CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS

MANAGEMENT DISCUSSION AND ANALYSIS

This interim Management Discussion and Analysis ("MD&A") supplements the financial statements and contains financial highlights but does not reproduce the Company's complete interim financial statements. It presents management's assessment of the Company's results for the period reported in the financial statements, as well as its financial position and any material changes to it.

The Company's annual compounded returns expressed in this MD&A are net of expenses and income taxes while returns by activity or asset class represent returns before expenses and income taxes.

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 new event that may occur after the reporting date.

Copies of the interim financial statements may be obtained free of charge, on request, by calling 514 281-2322 or (toll free) 1 866 866-7000, extension 2322, by writing to 2 Complexe Desjardins, P.O. Box 760, Desjardins Station, Montréal, Québec H5B 1B8, or from our website at capitalregional.com or SEDAR at www.sedar.com.

Annual financial information may be obtained in the same way.

FINANCIAL HIGHLIGHTS

The following charts present key financial data and are intended to assist in understanding the Company's financial results for the preceding five fiscal years and for the six-month period ended June 30, 2013. This information is derived from the Company's audited annual and interim financial statements.

RATIOS AND SUPPLEMENTAL DATA

(in thousands of $, unless indicated otherwise)	June 30, 2013 (6 months)	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Revenue	24,722	53,491	46,894	44,970	39,900	39,520
Net income (net loss)	2,016	53,435	122,588	18,696	17,145	(29,347)
Net assets	1,472,665	1,356,446	1,220,427	1,019,846	905,921	812,606
Shares outstanding (number, in thousands)	128,346	118,243	110,776	102,908	93,142	85,159
Total operating expense ratio (%)	2.1	2.4	3.0	2.8	2.8	3.1
Portfolio turnover rate:						
– Investments impacting the Québec economy (%)	5	23	28	11	9	9
– Other investments (%)	56	67	110	112	84	83
Trading expense ratio [1] (%)	0.0	0.0	0.0	0.0	0.0	0.0
Number of shareholders (number)	104,232	103,052	106,577	111,476	118,119	122,128
Issues of shares	149,994	149,994	153,955	180,982	129,443	126,440
Share issue expenses, net of related taxes	1,739	–	–	–	–	–
Redemptions of shares	34,052	67,410	75,962	85,753	53,273	17,016
Investments impacting the Québec economy at cost	619,873	625,414	498,984	473,331	475,785	412,828
Fair value of investments impacting the Québec economy	672,830	659,045	541,909	439,550	401,321	348,408
Funds committed but not disbursed	114,211	142,350	151,822	200,485	63,907	64,446

[1] Trading expense includes brokerage fees and other portfolio transaction costs. These expenses are not material to the Company.

CHANGES IN NET ASSETS PER SHARE

	June 30, 2013 (6 months)	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
	($)	($)	($)	($)	($)	($)
Net assets per share, beginning of period / year	11.47	11.02	9.91	9.73	9.54	9.89
Increase (decrease) attributable to operations	0.02	0.46	1.15	0.19	0.19	(0.35)
Interest, dividends and negotiation fees	0.20	0.46	0.43	0.45	0.43	0.47
Operating expenses	(0.12)	(0.28)	(0.31)	(0.27)	(0.27)	(0.30)
Income taxes and capital tax	(0.03)	(0.09)	(0.07)	(0.07)	(0.06)	0.04
Realized gains (losses)	(0.01)	0.48	0.20	(0.36)	0.13	(0.20)
Unrealized gains (losses)	(0.02)	(0.11)	0.90	0.44	(0.04)	(0.36)
Difference attributable to share issues and redemptions	(0.02)	(0.01)	(0.04)	(0.01)	0.00	0.00
Net assets per share, end of period / year	11.47	11.47	11.02	9.91	9.73	9.54

OVERVIEW

The Company ended the first half of fiscal 2013 with net income of $2.0 million ($30.9 million for the same period of 2012), representing a non-annualized return of 0.1% (2.5% as at June 30, 2012). The combined effect of net income and share issue expenses (net of taxes of $1.1 million) amounting to $1.7 million recognized in share capital resulted in the retention of net assets per share at $11.47 based on the number of shares outstanding as at June 30, 2013.

Investments impacting the Québec economy posted a non-annualized return of 4.1% for the six-month period ended June 30, 2013 compared with a non-annualized return of 6.8% for the same period a year earlier. As at June 30, 2013, the cost of Investments impacting the Québec economy disbursed totalled $619.9 million and investments made during the period reached $36.9 million. Funds committed but not disbursed reached $114.2 million and new commitments for the period came to $8.7 million.

Other investments generated a negative non-annualized return of 0.9% for the first six months of 2013, compared with a non-annualized return of 2.2% for the same period of 2012. The lower return in 2013 is due mainly to impairment of value in the bond portfolio related to the sudden rise in bond rates that occurred primarily in June 2013.

Capital subscriptions during the first half of the year reached $150.0 million in only a few hours, while share redemptions totalled $34.1 million. The balance of shares eligible for redemption as at June 30, 2013 totalled almost $360 million. Net assets amounted to $1,472.7 million, up 8.6% from December 31, 2012. The number of shareholders as at June 30, 2013 was 104,232.

ECONOMIC ENVIRONMENT

World financial, economic and political stability was sorely tested during the first six months of 2013. Recession in the euro zone is continuing and is likely to drag on until the fall. The People's Bank of China was obliged to intervene to allay various concerns regarding its financial system, at the same time reawakening fears surrounding the strength of its economy. Conflicting economic indicators in several regions of the world were at times confusing and suggest that global economic growth might be a modest 3.1% in 2013. The weak 1.0% advance forecast for real GDP in the industrialized countries should be offset by growth of 4.8% in the emerging and developing nations.

In the United States, the space given over to political issues has waned. Despite relatively disappointing growth in the first quarter, several sectors of the economy are sending out encouraging signals. Household consumption and the housing market are improving, driven by greater consumer confidence and reasonably sustained job growth. However, exports suffer in an uncertain global economic environment and the manufacturing sector is running into some headwinds. Weak government spending continues to drag on U.S. economic growth, which is likely to be somewhere around 2.0% in 2013. Worries about the strength of the U.S. recovery continue to surface.

In Canada, an improved trade balance is generating a good share of the growth. Conversely, domestic demand is sluggish. In spite of recent job creation gains, households appear somewhat skittish about certain types of consumer spending, for durable goods in particular. Household debt appears to have plateaued, and a slight downward trend could set in. Government spending remains very cautious and businesses increasingly seem to be adopting a similar stance with regard to investing. A slowdown in housing still remains the most plausible assumption, although the market continues to exhibit amazing resilience. Real GDP growth in Canada is forecast at 1.8% for 2013. It is also likely be under 2.0% for Québec and Ontario.

