selecting securities that may be deducted in the computation of the Québec capital tax and that ensure investment diversification and security. As at December 31, 2005, the liquid portfolio was entirely comprised of eligible investments for Québec capital tax purposes. However, as a result of the ineligible portion of investments impacting the Québec economy, the capital tax expense increased in 2005.

NON-REFUNDABLE GRANTS

The Company received matching $10.0 million grants from the Desjardins Group and the ministère de l'Industrie et du Commerce du Québec. These grants were designed to provide the Company with start-up assistance and to help it cover current expenses related to its organizational activities.

The deferred grant balance totalled $5.0 million as at December 31, 2002 and was fully amortized during fiscal 2003.

AMORTIZATION OF SOFTWARE

Amortization of software gradually increased from 2003 to 2005 as software developed for the Company was brought into service. No software was commissioned in 2005; in 2006, the Company will review the need for further investments in software development with a view to facilitating the processing of share redemptions, which are expected to increase as of 2008.

INCOME TAXES

Income taxes amounted to $2.7 million in 2005, compared with $1.3 million in 2004 and $3.1 million in 2003. Prior to June 13, 2003, the Company was authorized to deduct an amount not exceeding its taxable income for a given year when calculating its taxable income in Québec. As a result, the Company had no Québec income tax liability prior to that date. On June 12, 2003, the Company became subject to Québec income tax.

In addition to current income taxes, future income taxes represent a major component of the Company's tax liability. Revenue type also has a significant impact on the income tax expense since capital gains and business income are taxed at different rates.

As at December 31, 2005, approximately 25% of the liquid portfolio consisted of deductible investments for the purposes of the large corporation tax. The Company was thus able to reduce the tax impact in this regard.

NET EARNINGS (LOSS)

In the past, the Company used the grants it received to offset a portion of its operating expenses. As a result, grant proceeds and liquid investment income contributed to the Company's profits until 2003. For the year ended December 31, 2004, the Company posted a net loss of $0.2 million. For the year ended December 31, 2005, the Company recorded net earnings of $6.8 million, boosting net value per common share to $10.37, based on the number of common shares outstanding at year-end.

In the coming years, prudent liquid portfolio management and judicious selection of promising high-quality projects will continue to be the key to generating attractive long-term returns for shareholders. However, the adoption of the fair value method is expected to cause additional fluctuations in the Company's results and net value per share since the liquid portfolio and the fixed-income portion of the investment portfolio are directly impacted by market interest rate changes.

RETURNS BY ASSET CLASS ON A DISBURSEMENT BASIS	2005 %	2004 %	2003 %
Fixed-income securities	5.1	7.0	5.9
Equity securities	7.1	(15.5)	(10.7)
Total portfolio	5.5	4.0	4.5
Operating expenses and income taxes, net of membership dues and grants	(4.3)	(4.0)	(2.8)
Company's return	1.2	-	1.7

CHANGES IN NET VALUE PER COMMON SHARE	2005 $	2004 $	2003 $
Net value, beginning of the year	10.25	10.25	10.12
Interest and negotiation fees	0.41	0.44	0.46
Realized gains	0.18	0.18	0.10
Changes in unrealized appreciations (depreciations)	(0.03)	(0.20)	(0.09)
Operating expenses, net of membership dues and grants	(0.38)	(0.39)	(0.19)
Income taxes and capital tax	(0.06)	(0.03)	(0.10)
Increase (decrease) attributable to operations	0.12	-	0.18
Difference attributable to share issues and redemptions and to shareholder's non-controlling interest	0.00	-	(0.05)
Net value, year-end	10.37	10.25	10.25

5. ACCOUNTING POLICIES

5.1. 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 the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period.

The main estimates relate to determining the fair value of investments impacting the Québec economy. Actual results could differ from those estimates.

The fair value of the investment portfolio impacting the Québec economy is determined on a semi-annual basis in accordance with methods recommended by the manager's Valuation Committee and approved by the Company's Board of Directors. The manager's management prepares a detailed valuation report and a team of employees specialized in business valuations assists in determining the fair value. In preparing analyses, management draws on the services of an outside business valuation expert, as needed. The report is then submitted to the manager's Portfolio Valuation Advisory Committee. This committee consists of one of the manager's directors, one of the Company's directors and one outside member; a business valuation expert also attends the committee's meetings. The committee receives and discusses the report, ensures reasonableness based on the advice of outside experts, as necessary, and makes a final recommendation to the Company's Board of Directors.

In accordance with the manager's portfolio valuation methodology, the valuation technique is initially determined in the following order of priority:

- Based on the market value for public companies.
- Based on a recent transaction within the past 12 months, if applicable.
- Based on an alternative valuation method in other cases.

The alternative valuation method is based on the nature of the company's operations, in addition to its development stage, financial results and the qualitative progress of its operations.

5.2. NEW ACCOUNTING STANDARDS

In January 2004, the Canadian Institute of Chartered Accountants Accounting Standards Board issued Accounting Guideline AcG-18, which requires investment companies to carry investments at fair value. The Company has decided to apply this new standard prospectively starting January 1, 2005. Consequently, bonds previously carried at unamortized cost are carried at their fair value. This change in accounting policy increases both the investment and unrealized appreciation (depreciation) balances by $1.5 million respectively, decreases future income taxes by $0.3 million, and increases net asset value per common share by $0.03 to $10.28 at January 1, 2005.

Moreover, funds committed but not disbursed are not presented in the balance sheets. Funds committed but not disbursed were previously presented with investments impacting the Québec economy and in deduction of investments. This change in accounting policy has been applied retroactively with restatement and resulted in a decrease in investments impacting the Québec economy and an increase in investments of $60.6 million as at December 31, 2004. This new accounting standard did not have any effect on net assets, net loss and cash flows of the Company for the year ended December 31, 2004.

6. 2005 REVIEW AND 2006 OUTLOOK

The Company entered the venture capital industry at a time when business valuations were subject to downward pressure and the government's role in the industry was uncertain.

Moreover, since interest rates are at an all-time low, it may be difficult to achieve the liquid portfolio's current return objective, i.e., to generate sufficient liquidity to cover operating expenses in the coming years. However, liquid investments generated significant non-recurring gains.

Although optimizing its operating return is among the Company's goals, maintaining the share value above the initial issue price of $10 per share and contributing to Québec's economic development continue to be its top priorities.

