





## MESSAGE FROM THE CHAIRMAN OF THE BOARD

It is with great pride that I address all shareholders of Capital régional et coopératif Desjardins for the first time on behalf of the Board of Directors. Strategic investment activities in companies and cooperatives, a greater presence in several Québec regions and the sell-out of our 2005 issue in record time clearly show the Company's drive since its inception in 2001. I am pleased to announce that as at June 30, 2005, our share price increased to \$10.30. Interest rates, currently at all-time lows, together with a sound investment management strategy, significantly enhanced the value of the Company's investments. However, whether these gains are maintained until year-end will depend on financial market conditions. The Company ended the first half of 2005 with net assets totalling \$583 million, compared with \$481 million as at December 31, 2004 and net earnings of \$2.8 million, compared with a net loss of \$0.1 million for the same period in 2004.

### SUSTAINABLE ECONOMIC DEVELOPMENT

In terms of investment, commitments totalling \$110.3 million were entered into with 52 companies and cooperatives during the first six months of the year. Nearly 33% of this amount or \$36 million, was committed to cooperatives and resource regions, providing a clear sign that the Company is well on its way to meeting the obligations set out in its incorporating act. As at June 30, 2005, the Company was actively participating in the development of 124 companies and cooperatives from all Québec regions through commitments totalling \$310 million.

In order to support entrepreneurs in resource regions and fulfill our mission in terms of regional economic development, Capital régional et coopératif Desjardins helped create FIER-Partenaires S.E.C., a limited partnership whose capitalization will reach \$180 million. This partnership's mission helps create sector-specific development funds and finance structural projects. In addition, on July 8, 2005, we announced a partnership between the Company and the government of Québec to create Desjardins - Innovatech S.E.C. and ensure the longevity of Innovatech Régions ressources and its mission. Furthermore, the tour initiated in January 2005 by Louis L. Roquet, President and Chief Operating Officer of Desjardins Venture Capital, our manager,

was remarkably successful. Supported by his regional teams, Mr. Roquet conducted a series of meetings in various Québec regions which led to strategic partnerships with companies and cooperatives from various sectors.

### 2005 ISSUE – SOLD OUT IN A FEW DAYS

Our capital-raising target for the first half of 2005 was met in record time. Indeed, all issued securities were snapped up in a mere week through our network of Desjardins caisses, which once again this year, provided their unfailing support. Thanks to the successful outcome of our 2005 issue, our shareholders increased to over 115,000 and share capital to \$572.6 million.

### CHANGES TO THE LEADERSHIP TEAM

In closing, our Board of Directors would like to express its warm thanks to my predecessor, Bruno Riverin, who was instrumental in the creation and development of Capital régional et coopératif Desjardins. Furthermore, we would be remiss in not underscoring the significant contribution of outgoing directors Denise Verreault and Luc Labelle. To fill these vacancies, we offer an enthusiastic welcome to Bruno Morin and Camille Fortier, who have graciously agreed to put their in-depth business and cooperative experience to work for the Company.

(signed) André Lachapelle  
Chairman of the Board



## CONDENSED FINANCIAL STATEMENTS

The results presented are extracted from the audited interim financial statements. The complete interim financial statements of Capital régional et coopératif Desjardins including the notes and the auditors' report were deposited at the Autorité des marchés financiers. These financial statements can be obtained free of charge by communicating with the Company or by transmitting the attached order form.

Except for the information presented on a common share basis and the number of shares, the information provided is in thousands of dollars.

### BALANCE SHEETS

	As at June 30, 2005 \$	As at December 31, 2004 \$
<b>ASSETS</b>		
Investments impacting on the Quebec economy (note)	190,120	135,911
Investments (note)	332,244	334,680
Accounts receivable	6,293	5,279
Cash and cash equivalents	52,008	3,663
Software (net of accumulated amortization of \$1,800; December 31, 2004 – \$1,432)	1,440	1,808
Income taxes receivable	694	-
Future income taxes	1,397	1,906
	584,196	483,247
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	834	1,327
Income taxes payable	-	1,327
	834	2,654
<b>NET ASSETS</b>	583,362	480,593
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	572,609	472,641
Retained earnings	10,753	7,952
	583,362	480,593
<b>Number of outstanding common shares</b>	56,657,347	46,905,260
<b>Net value per common share</b>	\$10.30	\$10.25

## INTERIM FINANCIAL STATEMENTS

For a free copy of the full set of interim financial statements as at June 30, 2005:

- Visit the Company's Web site at [www.capitalregional.com](http://www.capitalregional.com), and go to References/Publications/Financial Reports.

or

- Detach the order form and send it by fax at (514) 281-7808 or by mail at:

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