The Québec economy started the year off well. Real GDP posted an annualized advance of 1.8% in the first quarter, driven by consumer spending and the improved trade balance. Exports are down, but the steeper decline in imports has reduced the foreign trade deficit. Corporate investments have weakened, however, after a period of sustained growth. Québec's economy continues to perform well, despite the difficult global economic conditions. The Desjardins Leading Index, which forecasts the direction of the Québec economy about six months in advance, recorded a second consecutive gain in May, suggesting that the growth cycle might continue, although at a more moderate pace.

The recent comments by the U.S. Federal Reserve Chairman about gradually phasing out bond buying sent shockwaves through the financial markets. Bond rates have jumped sharply in both the U.S. and Canada, impacting certain mortgage rates. The Canadian dollar suffered from these changes, slipping below US$0.95, but might return to par over a horizon of about 12 months. The big central banks are likely to maintain very flexible monetary conditions for quite some time. It is doubtful the U.S. Federal Reserve will change its key rates before 2015, while the Bank of Canada might begin to tighten its monetary policy only towards the end of 2014 with two consecutive increases in the overnight rate. The stock markets, some of which have once again reached new record highs, could post strong performance this year. The S&P 500 could see returns of over 10.0% in 2013, markedly higher than expectations for the S&P/TSX, which has felt the effect of weaker demand for commodities.

These economic conditions and, in particular, changes in bond rates, affect the fair value of Other investments while Investments impacting the Québec economy instead reacts to more localized factors.

MANAGEMENT'S DISCUSSION OF FINANCIAL PERFORMANCE

OPERATING RESULTS

COMPANY NET RESULTS AND RETURNS

The Company ended the first half of the year on June 30, 2013 with net income of $2.0 million, or a non-annualized return of 0.1% compared with net income of $30.9 million (non-annualized return of 2.5%) for the same period of 2012. The combined effect of net income and share issue expenses (net of related taxes) amounting to $1.7 million recognized in share capital resulted in the retention of net assets per share at $11.47 as at June 30, 2013, in comparison with December 31, 2012. For information purposes, at the current price of $11.47, shareholders who invested seven years ago would obtain an annual after-tax return ranging from 7.3% to 8.0%, taking into account their income tax credit. Note that the income tax credit allowed for purchases between March 24, 2006 and November 9, 2007 was 35%, while the tax credit for the periods before and after those dates was 50%.

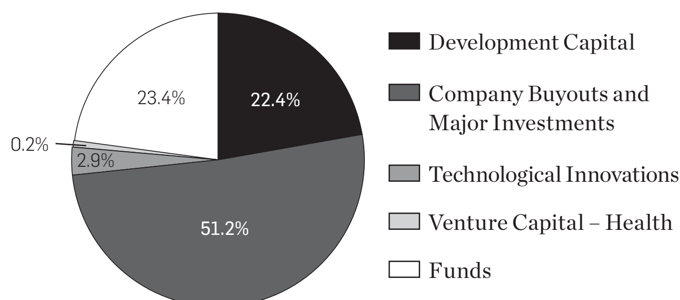
The Company's performance is driven primarily by Investments impacting the Québec economy and Other investments, which generated non-annualized contributions of 2.0% and (0.4%) respectively while expenses, net of administrative charges and income taxes had an impact of 1.5% on the Company's non-annualized return.

The financial asset management strategy the Company has adopted provides for a more balanced overall portfolio profile, allowing it to actively contribute to Québec's economic development. This should limit the volatility of the Company's returns in periods of substantial market turbulence.

INVESTMENTS IMPACTING THE QUÉBEC ECONOMY

Portfolio composition

The Company's manager has allocated its Investments impacting the Québec economy activities across five asset classes. The breakdown of the fair value of the portfolio by asset class as at June 30, 2013 is shown in the chart below.



Development Capital consists primarily of unsecured investments in the form of non-controlling interests in share capital, advances or loans. These financing packages are designed for growth-phase or mature companies. The packages may also be applicable for start-up businesses located in resource regions. The size of investments in this class ranges generally from $200,000 to $10 million. However, since July 2010, investments of $3 million ($5 million as of July 2013) or less in new partner companies have normally been carried out through the Capital croissance PME S.E.C. (CCPME) fund and are therefore reported in the Funds class. A description of CCPME appears later in this text.

Company Buyouts and Major Investments has a dual mandate. First, the Company aims to acquire companies to ensure their continuity or to strengthen promising sectors while keeping ownership in Québec. In addition, it supports the growth of profitable companies in all Québec business sectors through interests in their share capital or as an unsecured creditor for amounts ranging from $5 million to $30 million.

RETURN BY ACTIVITY	June 30, 2013				June 30, 2012			
	Average assets under management ($M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)	Average assets under management ($M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)
Investments impacting the Québec economy	665	47.7	4.1	2.0	547	42.9	6.8	3.0
Other investments and cash	729	52.3	(0.9)	(0.4)	728	57.1	2.2	1.2
	1,394	100.0	1.6	1.6	1,275	100.0	4.2	4.2
Expenses, net of administrative charges			(1.2)	(1.2)			(1.2)	(1.2)
Income taxes			(0.3)	(0.3)			(0.5)	(0.5)
Company's return			0.1	0.1			2.5	2.5

The Technological Innovations and Venture Capital – Health portfolios consist of direct investments in companies specializing in the information technology and life sciences sectors. As at June 30, 2013, these portfolios comprised only eight companies (fair value of $19.5 million) and three companies (fair value of $1.2 million), respectively. The Company aims to optimize the value of the investments it holds but has made no further new investments directly in these asset classes since 2008. Investments in technology or innovation businesses are instead made through partner fund Desjardins – Innovatech S.E.C. (DI).

As its capitalization is limited, the Company constantly seeks innovative ways to make a greater contribution to the development of Québec's economy. The Company is a pillar of Québec economic development, driving growth through several levers it develops in conjunction with its manager, Desjardins Venture Capital (DVC). Those levers underpin the Company's entrepreneurial ecosystem which comprises funds designed to value and nurture the best of Québec entrepreneurship. A more detailed description of each of them is provided later in this text. In addition to investing directly in Québec companies, the Company holds interests in the funds in its entrepreneurial ecosystem as well as in other funds that are included in the Funds class.