6.1. 2005 CAPITAL MARKET REVIEW

The highlights of 2005 included soaring raw material prices, a pronounced flattening of the interest rate curve, the first (albeit minimal) revaluation of the Chinese yuan in many years and a record-breaking U.S. current account deficit.

After temporary halting the monetary tightening cycle in late 2004 (when the overnight rate stood at 2.50%), the Bank of Canada resumed its policy in September 2005, gradually raising rates to 3.25% at year-end. Despite these rate hikes and despite the central bank's clear intention to maintain its monetary tightening policy, Canadian 10-year interest rates actually fell by 0.30 percentage points to finish the year at 3.99%.

The U.S. Federal Reserve pursued its policy of moderate monetary normalization by raising federal fund rates by 200 basis points (bp) to 4.25% at year-end. The official rate hikes had a greatly reduced impact on 10-year bond yields, which rose only 20 bp to 4.39%, with the rate curve virtually flat in the 2-10 year segment.

With the S&P/TSX Index up 21.91% (nearly 24% if dividends are included), 2005 was another banner year for the Canadian stock market. Led by a 60% jump in the energy sector, the S&P/TSX was significantly modified at the end of the year following the inclusion of income trusts. In the U.S., the S&P 500 Index ended up posting a 3.00% increase (almost 5.00% if dividends are included) in 2005. Although it showed no clear 12-month trend, the market did regain its footing in the latter part of 2005 in anticipation of slower monetary tightening in the U.S.

Building on its performance of recent years, the Canadian dollar appreciated during 2005. It gained 35.0% against the U.S. dollar and 32.5% against the C6 Index, which tracks the currencies of Canada's main trading partners, over the past three years. The Canadian dollar's strength has become a key issue for a number of Canadian companies.

6.2. ECONOMIC AND FINANCIAL OUTLOOK FOR 2006

Once again this year, the key driver of Canadian economic growth is the performance of our trading partners, particularly the U.S.

In this regard, one central theme in 2006 will be the cumulative economic growth impact of the Federal Reserve's overnight rate increases (325 bp since June 2004). Monetary tightening is expected to continue, with the federal funds rate likely to peak at around 5.00% in the first half of the year. Since it usually takes 12-18 months for the full impact of rate increases to be reflected in real economic growth, developments in 2006 should enable us to gauge the U.S. economy's ability to adjust to more "neutral" rates.

An important international issue in 2006 will be the follow-up to the yuan's revaluation last year. In continental Europe, all eyes will be on the European Central Bank (ECB), which hiked key interest rates by 25 bp in December 2005 after two years of stability in order to offset potential inflationary risks. Market participants will be attempting to gauge how much latitude the ECB has to continue raising rates, particularly since European economic growth is far from excessive. After paving the way with the first rate increase in 2006, the U.K. Central Bank will have to weigh its next moves carefully, especially with the real estate market showing apparent signs of cooling off and consumption slowing. Inflation, however, remains near the upper end of the comfort zone.

Despite these uncertainties, the U.S. and Canadian economies should expand by 3.4% and 3.0% respectively in 2006. Given weak inflation and with economic growth slightly underperforming its long-term potential, the central banks are likely to restrict their interest rate increases, thereby limiting yield increases in the long-term bond market. However, numerous risk factors could push long-term rates higher, including the potential inflationary impact of oil price fluctuations and the potential effect of a massive drop-off in U.S. bond purchases by foreign investors.

6.3. VENTURE CAPITAL OVERVIEW

2005 was a transitional year for the venture capital industry in Québec, with investments up 12% compared with 2004. ($710 million in 2005, compared with $635 million in 2004). Reinvestments accounted for two-thirds of the activity in fiscal 2005. The life sciences sector recovered, posting a 12% increase in investment volume in 2005, compared with a 28% decrease in 2004. All other sectors recorded slightly higher investment volumes.

The Company actively sought to increase its market share during the ongoing transition. For the second consecutive year, volumes were up. The Company was also involved in five of the ten largest investment rounds in Québec in 2005.

The realignment of the Québec venture capital industry began in 2004 and made slow progress in 2005, when most investors reoriented their investment targets and portfolio structures. In conjunction with the arrival of foreign investors, the efforts of the Regional Economic Intervention Funds (FIER) and other stakeholders to create specialized funds have begun to pay off. A number of such funds were created or recapitalized in 2005, and this trend should continue in 2006.

Amid increased mergers and acquisitions activity and a surging stock market, a number of divestitures were completed, with 2006 showing even more promise.

	2005	2004
Investments in the Québec venture capital industry (in $M)[1]		
IT/communications	$289	$262
Life sciences	$196	$175
Traditional	$225	$198
Total	$710	$635
Company's market share		
IT/communications	9.9%	8.4%
Life sciences	10.1%	9.7%
Traditional	41.2%	23.7%
Total	19.9%	13.5%

(1) Source: Réseau Capital

Thanks to the expanded presence of the Company's manager across Québec and to its closer links with cooperatives and entrepreneurs, the Company had a banner year and increased its investments impacting the Québec economy, raising its market share from 13.5% in 2004 to 19.9% in 2005. Traditional sectors accounted for the largest increase. The $30 million investment in Desjardins – Innovatech S.E.C. is included in the traditional sector. Without that investment, Company's market share would have been 32.2% in that sector.

7. RISK MANAGEMENT

7.1. RISK GOVERNANCE

In keeping with the portfolio asset management approach, risks are managed globally, taking into account all of the Company's contractual commitments. The monitoring and control of different risks is overseen by various committees. Some risk governance responsibilities are assumed by the Company's manager.

EXECUTIVE COMMITTEE

The Executive Committee is authorized to exercise all of the Board's powers with respect to the management of the Company's business, except those statutory powers that must be exercised by the Board. The Committee oversees annual reviews of the effectiveness of the Board and its committees, in addition to the directors' performance reviews. The Committee is also mandated to interpret and apply the purchase-by-agreement policy. Furthermore, it reviews quarterly reports from the Company's manager concerning high-risk files and the corrective measures taken.

INVESTMENT COMMITTEE

The Investment Committee (liquid portfolio) approves the investment strategies proposed by the Company's manager, together with the terms and conditions governing the liquid investment portfolio within the framework of the investment policy authorized by the Board of Directors. The Committee ensures that the necessary oversight measures are taken to ensure the proper execution of the manager's mandate. It also reviews results and recommends corrective action, as applicable, to the Board of Directors.

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the financial reporting process, including reviewing the quarterly, semi-annual and annual statements. It also reviews the financial information disclosures, internal control systems, risk management policies, internal and external audit processes, procedural implementations, regulatory compliance matters and any other responsibilities assigned by the Board of Directors.

