QMC Development Capital Fund PLC

(A closed-ended investment Company with variable capital incorporated with limited liability under the laws of Ireland, registered number 375367)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2008

QMC Development Capital Fund PLC

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QMC Development Capital Fund PLC

GENERAL INFORMATION

Directors
Oscar Garcia Aguilera (Spanish-Irish Resident)*
John Broughan (Irish)*
Eduardo Trueba Cortes (Spanish)*
Jose Ignacio Iglesias Lezama (Spanish)*
Padraic O'Connor (Irish)*
Etienne Pinot (French-Irish Resident)*
Jose Manuel Romay de la Colina (Spanish)*
Miguel A Troya Ropero (Spanish)*
David Hammond (Irish)*

Company Secretary
Tudor Trust Limited,
33 Sir John Rogerson's Quay,
Dublin 2,
Ireland.

Registered Office
George's Quay House,
43 Townsend Street,
Dublin 2,
Ireland.

Investment Manager
Nmás1 Agencia de Valores, S.A.,
Padilla, 17,
28006 Madrid,
Spain.

Custodian
RBC Dexia Investor Services Bank S.A.,
Dublin Branch,
George's Quay House,
43 Townsend Street,
Dublin 2,
Ireland.

Listing Sponsor
Dillon Eustace,
33 Sir John Rogerson's Quay,
Dublin 2,
Ireland.

*Independent Non Executive Director

Auditors
Deloitte & Touche,
Chartered Accountants,
Earlsfort Terrace,
Dublin 2,
Ireland.

Legal Advisers Ireland
Dillon Eustace,
33 Sir John Rogerson's Quay,
Dublin 2,
Ireland.

Legal Advisers Spain
Clifford Chance,
Paseo de la Castellana, 110,
28046 Madrid,
Spain.

Administrator & Paying Agent
RBC Dexia Investor Services
Ireland Limited,
George's Quay House,
43 Townsend Street,
Dublin 2,
Ireland.

DIRECTORS' REPORT
For the Year Ended 31 December 2008

The Directors present their annual report for the year ended 31 December 2008.

Statement of Directors' Responsibilities in respect of the Financial Statements

Irish Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the QMC Development Capital Fund PLC (the "Company") and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish Statute comprising the Companies Acts 1963 to 2006 and the Listing Rules of the Irish Stock Exchange. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Interim Transparency Rules of the Irish Financial Services Regulatory Authority to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company.

Responsibility statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with Generally Accepted Accounting Practice in Ireland, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the management report which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties they face.

Principal activities

The Company's principal activity is the collective investment in transferable securities of capital raised from the public and operates on the basis of risk spreading.

The Company operates as a close-ended investment vehicle. Investments can be redeemed at the end of the prescribed period (see post balance sheet events note).

Review of Business and Future developments

A detailed review of the business and future developments is included in the Investment Manager's Report.

Results

The financial position and results for the year are set out on pages 22 and 23. There were three returns of capital (€15,000,000, €15,000,000 and €12,000,000) made during the year. No further dividends have been paid or declared at year end.

DIRECTORS' REPORT (continued)
For the Year Ended 31 December 2008

Principle Risks and Uncertainties

Principle risks and uncertainties have been disclosed in note 7 to the financial statements and in the Investment Manager's report.

Compliance with Takeover Directives

The Directors have ensured compliance with the European Communities (Takeover bids (Directive 2004/25/EC) Regulations).

Events Since Year End

The Extraordinary General Meeting held on 18 February 2009 approved the following resolutions:

(i) The duration of the Company has been extended so that it will end on 28 October 2012;

(ii) The conditions under which 'follow-on investments' may be made now :
   a. include the use of available cash and/or investment proceeds to invest in rights issues, convertible bonds or equity linked instruments of companies in which the Company already has invested in order to avoid the Company's investments being diluted and/or to maintain the Company's strategic investment position in portfolio companies; and
   b. permit the Company to rebalance its investments (i.e. through partial or full sale of up to €15 million of those investments) by reallocating its investments away from Portfolio Companies that the Investment manager determines have less upside potential so that additional investments may be made in Portfolio Companies that the Investment manager determines have the greatest potential for growth.

(iii) Certain of the valuation policies of the Company have been amended in line with policies of the Financial Regulator; and

(iv) The Company's articles of association have been amended to effect the changes at points (i) to (iii) above.

Directors

The names of the persons who were directors at any time during the year are set out on page 2.