Composition of the Funds asset class

	Interest (%)	As at June 30, 2013 ($M)	As at December 31, 2012 ($M)
Entrepreneurial ecosystem			
CCPME	50.0	70.9	56.9
DI	54.5	53.2	56.6
Other funds launched by the Company		11.3	9.5
		135.4	123.0
Other funds		21.5	19.7
		156.9	142.7

- CCPME, whose main goal is to provide subordinated debt financing of $3 million or less to small and medium enterprises in Québec, was created on July 1, 2010. The Company and the Caisse de dépôt et placement du Québec (CDPQ), as sponsors of the fund, agreed to invest equal amounts totalling a maximum of $200 million, most of which will be disbursed over a period of three years. In July 2013, the sponsors made commitments to invest an additional amount of $20 million, in equal shares, for a total maximum amount of $220 million, to increase the maximum amount per investment to $5 million and to extend the investment period to December 31, 2013. Note that as of July 2013, CCPME will no longer undertake new cooperative financing packages as this type of financing will now be handled through the new Essor et Coopération fund presented below. As at June 30, 2013, the Company had disbursed $80.6 million of its total commitment of $100 million, allowing CCPME to support the development of 155 businesses and funds.
- In April 2013, the Company announced the renewal of the partnership agreement with CDPQ through a new fund – CCPME II. A maximum additional amount of $230 million will be invested over a three-year period to support small and medium enterprises in Québec. The Company will commit an amount of $115 million. The creation of CCPME II is planned for January 1, 2014 and the first investments for the first quarter of 2014.
- The Company is also the majority sponsor of the DI fund, which is also managed by DVC. In the last quarter of 2012, the Company injected an additional $20 million into DI to support companies in the existing portfolio and provide financing for new projects. With its increased capitalization, DI has made a commitment to inject a total of $85 million into an ecosystem made up of various funds and partners to support Québec technology or innovation businesses through each stage of their development. As at June 30, 2013, DI had made disbursements to support a total of 34 companies and funds.
- The Fonds Relève Québec provides business transfer loans at favourable conditions to Québec business successors to finance a portion of their capital funding. The Québec government and two other partners share in financing the Fund. As at June 30, 2013, the Company had disbursed $2.1 million of its commitment of $10 million.
- The objective of the Essor et Coopération limited partnership is to support the creation, growth and capitalization of cooperatives in Québec. This new fund, managed by DVC, will have a capitalization of $45 million, to which the Company has made a commitment of $40 million. The new partnership also entered into an agreement with the Business Development Bank of Canada and the Société d'aide au développement des collectivités (SADC) and Centre d'aide aux entreprises (CAE) network to make joint investments into projects, thereby making available a total amount of $60 million to Québec cooperatives. The initial investments are slated for the second half of 2013.
- In November 2012, the Company partnered with the government of Québec, the CDPQ, Desjardins Group, the Fédération des chambres de commerce du Québec, the Fondation de l'entrepreneurship and Quebecor to create the Fonds Prêt à Entreprendre s.e.c. This initiative targets and supports the most promising new entrepreneurs hailing from the four corners of Québec. The program provides comprehensive assistance for entrepreneurs by extending unsecured, interest-free loans to a maximum value of $30,000, combined with mentoring and technical support. The program budget is approximately $7 million. The Company has made a commitment of $1 million through CCPME. As at June 30, 2013, the Company had disbursed $0.2 million of its total commitment of $1 million, allowing the Fonds Prêt à Entreprendre, s.e.c. to support the development of 36 entrepreneurs.
- Last, the objective of the Fonds d'investissement pour la relève agricole, created in 2010 by the Company in collaboration with two other financial partners, is to support young farmers who often lack the capital to ensure farm start-ups and continuity. As at June 30, 2013, the Company had disbursed $1.7 million of its total commitment of $25 million for an initial period of five years.

Activities relating to Investments impacting the Québec economy

Investments of $36.9 million made during the first half of 2013, sale proceeds of $39.2 million and realized and unrealized net gains of $14.9 million increased the total fair value of the Company's investment portfolio, including foreign exchange contracts, to $671.4 million as at June 30, 2013 ($658.8 million as at December 31, 2012). Investments in CCPME mainly accounted for the investments made during the first half of the year.

Investment activities should also be measured taking into account funds committed but not disbursed, which amounted to $114.2 million as at June 30, 2013, compared with $142.4 million as at December 31, 2012. Total commitments at cost as at June 30, 2013 amounted to $734.1 million in 170 companies, cooperatives and funds, of which $619.9 million was disbursed.

The acquisition of certain investments gave rise to notes payable and financial liabilities with a fair value of $13.5 million ($11.4 million as at December 31, 2012). Their fair value is adjusted according to changes in the fair value of these investments held by the Company. The Company did not repay any notes or settle any financial liabilities during the six months ended on June 30, 2013 and the fair value of notes and financial liabilities was adjusted upwards by $2.1 million, generating a loss of $2.1 million for the Company.

Portfolio return

As shown in the Return by asset class table below, during the first six months of fiscal 2013, the Investments impacting the Québec economy portfolio generated a positive contribution of $28.3 million, for a return of 4.1%, compared with $37.1 million for the same period of 2012 (a return of 6.8%). The Company Buyouts and Major Investments asset class, which posted a solid return of 6.1% due to an improvement in the profitability of a number of companies in the portfolio and the significant amount of assets allocated to this class, was a significant driver of the Company's overall performance during the first six months of the year.

Contribution generated by Investments impacting the Québec economy

(in thousands of $)

	Six months ended June 30, 2013	Six months ended June 30, 2012
Revenue	15,651	16,443
Gains and losses	12,630	20,625
	28,281	37,068

Revenue, consisting of interest, dividends and negotiation fees related to Investments impacting the Québec economy, provides a solid income base that promotes overall portfolio profitability. Since January 1, 2013, negotiation fees, which amounted to $1.3 million for the six-month period ended June 30, 2013, are earned by DVC and a credit for that amount is applied against the management fees paid to DVC by the Company. The purpose of this change is to compensate the manager for the expenses incurred. Negotiation fees continue to be considered in the contribution generated by the Investments impacting the Québec economy as they are included in the profitability analysis of the investments.

The Company accounts for its Investments impacting the Québec economy at fair value. Two comprehensive portfolio reviews are carried out each year, with one covering the six-month period ending June 30 and the other covering the six-month period ending December 31.

The Company recorded a realized and unrealized gain of $12.6 million in its results for the six-month period compared with a gain of $20.6 million for the same period in 2012. Performance for the first six months stems mainly from the growth in value of a few companies in the Company Buyouts and Major Investments asset class.

As at June 30, 2013, the overall risk level of the Investments impacting the Québec economy portfolio had deteriorated slightly compared with its December 31, 2012 level, as discussed in the Credit and counterparty risk section.

OTHER INVESTMENTS

Managing the Other investments portfolio involves the portion of assets not earmarked for Investments impacting the Québec economy, including temporarily available cash resources prior to their investment in companies.