In addition, the Committee oversees the independence of the external auditors and the Desjardins Group's internal auditor, who serves as the Company's internal auditor.

ETHICS AND PROFESSIONAL CONDUCT COMMITTEE

The Ethics and Professional Conduct Committee considers all matters pertaining to the Company's Code of Ethics and Professional Conduct and ensures compliance with the contract awarding/review rules therein. The Committee is responsible for reviewing potential conflicts and making appropriate recommendations to the Board of Directors. It also reviews candidates' eligibility for the two directorships to be voted on by the Meeting of Shareholders and determines the independence of each director on an annual basis.

MANAGER'S INVESTMENT COMMITTEES

The Company's manager has set up investment committees to evaluate and approve purchases/sales of interests in companies within the framework of the policies and strategic plan defined by the Company's Board of Directors.

7.2. POTENTIAL RISKS

MARKET RISKS

Market risks pertain to the Company's role in the capital markets and, indirectly, to general changes in economic conditions. They also pertain to the impact of capital market movements on the value of the Company's assets. The market risks directly impacting the Company are as follows:

INTEREST RATE RISK

Interest rate fluctuations have a significant impact on the market value of bonds held in the portfolio. This impact was more apparent in 2005 as a result of the adoption of the fair value accounting method for investments. A 1% increase in interest rates would thus lead to a 1.8% drop in the Company's share price as at December 31, 2006.

CURRENCY RISK

Exchange rate fluctuations impact a number of partner companies. Although some exporting companies may be hurt by a stronger Canadian dollar, the net impact of currency appreciation is not always negative. Indeed, it may be positive for companies that import a significant proportion of their inputs or that use the opportunity to purchase equipment with a view to improving long-term productivity.

STOCK MARKET RISK

Stock market trends have a twofold impact on the Company. In addition to the direct impact on the market values of publicly traded stocks, the valuations of some private portfolio companies may also be affected by changes in stock prices.

In accordance with the Company's global asset management approach, the overall impact of these interrelated risks is taken into account when determining the overall asset allocation.

CREDIT AND COUNTERPARTY RISKS

As part of its venture capital mission, the Company is necessarily exposed to credit risks associated with potential financial losses by partner companies. By diversifying its investments by sector, company development stage and financial instrument type and by limiting the potential risk of each partner company, the Company has successfully limited portfolio volatility due to negative events.

These risks are associated with the liquid portfolio and are managed by limiting the risks associated with individual issuers and by ensuring that all portfolio securities have a BBB credit rating or higher. Counterparty risks arising from cash and repurchase agreement transactions are limited to the immediate short term.

IMPACT OF CREDIT AND COUNTERPARTY RISKS ON THE COMPANY

(IN % OF NET ASSETS AS AT DECEMBER 31, 2005)

Weighting of the top five ownership interests	12.8%
Weighting of the top five issuers/counterparties (liquid portfolio)*	65.6%

* Governmental issuers accounted for 87.2% of this weighting.

LIQUIDITY RISKS

The Company must maintain sufficient liquid assets to fund share redemptions. If it failed to do so, the Company would be dependent on the markets and could be forced to carry out transactions under unfavourable conditions. With liquid investments representing 40% of assets under management and as a result of the management approach, which ensures that the average maturity of assets matches the average maturity of expected outflows, the Company can confirm that liquidity risks are adequately covered.

7.3. REGULATORY MATTERS

The Company is subject to provincial and federal laws, rules, standards, regulations and policies, in addition to internal rules, by-laws and policies that provide a framework for its operations. Some risk is associated with the Company's ability to fulfill its obligations and to adapt to regulatory changes or moves to tighten existing policies.

Additional Company information, including the annual information form, is available on the SEDAR website (www.sedar.com).

February 8, 2006

MANAGEMENT'S REPORT

January 31, 2006

The Company's consolidated financial statements are the responsibility of the Board of Directors, which delegates the preparation thereof to management.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains an internal control system to provide reasonable assurance that the financial information is reliable, that it provides an adequate basis for the preparation of the financial statements and that the assets are properly accounted for and safeguarded.

The Board of Directors discharges its responsibility for the consolidated financial statements principally through its Audit Committee. Both in the presence and in the absence of management, the Committee meets with the external auditors appointed by the shareholders in order to review the consolidated financial statements, to discuss the audit and other related matters and to make appropriate recommendations to the Board. The Committee also analyzes the Financial Review to ensure that the information therein is consistent with the consolidated financial statements.

The consolidated financial statements present the financial information available as at January 31, 2006. These statements have been prepared in accordance with Canadian generally accepted accounting principles and audited by PricewaterhouseCoopers LLP.

The Board of Directors has approved the consolidated financial statements, together with the information in the annual report. The information presented elsewhere in the report is consistent with the Company's consolidated financial statements.

Marie-Claude Boisvert, CA
Chief Financial Officer

AUDITORS' REPORT

January 31, 2006

To the Shareholders of
Capital régional et coopératif Desjardins

We have audited the consolidated balance sheets of **Capital régional et coopératif Desjardins** (the "Company") as at December 31, 2005 and December 31, 2004 and the consolidated statements of earnings (loss), shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and December 31, 2004 and the results of its operations and its cash flows for the years ended December 31, 2005 and 2004 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

CONSOLIDATED BALANCE SHEETS

As at December 31, 2005 and 2004

(in thousands of dollars, except number of shares and net value per common share)	2005 $	2004 $
ASSETS		
Investments impacting the Québec economy (note 5)	244,114	135,911
Investments (note 6)	352,319	334,680
Accounts receivable (note 7)	5,622	5,279
Cash and cash equivalents	10,581	3,663
Software (net of accumulated amortization of $2,167; December 31, 2004 – $1,432)	1,073	1,808
Future income taxes (note 10)	3,421	1,906
	617,130	483,247
LIABILITIES		
Accounts payable and accrued liabilities (note 8)	2,595	1,327
Income taxes payable	1,507	1,327
	4,102	2,654
MINORITY INTEREST (NOTE 4)	26,313	-
	30,415	2,654
NET ASSETS	586,715	480,593
SHAREHOLDERS' EQUITY		
Share capital (note 9)	572,032	472,641
Retained earnings	14,683	7,952
	586,715	480,593
Number of outstanding common shares	56,600,254	46,905,260
Net value per common share	10.37	10.25