Directors' and Secretary Interests

The Directors and Secretary (including family interests) do not have any shareholdings in the Company as at 31 December 2008 (31 December 2007: nil).

Books of Account

To ensure that proper books of account are kept in accordance with Section 202 of the Companies Act, 1990, the Directors of the Company have employed a service organisation, RBC Dexia Investor Services Ireland Limited. The books of account are located at the offices of the Administrator at George's Quay House, 43 Townsend Street, Dublin 2.

Safekeeping of Assets

The Directors of the Company have delegated the safeguarding of assets of the Company to a service organisation, RBC Dexia Investor Services Bank S.A., Dublin Branch.

Auditors

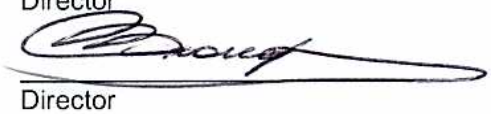
The auditors, Deloitte & Touche, Chartered Accountants, have indicated their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

DIRECTORS' REPORT (continued)
For the Year Ended 31 December 2008

On behalf of the Board



Director Date: 23 April 2009



Director Date: 23 April 2009

RBC DEXIA
INVESTOR SERVICES

REPORT AND RESPONSIBILITIES OF THE CUSTODIAN

Custodian's Responsibilities

The Custodian is under a duty to take into custody and to hold the property of QMC Development Capital Fund plc ("the Company") on behalf of the shareholders. Under the Financial Regulator's Non-UCITS Notices, it is the duty of the Custodian to enquire into the conduct of the Fund and report thereon to the shareholders in a report which shall contain the matters prescribed by the Notices.

Report of the Custodian
For the year ended December 31, 2008

In our opinion, the Fund has been managed for the year ended December 31, 2008:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund by the Memorandum and Articles of Association, and by the Financial Regulator under the powers granted to the Financial Regulator by the Companies Act, 1990 Part XIII (the "Regulations"); and

(ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Regulations.

RBC DEXIA INVESTOR SERVICES BANK S.A.
DUBLIN BRANCH

Date : 2 April 2009

QMC Development Capital Fund Plc

Investment Management Report

31st December 2008

Investment criteria

QMC Development Capital Fund Plc is a specialised investor in the acquisition of significant stakes in Spanish and Portuguese small and mid-capitalisation companies.

The aim is to obtain a greater risk/return combination by means of investing in companies with sound financials, undervaluation in stock price and with the possibility of being involved in sector consolidation processes and/or changes in corporate control.