Other investments represents the balance of funds not invested in partner companies. This portfolio, consisting primarily of bonds, money market instruments and preferred shares, provides stable current revenue for the Company and ensures the necessary liquidity to fund share redemptions and investments.

As at June 30, 2013, the Company's Other investments portfolio, including cash but excluding foreign exchange contracts, totalled $779.4 million compared with $678.2 million as at December 31, 2012. These funds were invested mainly in the fixed-income securities market in highly liquid, low-credit risk instruments. As at June 30, 2013, 69% of portfolio bond securities were government-guaranteed (70% as at December 31, 2012).

RETURN BY ASSET CLASS	June 30, 2013				June 30, 2012			
	Average assets under management ($M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)	Average assets under management ($M)	Weighting (%)	Non-annualized return 6 months (%)	Non-annualized contribution 6 months (%)
Development Capital	154	11.0	2.5	0.3	158	12.3	6.0	0.7
Company Buyouts and Major Investments	341	24.5	6.1	1.5	220	17.3	13.6	2.1
Technological Innovations	18	1.3	8.2	0.1	24	1.9	8.6	0.2
Venture Capital – Health	2	0.1	8.8	0.0	46	3.6	(0.3)	0.0
Funds	150	10.7	0.6	0.1	99	7.8	0.2	0.0
	665	47.6	4.1	2.0	547	42.9	6.8	3.0

Owing to the $150 million in capital raised in a short period of time during the first half year, Other investments accounted for 52% of the portfolio's total net assets as at the end of the first six months of 2013 (49% as at December 31, 2012). This proportion is expected to decrease as and when the capital raised will be used to make new investments or to redeem shares upon shareholder request. Commitments already made but not disbursed of $114.2 million, representing nearly 8% of net assets, will eventually be covered from the Company's Other investments portfolio and allocated to Investments impacting the Québec economy.

The Company anticipates that the percentage of the Other investments portfolio to total net assets will gradually decrease in coming years to around 40% as capitalization reaches maximum limits and the pace of redemptions levels off as expected. In keeping with its core mission, this will allow an increase in funds allocated to Investments impacting the Québec economy.

The Company has implemented liquidity management strategies for the Other investments portfolio to optimize potential return while retaining the required liquidities to meet liquidity needs arising from redemption requests from shareholders and investments impacting the Québec economy it expects to make.

To enhance total portfolio returns, the securities advisor mandated by the Company's manager is also authorized to take market positions using repurchase agreements. Such trades are made in an overlay portfolio and their potential risk limits are defined and overseen by the Company's Financial Asset Management Committee and tracked daily by the securities advisor. This activity had a neutral impact for the first six months of 2013 ($0.6 million gain for the same period of 2012). As at June 30, 2013, the Company had no market positions.

Contribution generated by Other investments

(in thousands of $)

	Six months ended June 30, 2013	Six months ended June 30, 2012
Revenue	9,968	9,993
Gains and losses	(16,208)	5,108
	(6,240)	15,101

Revenue consists of interest, dividends and trading activities related to Other investments. Interest income (primarily from bonds) is recognized at the bond rate in effect at the acquisition date.

Other investments made a negative contribution of $6.2 million in the first six months of 2013 compared with a positive contribution of $15.1 million a year earlier. Current revenue was comparable with the same period of 2012.

Last, in the first half of 2013, the Company recorded a loss of $16.2 million on its Other investments portfolio. The loss stemmed primarily from the sharp rise in bond rates in June, when the bond market was shaken up by certain statements made by the U.S. Federal Reserve. As a result, typical returns on 5-year Canadian government bonds were 1.80% as at June 30, 2013 (1.38% as at December 31, 2012).

Over the last few years, the fair value of the bond portfolio benefited from repeated bond rate decreases. Rising rates could have a negative impact on unrealized changes in value. The Company's financial asset management strategy is to match the average maturity of Other investments with the average maturity of expected cash outflows, thereby limiting the long-term effect of bond rates on the Company's results.

CAPITAL RAISING

The Company offers its shares exclusively through the Desjardins caisse network. As at June 30, 2013, this distribution network consisted of 361 Desjardins caisses and 922 service centres, for a total of 1,283 points of sale.

Subscription of shares of the Company entitles the shareholder to receive a non-refundable tax credit, which applies only to Québec tax, for an amount equal to 50% of all amounts subscribed, up to a maximum tax credit of $2,500 per capitalization period. The minimum holding period for shares of the Company is seven years to the day from the date of purchase before the shareholder would normally be eligible for a redemption. Note however that shareholders who request a redemption to withdraw some or all of their shares after the seven-year holding period may not claim a tax credit for any subscription for which the tax credit would apply in the current tax year or in any subsequent tax year.

The Company may raise a maximum of $150 million per capitalization period until its share capital reaches the Company's $1,250 million capitalization limit for the first time by the end of a capitalization period.

Beginning with the capitalization period following the period in which the limit is reached for the first time, per capitalization period, the Company may raise the lesser of $150 million and the amount of the reduction in share capital attributable to the Company's redemptions or purchases by agreement during the preceding capitalization period. Each 12-month capitalization period begins on March 1 of each year. A special tax is payable by the Company if it fails to comply with these limits, and control mechanisms have been implemented by the Company to ensure compliance.

As at June 30, 2013, the Company had $1,307.5 million in share capital for 128,346,300 outstanding shares. Depending on the pace of redemptions up to February 2014, the Company could be required to limit the authorized amount of subscriptions for the next capitalization period.

A total of $150.0 million of capital was raised during the first six months of 2013, the same amount as for the first half year of 2012.

The 2013 issue that went on sale on April 15, 2013 met with unprecedented success as the $150 million maximum available amount for the current capitalization period entirely sold out in just a few hours.

For the first six months of 2013, redemptions and purchases by agreement totalled $34.1 million ($52.8 million for the first six months of the previous fiscal year). The Company believes that the current economic conditions and weak bond rates are behind the low volume of redemptions.

As at June 30, 2013, the balance of shares eligible for redemption totalled almost $360 million. This amount will be increased by approximately $5 million during the second half of 2013, bringing the potential maximum to $365 million as at December 31, 2013.

The shareholders' equity of the Company as at June 30, 2013 totalled $1,472.7 million broken down by issue as follows:

Issue	Issue price ($)	Balance* ($M)	Eligible for redemption
2001	10.00	32.6	2008
2002	10.00	93.9	2009
2003	10.12 and 10.24	46.0	2010
2004	10.25	57.6	2011
2005	10.25	65.7	2012
2006	10.37 and 10.21	72.7	2013
2007	10.21 and 9.92	110.7	2014
2008	9.89 9.83 and 9.54	162.4	2015
2009	9.54 9.62 and 9.73	177.6	2016
2010	9.73 and 9.80	175.0	2017
2011	9.91 and 10.02	172.7	2018
2012	11.02	155.8	2019
2013	11.47	150.0	2020
Shareholders' equity		1,472.7	

* Calculated at net asset value per share as at June 30, 2013.