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

Approved by the Board of Directors,

André Lachapelle, Director

Serges Chamberland, Director

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the years ended December 31, 2005 and 2004

(in thousands of dollars)

					2005
		Retained earnings			Share-holders'
	Share Capital	Realized	Unrealized	Total	equity
	$	$	$	$	$
BALANCE – DECEMBER 31, 2004	472,641	17,595	(9,643)	7,952	480,593
NET EARNINGS (LOSS)					
Realized net earnings for the year, net of income taxes of $3,109	-	8,228	-	8,228	8,228
Change in unrealized revenue for the year, net of income taxes of $(433)	-	-	(1,477)	(1,477)	(1,477)
Net earnings (loss) for the year	-	8,228	(1,477)	6,751	6,751
SHARE CAPITAL OPERATIONS					
Shares issued	100,605	-	-	-	100,605
Redemption of shares	(1,214)	(20)	-	(20)	(1,234)
	99,391	(20)	-	(20)	99,371
Net change for the year	99,391	8,208	(1,477)	6,731	106,122
BALANCE – DECEMBER 31, 2005	572,032	25,803	(11,120)	14,683	586,715

					2004
		Retained earnings			Share-holders'
	Share Capital	Realized	Unrealized	Total	equity
	$	$	$	$	$
BALANCE – DECEMBER 31, 2003	371,967	10,846	(2,660)	8,186	380,153
NET EARNINGS (LOSS)					
Realized net earnings for the year, net of income taxes of $3,369	-	6,769	-	6,769	6,769
Change in unrealized revenue for the year, net of income taxes of $(2,049)	-	-	(6,983)	(6,983)	(6,983)
Net earnings (loss) for the year	-	6,769	(6,983)	(214)	(214)
SHARE CAPITAL OPERATIONS					
Shares issued	101,716	-	-	-	101,716
Redemption of shares	(1,042)	(20)	-	(20)	(1,062)
	100,674	(20)	-	(20)	100,654
Net change for the year	100,674	6,749	(6,983)	(234)	100,440
BALANCE – DECEMBER 31, 2004	472,641	17,595	(9,643)	7,952	480,593

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

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the years ended December 31, 2005 and 2004

(in thousands of dollars, except number of shares and net earnings (loss) per common share)	2005	2004
	$	$
REVENUE		
Realized revenue		
Interest on investments	15,295	15,155
Gain on disposal of investments	1,818	10,132
Interest on debentures and dividends	5,789	3,135
Gain (loss) on disposal of investments impacting the Québec economy	8,178	(2,299)
Negotiation fees	1,685	1,379
Membership dues	221	294
Changes in unrealized appreciation (depreciation) of		
Investments impacting the Québec economy	(2,812)	(9,032)
Investments	(615)	-
Initial effect of accounting for investments at fair value (note 2)	1,517	-
	31,076	18,764
EXPENSES		
Operating expenses	18,681	14,848
Shareholder services	1,884	2,167
Capital tax	536	88
Amortization of software	735	555
	21,836	17,658
Earnings before income taxes and minority interest	9,240	1,106
Income taxes (note 10)	2,676	1,320
Net earnings (loss) for the year before minority interest	6,564	(214)
Minority interest (note 4)	(187)	-
Net earnings (loss) for the year	6,751	(214)
Weighted average number of common shares	55,020,750	44,453,373
Net earnings (loss) per common share	0.12	0.00

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2005 and 2004

(in thousands of dollars)	2005	2004
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings (loss) for the year	6,751	(214)
Non-cash items		
Gain on disposal of investments	(1,818)	(10,132)
Loss (gain) on disposal of investments impacting the Québec economy	(8,178)	2,299
Changes in unrealized appreciation (depreciation) of		
Investments impacting the Québec economy	2,812	9,032
Investments	615	-
Initial effect of accounting for investments at fair value	(1,517)	-
Amortization of software	735	555
Amortization of premiums and discounts on investments	2,844	3,259
Future income taxes	(1,515)	(2,150)
Minority interest	(187)	-
Capitalized interest	(532)	(792)
	10	1,857
Changes in non-cash operating working capital balances (note 11)	(195)	(576)
	(185)	1,281
INVESTING ACTIVITIES		
Acquisition of investments impacting the Québec economy	(112,061)	(85,932)
Acquisition of investments	(185,062)	(832,642)
Proceeds on disposal of investments impacting the Québec economy	36,021	920
Proceeds on disposal of investments	167,299	813,985
Acquired cash (note 4)	1,535	-
	(92,268)	(103,669)
FINANCING ACTIVITIES		
Issuance of common shares	100,605	101,716
Redemption of shares	(1,234)	(1,062)
	99,371	100,654
Increase (decrease) in cash and cash equivalents during the year	6,918	(1,734)
Cash and cash equivalents – Beginning of year	3,663	5,397
Cash and cash equivalents – End of year	10,581	3,663
Supplementary information		
Income taxes paid	4,875	2,180

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005 and 2004

(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; and
- 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 that they deem to be representative of eligible entities as described in the Act; and
- 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.

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.

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 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 where they do not represent more than one third of the total investments made as first purchaser in that entity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

2 CHANGES IN ACCOUNTING POLICIES

In January 2004, the Canadian Institute of Chartered Accountants Accounting Standards Board issued Accounting Guideline AcG-18, which requires investment companies to carry investments at fair value. The Company has decided to apply this new standard prospectively starting January 1, 2005. Consequently, bonds previously carried at unamortized cost are carried at their fair value. This change in accounting policy increases both the investment and unrealized appreciation (depreciation) balances by $1,517,000 respectively, decreases future income taxes by $289,000, and increases net asset value per common share by $0.03 to $10.28 at January 1, 2005.

Moreover, funds committed but not disbursed are not presented in the balance sheets. Funds committed but not disbursed were previously presented with investments impacting the Québec economy and in deduction of investments. This change in accounting policy has been applied retroactively with restatement and resulted in a decrease in investments impacting the Québec economy and an increase in investments of $60,550,000 as at December 31, 2004. This new accounting standard did not have any effect on net assets, net loss and cash flows of the Company for the year ended December 31, 2004.

3 SIGNIFICANT ACCOUNTING POLICIES

Consolidation principle

These consolidated financial statements include the accounts of the Company and those of its subsidiary, Desjardins – Innovatech S.E.C.

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

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. 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 discount or capitalization rate, rate of return and the weighting of forecasted earnings.