During the first six months of 2013, the Company gained 4,939 new shareholders which, also taking redemptions into account, brought the number of shareholders to 104,232 as at June 30, 2013, compared with 103,052 as at December 31, 2012.

The Company's policy is to reinvest income from operations rather than pay dividends to its shareholders in order to increase the capital available for investment in eligible entities and to create share value appreciation.

EXPENSES AND INCOME TAXES

Expenses

(in thousands of $)

	Six months ended June 30, 2013	Six months ended June 30, 2012
Management fees	12,478	13,331
Other operating expenses	1,895	1,486
Shareholder services	813	1,032
	15,186	15,849

The annual management fees paid to DVC represent a percentage of the Company's annual average assets' net value, less any amounts payable related to Investments impacting the Québec economy and Other investments. This percentage, which was previously 2.5%, decreased to 2.25% on January 1, 2012 and to 2.02% on January 1, 2013.

Furthermore, since January 1, 2013, negotiation fees, which amounted to $1.3 million for the six-month period ended June 30, 2013, are earned by DVC and a credit for that amount is applied against the management fees paid to DVC by the Company. Management fees for the first half of 2013 amounted to $12.5 million compared with $13.3 million for the same period of 2012.

The new management agreement, effective January 1, 2013, provides for the invoicing of separate fees for the contribution made by the Desjardins caisse network for the distribution of the Company's shares. For the first six months of 2013, the share issue expenses net of related taxes amounted to $1.7 million. In accordance with generally accepted accounting principles (GAAP) in Canada, the Company reports share issue expenses as a reduction from share capital. Under the new management agreement, certain expenses related to governance are now attributed to the Company.

The previously mentioned decrease in management fees to 2.02% is aimed at ensuring a neutral effect and limiting the impact on the Company's total expenses.

As in the past, the management fees incurred by the Company are adjusted to avoid double billing as regards the Company's holdings in certain investment funds.

The $0.4 million increase in Other operating expenses results mainly from fees related to the implementation process for new investment software to manage higher volumes of direct and indirect investments.

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 service expenses. This contract was renewed at the same terms and conditions until December 31, 2013. However, it has been agreed that the new fee rate in the next management agreement, which is still under negotiation, will apply retroactively to July 1, 2013.

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. The contract is renewable from year to year at market conditions, unless written notice is given by one or the other of the parties three months in advance. Moreover, share issue expenses, recognized as a reduction from share capital, have been paid to the Desjardins caisse network for the 2013 issue.

Total operating expense ratio decreased to 2.1%. The decline stemmed from the growth in average assets, the decrease in the annual management fee percentage paid to DVC and the credit amount for negotiation fees earned by DVC.

Income taxes for the first six months of fiscal 2013 amounted to $3.9 million, compared with $5.9 million for the same period in 2012. Revenue type has a significant impact since, unlike business income, capital gains are eligible for deductions and mechanisms allowing for income tax refunds.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from capital raising initiatives net of redemptions for the six month period ended June 30, 2013 totalled $113.2 million ($97.1 million for the same period of 2012). Operating activities generated cash outflows of $7.0 million, compared with outflows of $3.4 million for the same period in 2012.

The Company's investment activities resulted in cash outflows of $106.2 million for the first half of 2013, compared with $73.7 million for the same period of 2012. Cash outflows related to Investments impacting the Québec economy amounted to $29.9 million for the first six months of 2013, compared with $96.9 million for the same period of 2012. This difference was largely accounted for by the acquisition of three significant investments in the first six months of 2012. In accordance with the Company's financial asset management strategy, a portion of the excess liquidities generated by operating and financing activities was allocated to the Other investments portfolio, which posted net investments of $124.0 million for the first six months of 2013, compared with $68.1 million for the same period of 2012.

As at June 30, 2013, cash and cash equivalents totalled $10.9 million ($11.0 million as at December 31, 2012).

The Company has an authorized line of credit of $10 million. In the event that liquidity needs exceed expectations, this line of credit could be used on a temporary basis to cover the Company's obligations. This additional flexibility optimizes cash levels held and reduces the risk of having to dispose of assets hastily under potentially less advantageous conditions. The line of credit was not used during the first six months ended June 30, 2013.

Given the management approach for Other investments of matching the average maturity of the Company's total assets with the average maturity of its expected cash outflows, the Company does not anticipate any shortfall in liquidities in the short or medium terms and expects to be able to repurchase shares issued at least seven years earlier from those shareholders who make such a request.

COMPANY VISION, MISSION, OBJECTIVES AND STRATEGIES

On the initiative of the Desjardins Group, the Company was founded on July 1, 2001, following adoption of the *Act constituting Capital régional et coopératif Desjardins* by Québec's National Assembly on June 21, 2001. DVC manages the Company's activities.

The vision, mission, objectives and strategies of the Company remain substantially the same as those described in its most recent annual MD&A.

RISK MANAGEMENT

RISK GOVERNANCE

The Board of Directors ensures that the significant risks related to the Company's operations are identified and prioritized, and reviews and approves the control mechanisms to ensure sound and effective risk management.

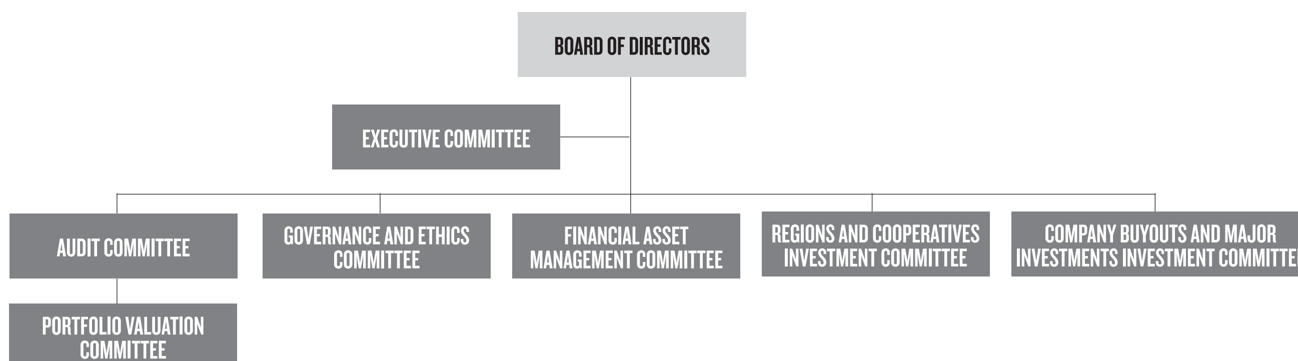
To fulfil its responsibilities, the Board of Directors is assisted by seven committees that share the tasks related to risk monitoring and control. These committees report regularly to the Board and make appropriate recommendations. Also, the manager reports on outsourced activities through its executives who attend all committee and Board meetings.

In light of the ongoing developments in governance practices and its concern for continuous improvement, the Board of Directors undertook in 2012 to revise corporate governance practices by incorporating integrated risk management. Work in this respect continued during the first half of 2013 including the updating of roles and responsibilities of the various Company instances.

To date, this process has had a certain impact on the governance framework. For example, the Portfolio Valuation Committee now reports every six months to the Board of Directors via the Audit Committee. Note however that the Board is responsible for approving any changes to the fair value determination methodology for the Investments impacting the Québec economy. Also, the Ethics and Professional Conduct Committee has been replaced by the Governance and Ethics Committee.

However, no significant changes to the roles and responsibilities of committees have been made since the most recent annual MD&A as the adjustments required by the various initiatives will be implemented during the second half of 2013.

As at June 30, 2013, the governance framework is as follows:



NOTE TO THE READER

The following sections regarding market risks, credit and counterparty risks and liquidity risks have been reviewed by the Company's independent auditor as part of the audit of the financial statements on which an independent auditor's report was issued on August 15, 2013.

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 various risks that make up market risks directly impacting the Company are listed below.

In accordance with the Company's overall financial asset management approach, the impact of these interest rate and stock market risks and their interrelatedness are taken into account when determining overall asset allocation.

Interest rate risk

Interest rate fluctuations have a significant impact on the market value of fixed-income securities held in the portfolio for which fair value is determined based on market conditions. Fixed-income securities held in the Other investments portfolio include money market instruments, bonds and preferred shares with a total fair value of $773.5 million ($670.8 million as at December 31, 2012).

Money market instruments with a fair value of $6.4 million ($13.5 million as at December 31, 2012) have not been valued based on fluctuations in the interest rates due to their very short term maturity and the Company's intention to hold them until maturity.

Bonds with a fair value of $692.4 million ($592.6 million as at December 31, 2012) are directly affected by fluctuations in interest rates. A 1% increase in interest rates would have resulted in a decrease of $32.3 million in net income, representing a 2.3% decrease in the Company's share price as at June 30, 2013 ($27.8 million for 2.1% as at December 31, 2012). Similarly, a 1% decrease in interest rates would have had the opposite effect, resulting in a $34.1 million increase in net income, representing a 2.4% increase in share price ($29.4 million for 2.2% as at December 31, 2012). Given that the Company matches the maturities of bonds held in its portfolio with the average maturity of expected cash outflows, the long-term effect of interest rates on results should be limited.

Preferred shares with a fair value of $74.7 million ($64.7 million as at December 31, 2012) may also be affected by interest rate fluctuations. However, unlike bonds, there is no perfect correlation between interest rate fluctuations and changes in the fair value of preferred shares. Also, the interest rate risk related to preferred shares is limited given the amounts in question.

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.

As at June 30, 2013, the Investments impacting the Québec economy portfolio included three traded companies with a value of $0.8 million, representing 0.1% of net assets (three companies with a value of $2.0 million as at December 31, 2012, representing 0.1% of net assets). As a result, stock market fluctuations did not have a significant direct impact on the Company's net income.

Currency risk

Changes in currency values have an impact on the business of a number of the Company's partner companies. The net effect of an appreciation in the Canadian dollar is not necessarily always negative for these companies, nor is a depreciation necessarily positive. However, rapid fluctuations in the Canadian dollar heighten the difficulties faced by these companies.

Currency fluctuations impact the fair value of assets valued initially in a foreign currency and subsequently translated into Canadian dollars at the prevailing rate of exchange. These assets, whose value varies in step with fluctuations in the value of a foreign currency, represent a fair value of $127.9 million, or 8.7% of net assets as at June 30, 2013, compared with $116.7 million, or 8.6% of net assets as at December 31, 2012.

The Company aims to systematically hedge currency risk for assets valued in foreign currency. A $5 million line of credit has been granted to the Company for its foreign exchange contract transactions. As at June 30, 2013, the Company held foreign exchange contracts under which it must deliver US$116.0 million (US$114.0 million as at December 31, 2012) at the rate of CAD/USD 1.0402 (CAD/USD 0.9946 as at December 31, 2012) and AU$0.2 million (Australian dollars) (AU$1.4 million as at December 31, 2012) at the rate of CAD/AUD 0.9507 (CAD/AUD 1.0294 as at December 31, 2012) on September 30, 2013 (March 28, 2013).

As at June 30, 2013, the Company's net exposure to foreign currencies is limited to $5.7 million ($1.9 million as at December 31, 2012). Any fluctuation in the Canadian dollar will therefore not have a significant impact on the Company's results.

CREDIT AND COUNTERPARTY RISKS

In pursuing its Investments impacting the Québec economy mission, the Company is exposed to credit and counterparty risks related to potential financial losses if a partner company fails to fulfill its commitments or experiences a deterioration of its financial position. By diversifying its investments by asset class and financial instrument type and by limiting the potential risk of each partner company, the Company has limited portfolio volatility due to negative events.

The Company does not generally require guarantees to limit credit risk on its loans. Requiring guarantees would contravene the eligibility rules for Investments impacting the Québec economy.

Investments impacting the Québec economy, except those carried out through funds, are first ranked by risk from 1 to 9 based on the criteria defined by Moody's RiskAnalyst tool. Companies with a ranking of 7 and above are reviewed on a monthly basis to spread them across ranks 7 to 12.

Investments impacting the Québec economy made as funds are presented in the Low to acceptable risk category due to the structure of this type of product, and because they generally involve no indebtedness.

Ranked by risk, the breakdown of Investments impacting the Québec economy is as follows (fair value amounts):

		As at June 30, 2013		As at December 31, 2012	
Rank		(in thousands of $)	(as a %)	(in thousands of $)	(as a %)
1 to 6.5	Low to acceptable risk	638,126	94.9	643,223	97.6
7 to 9	At risk	31,214	4.6	11,963	1.8
10 to 12	High risk and insolvent	3,490	0.5	3,859	0.6

The higher weight for the At risk category is mainly due to the deterioration of the risk rating of an investment in the Company Buyouts and Major Investments asset class, which contributed to the increase in overall portfolio credit risk compared with the previous fiscal year.

Other investments portfolio risks are managed by diversification across numerous issuers with a credit rating of BBB from Standard & Poor's or DBRS or better. Counterparty risk arising from cash transactions and repurchase agreements is limited to the immediate short term.