Investments

Investments consist of temporary investments, bonds and preferred shares recorded at fair value. Fair value is calculated according to the market value, which is the bid-side level at market closing on the balance sheet date. Up to December 31, 2004, temporary investments were recorded at the lower of cost and fair value and bonds were recorded at their unamortized cost, net of the provision for losses, if necessary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(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 on investments". As at December 31, 2005, 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 on investments". As at December 31, 2005, 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 cash on hand and short-term deposits with original terms to maturity of three months or less, which deposits 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

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

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 on investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

4 BUSINESS ACQUISITION

On July 4, 2005, the Company took part in the creation of Desjardins – Innovatech S.E.C. through a cash contribution of $30,000,000 for units representing a 53.1% interest in the limited partnership. The second limited partner, Société Innovatech Régions ressources ("IRR"), contributed to the creation through the transfer of a portfolio, including related commitments, for an amount of $26,500,000. Its units represent a 46.9% interest in the limited partnership. Desjardins Venture Capital Inc. contributed $564 as the general partner.

The acquisition has been accounted for under the purchase method and the results of operations, cash flows, assets and liabilities are included in the consolidated financial statements since July 4, 2005. The Company completed its purchase price allocation using the estimated fair value of the net asset acquired based on information and valuations available as of July 4, 2005.

Assets and liabilities described below were transferred by IRR:

Assets and liabilities	$
Investments	26,265
Cash	1,535
Provision for surety	(1,300)
Net assets acquired	26,500

The purchase agreement with IRR includes adjustment clauses related to certain assets and to the provision for surety. These adjustments would be settled by the issuance of units to IRR or the cancellation of certain units held by IRR. These adjustments could reduce the Company's interest by a maximum of 1.2% or increase it by a maximum of 2.2%.

5 INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

	As at December 31, 2005		**As at December 31, 2004**	
	Cost	**Fair value**	**Cost**	**Fair value**
	$	$	$	$
Unsecured				
Common shares	59,468	65,441	36,619	37,381
Preferred shares	94,597	79,545	77,652	65,545
Debentures and advances	94,296	91,262	31,771	31,114
	248,361	236,248	146,042	134,040
Secured				
Debentures and advances	11,038	7,866	2,342	1,871
	259,399	244,114	148,384	135,911

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 10.8% and have an average residual maturity of 5.33 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Allocation of investments by industry segment:

	As at December 31, 2005		
Industry segment	**Investments at cost**	**Unrealized appreciation (depreciation)**	**Fair value**
	$	$	$
Cooperatives	34,374	(373)	34,001
Industrial	115,624	(4,001)	111,623
Health and biotechnology	51,449	(6,949)	44,500
Telecommunications	19,731	2,136	21,867
Information technology	37,454	(6,270)	31,184
Investment funds	767	172	939
Total	259,399	(15,285)	244,114

	As at December 31, 2004		
Industry segment	**Investments at cost**	**Unrealized appreciation (depreciation)**	**Fair value**
	$	$	$
Cooperatives	4,475	-	4,475
Industrial	67,451	(7,230)	60,221
Health and biotechnology	32,750	(2,317)	30,433
Telecommunications	13,913	(219)	13,694
Information technology	29,181	(2,707)	26,474
Investment funds	614	-	614
Total	148,384	(12,473)	135,911

Funds committed but not disbursed are presented at note 13.

6 INVESTMENTS

a) Allocation of investments by instrument

	As at December 31, 2005		**As at December 31, 2004**	
	Unamortized cost	**Fair value**	**Unamortized cost**	**Fair value**
	$	$	$	$
Bonds				
Federal	84,583	84,811	82,176	82,585
Provincial and guarantee	187,309	187,059	170,620	170,956
Financial institutions	57,163	57,906	53,024	53,541
Companies	21,753	21,932	28,860	29,115
	350,808	351,708	334,680	336,197
Preferred shares	609	611	-	-
Total	351,417	352,319	334,680	336,197

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

b) Allocation of bonds by maturity date

	As at December 31, 2005			
Maturity	**Less than 1 year** $	**1 to 5 years** $	**More than 5 years** $	**Total** $
Unamortized cost	12,137	110,618	228,053	350,808
Par value	12,000	105,665	220,522	338,187
Fair value	12,128	110,389	229,191	351,708
Average nominal rate	6.30%	5.42%	5.00%	5.04%
Average effective rate	3.51%	3.95%	4.29%	4.13%

	As at December 31, 2004			
Maturity	**Less than 1 year** $	**1 to 5 years** $	**More than 5 years** $	**Total** $
Unamortized cost	-	84,537	250,143	334,680
Par value	-	80,060	221,102	301,162
Fair value	-	85,010	251,187	336,197
Average nominal rate	-	5.75%	6.56%	6.34%
Average effective rate	-	3.83%	4.41%	4.27%

7 ACCOUNTS RECEIVABLE

	2005 $	**2004** $
Interest receivable on investments	2,947	3,740
Sales taxes receivable	416	229
Other accounts receivable	2,259	1,310
	5,622	5,279

8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

a)	**2005** $	**2004** $
Entities of the Desjardins Group		
Shareholder services	493	1,055
Provision for surety	1,300	-
Other	802	272
	2,595	1,327

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

b) The provision consists of a surety on commitments of a portfolio entity to one of its lenders. The surety which was first granted by Société Innovatech Région ressources is now assumed by Desjardins – Innovatech S.E.C. following the business acquisition (see note 4).

9 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, redeemable subject to certain conditions provided under the Act, so that its capital increases by a maximum of $150,000,000 annually to a maximum of $1,325,000,000.

In an announcement of the Québec Minister of Finance on March 11, 2005, the annual limit of capital increase for the year 2005 was reduced to $100,000,000. Furthermore, in the March 30, 2004 budget, the annual limit of capital had been reduced to $100,000,000. Those combined reductions as well as previous years' reductions result in a cumulative limit of $575,000,000 as at February 28, 2006.

Issued and fully paid	2005 $	2004 $
56,600,254 Common shares (2004 – 46,905,260)	572,032	472,641

During the year, the Company issued 9,815,116 common shares (2004 – 9,923,523) for a cash consideration of $100,605,101 (2004 – $101,715,850).

During the year, the Company redeemed 120,122 common shares (2004 – 103,602) for a cash consideration of $1,233,514 (2004 – $1,061,836).

This data does not include the redemption requests made within 30 days after 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 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

10 INCOME TAXES

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

a) The income tax expense is detailed as follows:

	2005 $	2004 $
Current income taxes	4,191	3,470
Future income taxes	(1,515)	(2,150)
	2,676	1,320

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

	2005 $	2004 $
Income taxes by applying the combined income tax rate of 38.02%	3,513	420
Large corporations tax*	477	154
Permanent differences between earnings before income taxes and taxable income and other	(1,314)	746
	2,676	1,320

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

c) Future income taxes relate to the following items:

	2005 $	2004 $
Future income tax assets		
Unrealized appreciation (depreciation)	3,203	2,371
Amortization of premiums on bonds	558	108
Other	55	114
	3,816	2,593
Future income tax liabilities		
Software	(395)	(687)
Future income tax assets, net	3,421	1,906

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

11 CASH FLOWS

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

	2005	2004
	$	$
Increase in accounts receivable	(343)	(1 668)
Decrease in accounts payable and accrued liabilities	(32)	(50)
Increase in income taxes	180	1 142
	(195)	(576)

12 RELATED PARTY TRANSACTIONS

Major agreements with the Company and 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 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 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 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 non-consolidated average assets' net value reduced by any amount payable for the acquisition of investments and by the remaining balance of the deferred non-refundable grant. In order to avoid double billing on the Company's investment in Desjardins – Innovatech S.E.C., an adjustment to the management fee was made. 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.

- Desjardins – Innovatech S.E.C., the Company's subsidiary (note 4), is managed and operated by its general partner, DVC, as established by the limited partnership agreement dated July 4, 2005. This agreement is effective for an initial term of ten years and may be extended for a maximum of three years. The limited partners may decide to dismiss the general partner before the expiry date of the agreement. In accordance with the agreement, Desjardins – Innovatech S.E.C. has committed to disburse annual management fees representing 3% of the average assets' net value reduced by any amount payable for the acquisition of investments and by the amount attributable to the provision for surety. Additional compensation equivalent to 20% of the return attributable to the limited partners in excess of an annual average return of 7.5% is payable upon the partnership's liquidation.

- 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 on 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. The present agreement is effective for the following 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(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:

	2005	2004
	$	$
Earnings		
Caisse centrale Desjardins		
Interest on investments	1,115	948
Capital Desjardins inc.		
Gain on sale of investments	35	992
Interest on investments	1,369	1,831
Desjardins Financial Security		
Operating expenses	221	-
Desjardins Trust Inc.		
Shareholder services	1,631	1,898
Desjardins Venture Capital Inc.		
Management fees	17,950	14,112
Fédération des caisses Desjardins du Québec		
Operating expenses	486	318
Balance sheets		
Caisse centrale Desjardins		
Cash and cash equivalents	8,525	559
Capital Desjardins inc.		
Bonds	29,300	32,828
Desjardins Capital de développement		
Accounts receivable	65	296
Desjardins Securities		
Cash and cash equivalents	942	1,766
Desjardins Trust Inc.		
Accounts receivable	493	1,055
Desjardins Venture Capital Inc.		
Accounts receivable	36	405
Accounts payable and accrued liabilities	280	-
Desjardins Venture Capital L.P.		
Investments impacting the Québec economy	13,038	-
Fédération des caisses Desjardins du Québec		
Accounts payable and accrued liabilities	291	11

13 COMMITMENTS

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. Funds committed but not disbursed amount to $64,999,000 as at December 31, 2005 (December 31, 2004 – $60,550,000). Assuming that the conditions will be respected, the estimated installments for the next four years ended December 31 are as follows:

	$
2006	33,325
2007	14,097
2008	11,729
2009	5,848

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Allocation of funds committed but not disbursed by industry segment are as follows:

Industry segment	**Funds committed but not disbursed, at cost** $
Cooperatives	13,366
Industrial	4,992
Health and biotechnology	8,143
Telecommunications	3,920
Information technology	180
Investment funds	34,398
Total	64,999

14 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.

Interest rate risk

Cash and cash equivalents bear interest at prime rate less 2.25%. Accounts receivable and accounts payable and accrued liabilities are non-interest bearing.

The Company does not hold any derivative financial instruments.

15 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

16 NON-CONSOLIDATED SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

The non-consolidated schedule of cost of investments impacting the Québec economy with the auditors' report is presented separately from these financial statements and is available at the Company's head office, on the Company's website and on SEDAR.

AUDITORS' REPORT

January 31, 2006

To the Shareholders of
Capital régional et coopératif Desjardins

On January 31, 2006 we reported on the consolidated balance sheets of **Capital régional et coopératif Desjardins** (the "Company") as at December 31, 2005 and December 31, 2004 and the consolidated statements of earnings (loss), shareholders' equity and cash flows for the years then ended.

In our audits of the consolidated financial statements referred to above, we have also audited the non-consolidated schedule of cost of investments impacting the Québec economy as at December 31, 2005. This schedule is the responsibility of the Company's management.

In our opinion, this schedule presents fairly, in all material respects, the financial information therein when read in conjunction with the Company's financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