The concentration of the five largest Investments impacting the Québec economy and the five largest Other investments is as follows (percentages are based on fair asset value):

	As at June 30, 2013		As at December 31, 2012	
	% of portfolio	% of net assets	% of portfolio	% of net assets
Investments impacting the Québec economy	43.2	19.7	39.2	19.0
Other investments*	50.6	26.6	52.0	25.8

* Government issuers accounted for 100.0% (90.4% as at December 31, 2012) of the Other investments portfolio's five largest issuers or counterparties.

The portfolio summary presented at the end of this MD&A also provides relevant information for assessing credit concentration risk.

Counterparty risk is low for foreign exchange contracts given the amounts in question and that the contract counterparty is Caisse centrale Desjardins.

LIQUIDITY RISKS

The Company must maintain sufficient liquid assets to fund share redemptions and committed Investments impacting the Québec economy. 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 that should represent approximately 40% of assets under management once the Company's capitalization reaches maximum limits and the pace of redemptions has stabilized at the expected level, and using a management approach that ensures that the average maturity of bonds is close to the average maturity of expected outflows, the Company can confirm that liquidity risks are adequately covered. Furthermore, credit facilities have also been put in place to provide greater cash management flexibility.

RECENT EVENTS

ACCOUNTING POLICIES – INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Background

In 2008, the Accounting Standards Board of Canada (the "AcSB") confirmed that as of January 1, 2011, the International Financial Reporting Standards ("IFRS") would replace the Canadian generally accepted accounting principles currently in effect for certain companies, including public companies. After several deferrals, in December 2011, the AcSB set January 1, 2014 as the changeover date to IFRS for investment firms. Accordingly, the Company will adopt IFRS for its interim and annual financial statements for annual periods beginning on or after January 1, 2014.

Description of the conversion project

The Company has drawn up a three-stage conversion plan: Step 1 – Analysis; Step 2 – Planning and Design; and Step 3 – Implementation. Throughout these stages, the Company will benefit from the support and expertise of a specialized Desjardins Group team, as well as assistance from external experts.

Step 1: Analysis

The aim of this stage was to perform a high-level analysis of the main impacts of transition to IFRS on the Company's accounting, financial reporting and management processes, and information systems. This stage allowed the Company to identify, on a preliminary basis, those areas that would be most impacted by IFRS application.

Following the publication of the new requirements for investment entities at the end of 2012, the Company was able to complete the analysis stage, including the review of preliminary conclusions.

Step 2: Planning and design

Step 2, begun in the first six months of the current fiscal year, involves a detailed assessment, from an accounting, financial information, management and information systems perspective, of the changes arising from converting to IFRS. The project was divided into 11 topics, based on the most relevant accounting topics for the Company. The main aspects discussed for the different topics are:

- Accounting procedures and policies
- Preparation of financial statements
- Training and communication
- Impacts on business activities and management
- Information systems
- Control environment

To date, preliminary conclusions have been drawn on the majority of accounting policy choices and the differences identified between IFRS and Canadian GAAP, as applied by the Company. The key topics for which changes in accounting policies or differences in standards are expected are discussed below in the section Main impacts of transition to IFRS.

Step 3: Implementation

Step 3 of the conversion project consists in implementing the conclusions drawn from the work carried out during Step 2 through application of the required changes to the business and accounting processes and information systems. The documentation setting out the approved and IFRS compliant accounting procedures and policies is also prepared during this step. Expected impacts will be quantified. Additionally, model IFRS financial statements, including the appropriate notes, will be prepared.

Progress on the conversion project

With the analysis stage now ended, the Company will complete the planning and design stage and the majority of the work for the implementation stage in the second half of 2013.

First-time adoption of IFRS

IFRS 1 *First-time Adoption of International Financial Reporting Standards* provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to the general requirement for full retrospective application of IFRS. No exemption required to prevent or giving rise to significant impacts as at the transition date has been identified yet.

Main impacts on business processes

Most of the differences between IFRS and Canadian GAAP identified should not have a material impact on the Company's reported results and financial position. In addition, the effects on the Company's current activities all have been assessed as minor.

The Company has not yet determined the aggregate accounting impacts of adopting IFRS since certain alternative accounting policies and decisions regarding implementation are still under review. However, progress on the Company's IFRS conversion project remains on schedule to meet regulatory deadlines.

Main impacts of transition to IFRS

Investment entity

Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) published by the International Accounting Standards Board, the organization responsible for IFRS, defines investment entities and provides an exception from the principle of consolidation for such entities. Under this exception, investment entities may measure their investments in entities under their control at fair value – instead of consolidating them – with changes in fair value recognized through income. Based on the work completed to date, the Company has concluded that it meets the definition of an investment entity as presented in the amendments, which largely reconciles the applicable IFRS treatment with the spirit of AcG-18 standard currently in force in Canada. Accordingly, the Company anticipates no significant impact on the recognition of its controlling interests. The amendments also specify certain disclosure obligations for these investments in controlled entities. The Company is currently assessing the potential impacts on disclosure in its financial statements.

Financial instruments

IFRS 9 - *Financial Instruments* will replace IAS 39 - *Financial Instruments: Recognition and Measurement* and its application will be mandatory for fiscal years beginning on or after January 1, 2015. Given the requirements of IAS 39 and IFRS 9, the transition to IFRS should have no impact on the recognition and measurement of the Company's financial instruments insofar as all investments will be measured at fair value through profit or loss (see conclusion on investment entity above). As at the transition date, the Company may elect to early-adopt IFRS 9 rather than IAS 39, which is currently in effect. The Company is assessing this option but has not yet reached a final decision.

Income taxes:

The application of IAS 12, *Income Taxe*s regarding the recognition of refundable capital gains tax on hand could have an impact on the financial statements of the Company. Discussions are currently underway regarding the application of certain IFRS requirements to this particular local tax feature, and assessment of this issue remains to be completed.

Quantification of impacts

Given the publication of amendments to IFRS 10, IFRS 12 and IAS 27 regarding investment entities, the Company does not expect any further impacts on its results and financial situation related to the recognition of its controlling interests.

The Company has to complete its analyses to determine the potential impacts related to the recognition of income taxes.

Based on the work completed to date, the Company does not expect any other significant impacts on its results and financial position during the transition to IFRS.

The differences discussed in this MD&A are those that exist under applicable GAAP and IFRS as at this date. The list should not be regarded as a complete list of the changes that could result from the Company's IFRS conversion project. This analysis is intended to highlight areas that the Company believes to be the most significant. The review of potential changes is still underway and not all decisions have been made definitively where choices of accounting policies are available. Until all choices have been made and reviews completed, the Company will not be able to reliably quantify the impacts expected from these differences on its financial statements.