NON-CONSOLIDATED SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

As at December 31, 2005

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments: Common shares $	Unsecured investments: Preferred shares $	Unsecured investments: Debentures and advances $	Secured investment: Debentures and advances $	Total $
ABITIBI-TÉMISCAMINGUE							
Brasserie Belgh Brasse inc.	2005	I	-	-	160	-	160
Manufacture Adria inc.	2005	I	-	-	280	-	280
Total Abitibi-Témiscamingue			-	-	440	-	440
BAS-SAINT-LAURENT							
Aqua-Biokem BSL inc.	2002	I	-	760	674	-	1,434
Boutique Le Pentagone inc.	2003	I	-	-	139	-	139
Coopérative funéraire du Bas-Saint-Laurent	2002	C	-	-	33	-	33
Diamants du Saint-Laurent inc. (Les)	2002	I	292	-	-	-	292
Entrepreneur Forestier Yoland Ouellet inc.	2005	I	-	-	193	-	193
Gestion Arnold Gauthier inc.	2002	I	-	80	220	-	300
Gestion Gilles D'Amours (9159-0026 Québec inc.)	2005	I	-	-	1,030	-	1,030
Industries Desjardins Ltée (Les)	2005	I	-	-	500	-	500
Industries Francis Pelletier inc. (Les)	2003	I	80	-	160	-	240
Industries Massé et D'Amours inc.	2005	I	-	-	187	-	187
Location Jesna inc. (9133-1355 Québec inc.)	2003	I	30	-	13	-	43
PG Systèmes d'Information inc.	2003	IT	-	1,080	349	-	1,429
Total Bas-Saint-Laurent			402	1,920	3,498	-	5,820
CAPITALE-NATIONALE							
Céramica-Concept inc.	2005	I	-	-	320	-	320
Congébec Logistique inc.	2004	I	3,400	-	-	-	3,400
Coopérative de travailleurs actionnaires Groupe Congébec	2005	C	-	-	1,000	-	1,000
Engrenage Provincial inc.	2005	I	-	-	2,368	-	2,368
ExelTech Aérospatiale inc.	2004	I	753	-	1,778	-	2,531
Humagade Ltée	2004	TC	-	80	240	-	320
Labcal Technologies Inc.	2004	IT	-	1,840	-	2,112	3,952
Logiciels Dynagram inc. (Les)	2002	IT	137	364	-	-	501
Oricom Internet inc.	2005	I	-	-	400	-	400
Souris Mini inc.	2005	I	-	-	723	-	723
Usital Canada inc.	2002	I	-	240	240	-	480
Viridis Biotech inc.	2002	H	-	-	-	104	104
Total Capitale-Nationale			4,290	2,524	7,069	2,216	16,099
CENTRE-DU-QUÉBEC							
Demtec inc.	2005	I	-	-	800	-	800
Total Centre-du-Québec			-	-	800	-	800
CHAUDIÈRE–APPALACHES							
CIF Métal inc.	2005	I	168	1,535	-	-	1,703
Coopérative de Travail Trans-Groupe	2004	C	-	-	1,200	-	1,200
Fumets Sylvestre (Les)	2003	I	-	-	160	-	160
Matiss inc.	2002	I	400	-	340	-	740

NON-CONSOLIDATED SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (CONTINUED)

As at December 31, 2005

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments Common shares $	Unsecured investments Preferred shares $	Unsecured investments Debentures and advances $	Secured investment Debentures and advances $	Total $
Planchers Ancestral inc.	2003	I	320	-	480	-	800
Portes Patio Résiver inc.	2003	I	-	299	38	-	337
Produits métalliques Roy inc.	2005	I	-	-	300	-	300
Total Chaudière–Appalaches			888	1,834	2,518	-	5,240
EASTERN TOWNSHIPS							
Câble-Axion Digitel inc.	2004	TC	-	4,800	-	-	4,800
Camoplast inc.	2002	I	23,171	-	-	-	23,171
Cogiscan inc.	2002	IT	-	813	1,035	-	1,848
Coopérative de travailleurs actionnaires Filage Sherbrooke (FilSpec)	2004	C	-	-	1,824	-	1,824
Coopérative des employés de Laser AMP inc.	2004	C	-	-	400	-	400
Créa BioPharma inc.	2003	H	-	-	-	497	497
Entreprises Michel Lapierre inc. (Les)	2004	I	-	1,414	1,886	-	3,300
Extermination Cameron inc.	2005	I	-	-	500	-	500
FilSpec inc. (9120-0782 Québec inc.)	2004	I	400	-	-	-	400
FilSpec inc. (9139-4841 Québec inc.)	2004	I	160	-	-	-	160
Gestion Ferti-Val inc.	2003	I	24	536	-	-	560
IPS Thérapeutique inc.	2002	H	-	80	53	40	173
Laser AMP inc.	2004	I	8	60	-	-	68
Mésotec inc.	2005	I	1,900	-	-	-	1,900
Neptune Technologies & Bioressources inc.	2003	H	777	-	1,074	-	1,851
NeXCell BioSciences inc.	2003	H	-	-	-	195	195
Quantiscript inc.	2004	TC	-	1,080	-	-	1,080
Société Industrielle de Décolletage et d'Outillage (SIDO) Ltée	2005	I	-	2,409	2,891	-	5,300
Tissages Sherbrooke inc. (Les)	2003	I	320	-	56	224	600
Tranzyme Pharma inc.	2003	H	-	2,349	-	-	2,349
Uniflex Technologies inc.	2003	I	200	-	546	-	746
Total Eastern Townships			26,960	13,541	10,265	956	51,722
GASPÉSIE–ÎLES-DE-LA-MADELEINE							
Éocycle Technologies inc.	2004	I	480	-	-	-	480
Groupe alimentaire RT Ltée	2005	I	-	-	500	-	500
Total Gaspésie–Îles-de-la-Madeleine			480	-	500	-	980
LANAUDIÈRE							
Dessert & Passion inc.	2003	I	-	160	80	-	240
Gestion Technomarine International inc.	2005	I	-	438	517	-	955
Technologies Photogram inc.	2005	I	-	80	280	-	360
Total Lanaudière			-	678	877	-	1,555
LAURENTIANS							
Capital Pro-Égaux inc.	2004	I	146	-	-	-	146
Coopérative Forestière des Hautes-Laurentides	2002	C	-	-	542	-	542
Triton Électronique inc.	2003	I	-	2,000	-	-	2,000
Total Laurentians			146	2,000	542	-	2,688
LAVAL							
Avance Pharma inc. (formerly Phytobiotech)	2002	H	2,000	-	-	-	2,000
Datacom Wireless Corporation inc.	2003	TC	-	2,120	-	-	2,120

NON-CONSOLIDATED SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (CONTINUED)

As at December 31, 2005

(in thousands of dollars)

	Initial investment year	Industry segment	Unsecured investments: Common shares $	Unsecured investments: Preferred shares $	Unsecured investments: Debentures and advances $	Secured investment: Debentures and advances $	Total $
Duo Vac Inc.	2005	I	-	-	1,300	-	1,300
Neks Technologies inc.	2002	I	1,093	140	-	-	1,233
Technologies 20-20 Inc.	2002	IT	872	-	-	-	872
Total Laval			3,965	2,260	1,300	-	7,525
MAURICIE							
Ébénisterie Saint-Tite inc.	2005	I	-	-	400	-	400
Fromageries Jonathan Inc.	2005	I	-	-	240	-	240
Infoteck Internet (9015-1820 Québec inc.)	2005	IT	-	-	187	-	187
Matériaux Spécialisés Louiseville inc.	2004	I	-	-	8,078	-	8,078
Plancher Best Value inc.	2004	I	-	320	160	-	480
Premier Aviation Centre de Révision Inc.	2005	I	-	-	800	-	800
Total Mauricie			-	320	9,865	-	10,185
MONTÉRÉGIE							
Audisoft Technologies inc.	2003	TC	200	1,817	450	-	2,467
Coencorp Consultant Corporation	2002	IT	-	112	-	-	112
Conporec inc.	2005	I	317	-	-	-	317
Distech Contrôles inc.	2003	I	-	718	978	-	1,696
Reproductions BLB inc. (Les)	2004	I	-	100	260	-	360
Ryshco Média inc.	2002	IT	-	-	-	200	200
Total Montérégie			517	2,747	1,688	200	5,152
MONTRÉAL							
Acti-Menu inc.	2005	H	-	810	-	-	810
Aegera Therapeutics Inc.	2002	H	-	1,334	2,617	-	3,951
Aurelium BioPharma Inc.	2003	H	-	1,602	-	296	1,898
Bioaxone Thérapeutique inc.	2002	H	-	2,000	3,000	-	5,000
Cardianove inc.	2003	H	-	640	-	240	880
Chronogen inc.	2003	H	-	4,800	-	-	4,800
Coopérative de travailleurs actionnaires de TEC	2005	C	-	-	988	-	988
Coradiant inc.	2004	IT	-	8,166	-	-	8,166
Corporation Iatroquest	2004	H	-	1,840	-	-	1,840
Emballages Deltapac inc. (Les)	2005	I	228	-	652	-	880
Enobia Pharma inc.	2005	H	-	2,900	-	-	2,900
Invidex inc.	2003	IT	-	2,800	180	2,264	5,244
IsacSoft inc.	2005	IT	1,314	-	-	-	1,314
La Coop Fédérée	2005	C	-	-	25,000	-	25,000
Lipso Systèmes inc.	2002	TC	-	800	-	-	800
Logiciels Stormmaker inc.	2002	IT	-	533	400	-	933
LxSix Photonics inc.	2002	TC	-	2,579	1,463	225	4,267
Mon Mannequin Virtuel inc.	2005	IT	-	-	2,800	-	2,800
New IT Technologies Inc.	2005	IT	-	480	120	-	600
Nstein Technologies inc.	2004	IT	310	-	-	-	310
Original Solutions Inc.	2003	I	-	800	-	-	800
Osprey Pharmaceuticals Limited	2003	H	-	1,698	-	-	1,698
PainCeptor Pharma Corporation	2004	H	-	3,800	-	-	3,800
Pensée & Mouvement Artificiels inc.	2002	IT	985	-	681	-	1,666
Procyon Biopharma inc.	2003	H	2,953	-	1,683	-	4,636
Qualiporc Regroupement Coopératif	2005	C	-	-	3,000	-	3,000
Resonant Medical Inc.	2004	H	-	5,800	-	-	5,800

NON-CONSOLIDATED SCHEDULE OF COST OF INVESTMENTS IMPACTING THE QUÉBEC ECONOMY (CONTINUED)

As at December 31, 2005
(in thousands of dollars)

			Unsecured investments			Secured investment	
	Initial investment year	Industry segment	Common shares	Preferred shares	Debentures and advances	Debentures and advances	Total
			$	$	$	$	$
SDP Components inc.	2002	I	-	1,778	-	-	1,778
Technologies Miranda inc.	2002	TC	2,997	-	-	-	2,997
Corporation de Logiciels Timespring	2003	IT	-	5,840	-	-	5,840
Topigen Pharmaceutiques inc.	2004	H	-	5,800	-	-	5,800
Vertical 7 inc.	2004	IT	-	600	-	-	600
Total Montréal			8,787	57,400	42,584	3,025	111,796
OUTAOUAIS							
Cactus Commerce inc.	2004	IT	-	800	-	-	800
Total Outaouais			-	800	-	-	800
OUTSIDE QUÉBEC							
Openwave Systems inc.	2005	TC	880	-	-	-	880
Total Outside Québec			880	-	-	-	880
SAGUENAY–LAC-SAINT-JEAN							
Agricom inc.	2003	IT	-	80	-	-	80
Bois B.T. (9131-9210 Québec inc.)	2003	I	58	-	222	-	280
Coupesag Laser/Jet d'eau inc.	2005	I	23	-	144	-	167
C.R.O.I. (9068-6767 Québec inc.)	2004	I	120	40	240	-	400
Entreprises Forestières N.T. inc. (Les)	2005	I	-	-	60	-	60
Frigon Électrique Inc.	2005	I	-	-	183	-	183
Gémofor inc.	2005	I	1,456	892	752	-	3,100
Groupe Canmec (6317456 Canada inc.)	2004	I	481	5,019	1,000	-	6,500
Groupe Nokamic inc.	2005	I	-	-	100	-	100
Groupe Nova inc.	2002	I	412	-	326	-	738
Institut d'échafaudage du Québec (9020-4983 Québec inc.)	2002	I	-	-	84	-	84
Les Industries I.S.A. (4157702 Canada inc.)	2004	I	60	-	196	-	256
Luzernes Belcan Lac-Saint-Jean inc. (Les)	2002	C	226	41	120	-	387
Nature 3M inc.	2002	I	100	-	52	-	152
Thermo-Tech (9132-8716 Québec inc.)	2003	I	-	18	502	-	520
Végétolab inc.	2003	I	32	-	108	-	140
Total Saguenay–Lac-Saint-Jean			2,968	6,090	4,089	-	13,147
INVESTMENT FUNDS							
Desjardins – Innovatech S.E.C.	2005	F	30,000	-	-	-	30,000
FIER Partners L.P.	2005	F	152	-	-	-	152
Fonds d'investissement MSBI, société en commandite	2004	F	460	-	-	-	460
Gestion MSBI inc.	2004	F	154	-	-	-	154
Total Investment funds			30,766	-	-	-	30,766
Total at cost			81,049	92,114	86,035	6,397	265,595

Industry segment legend

C: Cooperatives
I: Industrial
H: Health and biotechnology
TC : Telecommunications
IT: Information technology
F: Investment funds

SHAREHOLDER INFORMATION

5th Annual General Meeting of Capital régional et coopératif Desjardins

Québec City Convention Centre ■ Friday, March 24, 2006 at 4:15 p.m., room 200

INVESTOR RELATIONS

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Entrepreneurs looking for venture capital may contact one of our offices in the following regions:

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- Chaudière-Appalaches
- Côte-Nord
- Eastern Townships
- Gaspésie–Îles-de-la-Madeleine
- Lanaudière
- Laurentians
- Laval
- Mauricie
- Montérégie
- Montréal
- Nord-du-Québec
- Outaouais
- Saguenay–Lac-Saint-Jean

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