Note also that the standard-setting bodies that issue IFRS and, to a lesser extent Canadian GAAP, continue to have significant ongoing projects that could affect the differences between Canadian GAAP and IFRS discussed herein and therefore have repercussions on the Company's financial statements for future fiscal years. Certain of these draft standards could become requirements after 2014. However, early adoption of them might be possible in order to reduce the number of accounting changes in the future. Depending on the dates of publication of any final standards resulting from such drafts and their impact on the Company, early adoption of these standards will be assessed on an ongoing basis. We have adopted processes to ensure that such potential changes are monitored and assessed. The future impacts of IFRS will also depend on the particular circumstances prevailing in those years.

RELATED PARTY TRANSACTIONS

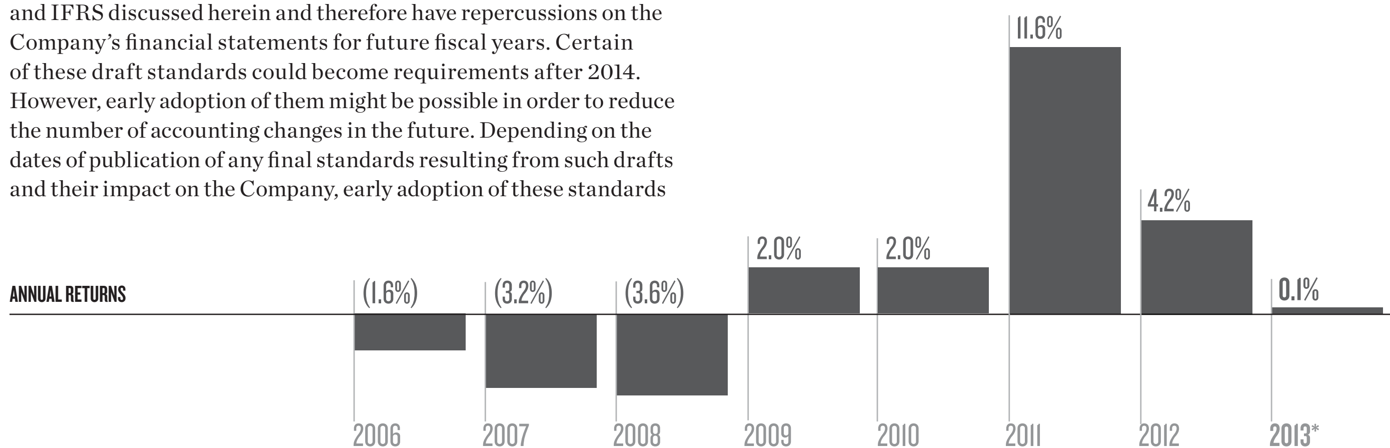
The Company enters into certain transactions with related companies in the normal course of business. These transactions are described in note 16 to the financial statements of the Company.

PAST PERFORMANCE

This section presents the Company's historical returns. These returns do not include the $50 administration fee paid by shareholders or the tax credit they enjoy as a result of their investment. Past performance is not necessarily indicative of future returns.

ANNUAL RETURNS

The following chart shows the Company's annual returns and illustrates the change in returns from one period to the next for the past seven fiscal years and the six-month period ended June 30, 2013. Annual return is calculated by dividing income (loss) per share for the period by the share price at the beginning of the period.



* Non-annualized return for the six-month period ended June 30, 2013.

COMPOUNDED RETURN OF THE SHARE AS AT JUNE 30, 2013

The compounded return is calculated based on the annualized change in the price of the share over each of the periods shown.

7 years	5 years	3 years	1 year
1.7%	3.1%	5.4%	1.7%

PORTFOLIO SUMMARY

MAIN ASSET CLASSES

As at June 30, 2013, assets in the Investments impacting the Québec economy and Other investments portfolios were allocated on a fair value basis as follows:

ASSET CLASSES	% OF NET ASSETS
Investments impacting the Québec economy*	
Development Capital	10.2
Company Buyouts and Major Investments	23.3
Technological Innovations	1.3
Venture Capital – Health	0.1
Funds	10.7
Total – Investments impacting the Québec economy	45.6
Other investments	
Cash and money market instruments	0.8
Bonds	47.0
Preferred shares	5.1
Total – Other investments	52.9

* Including foreign exchange contracts

MAIN INVESTMENTS HELD

As at June 30, 2013, on a fair value basis, the issuers of the 25 main investments held by the Company were as follows:

ISSUER	% OF NET ASSETS
Investments impacting the Québec economy (12 issuers)*	29.1
Canada Housing Trust	7.0
Toronto—Dominion Bank NHA (CMHC guaranteed)	6.0
Financement Québec	5.9
Province of Québec	5.4
CDP Financial	2.2
Bank of Montreal	2.2
Bank of Nova Scotia	2.0
The Toronto-Dominion Bank	2.0
Province of Ontario	1.9
Royal Bank	1.5
Canadian Imperial Bank of Commerce	1.4
National Bank of Canada	1.1
GE Capital Canada Finance Inc.	1.1

* The 12 issuers who collectively represent 29.1% of the Company's net assets are:

- A & D Prévost inc.
- ACCEO Solutions Inc.
- Avjet Holding Inc.
- Camoplast Solideal Inc.
- Capital croissance PME S.E.C.
- CBR Laser Inc.
- Desjardins – Innovatech S.E.C.
- Exo-s Inc.
- Knowlton Development Corporation Inc.
- La Coop fédérée
- TELECON Group
- Vision Globale A.R. Ltée

This summary of the Company's portfolio may change at any time due to transactions carried out by the Company.

August 15, 2013

August 15, 2013

MANAGEMENT'S REPORT

The Company's financial statements together with the financial information contained in this interim report 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 financial statements, management has ensured that the manager 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.

Furthermore, the Company's General Manager and Chief Financial Officer have certified that the method used to determine the fair value of each of the Investments impacting the Québec economy complies with the requirements of the Autorité des marchés financiers and have confirmed the reasonableness of the aggregate fair value of the portfolio of Investments impacting the Québec economy.

The Board of Directors discharges its responsibility for the financial statements principally through its Audit Committee. The Committee meets with the independent auditor appointed by the shareholders with and without management present to review the financial statements, discuss the audit and other related matters and make appropriate recommendations to the Board of Directors. The Committee also analyzes the management discussion and analysis to ensure that the information therein is consistent with the financial statements.

The financial statements present the financial information available as at August 15, 2013. 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 financial statements, together with the information in the management discussion and analysis. The financial information presented elsewhere in this report is consistent with the Company's financial statements.

(signed) Yves Calloc'h, CPA, CA

Chief Financial Officer