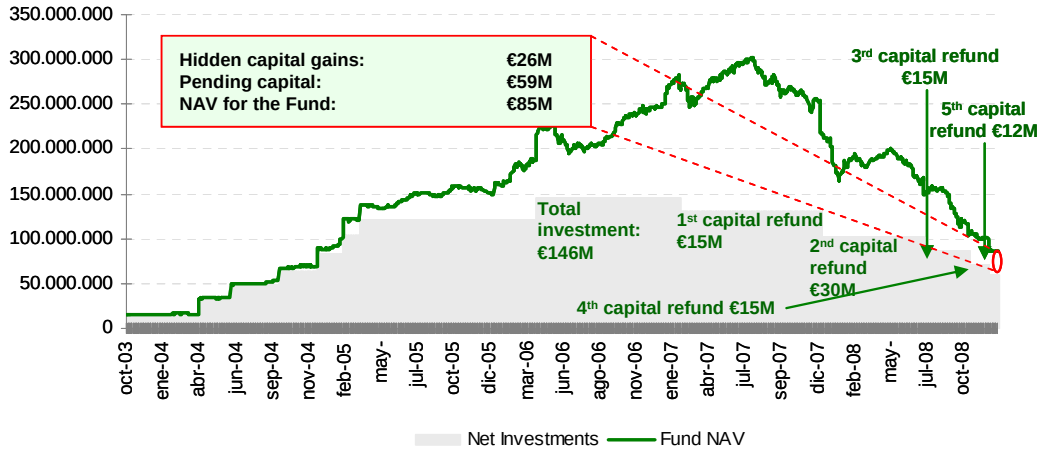
Other financial information

Initial capital commitment:		€ 160.000.000
Capital called:	Paid in:	**€ 146.000.000 (91,25% of total commitments)**
	29th October 2003	€ 16.000.000 (10,00% of gross commitments)
	31st March 2004	€ 18.000.000 (11,25% of gross commitments)
	9th June 2004	€ 14.500.000 (9,06% of gross commitments)
	22nd September 2004	€ 14.500.000 (9,06% of gross commitments)
	17th December 2004	€ 20.000.000 (12,50% of gross commitments)
	10th February 2005	€ 20.000.000 (12,50% of gross commitments)
	16th March 2005	€18.000.000 (11,25% of gross commitments)
	5th April 2006	€25.000.000 (15,625% of gross commitments)
Capital refunds:		**€ 87.000.000**
Refunds as a percentage of called up capital:		**59,6%**
	9th February 2007	**€ 15.000.000**
	14th December 2007	**€ 30.000.000**
	25th July 2008	**€ 15.000.000**
	30th October 2008	**€ 15.000.000**
	12th December 2008	**€ 12.000.000**
NAV Class A (31-12-2008):		**€ 0,66700**
NAV Class A adjusted (31-12-2008) (*):		**€ 1,34582**

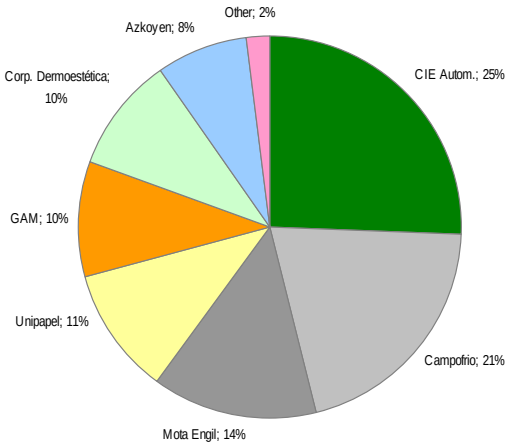
(*) Adjusted to eliminate the effect of the capital refunds of € 15 M (February 2007), € 30 M (December 2007), € 15 M (July 2008), € 15 M (October 2008) and € 12 M (December 2008) This involves a total NAV reduction of €0,67889 (0,11704, 0,23408, €0,11704, €0,11704 and €0,09369 respectively).

Evolution of QMC NAV

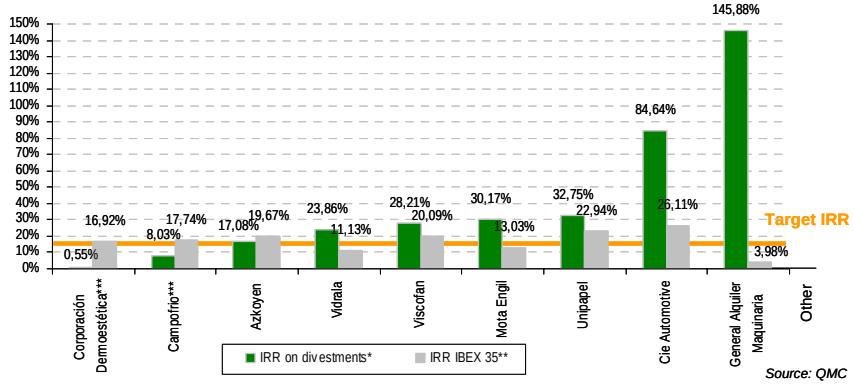
QMC Development Capital Fund PLC



Current portfolio



Divestments completed



Source: QMC

% Divested:	14%	4%	23%	95%	100%	12%	31%	33%	7%		Total
Divestment (€m):	3,1	1,1	6,7	28,2	45,6	3,7	11,1	21,9	2,8	15,0	139,1
Capital gains (€m):	0,03	0,1	2,6	13,8	23,4	1,6	6,0	15,3	1,2	7,3	71,6
Times money (x):	1,0	1,2	1,6	2,1	2,1	1,9	2,3	3,4	1,8	2,0	2,2

**: IRR calculated assuming the FIFO method (first in, first out) for the shares sold and considering dividends and other remuneration corresponding to the shares sold.*
***: assuming that the same amount is invested/divested in the index IBEX35 in the same dates as the investments/divestments.*
****: non-representative IRR as the divestment is small. In DERM, IRR penalized by the FIFO method: the first shares were bought in the IPO at €9,1/share, whilst the average entry price was at €7,7*

Investment management report

Review of 2008

The financial markets have ended with an extraordinarily unusual quarter mainly influenced by panic, risk aversion and a loss of confidence which has practically led us to a collapse of the financial system. Investors have raced to de-leverage at a pace not seen since the Second World War.

Stock markets have suffered sharp drops (-20% in the quarter; -25/30% for "small caps" indexes), high volatility and credit spreads have reached levels not seen since the thirties. This has driven the main world stock markets to end 2008 with drops of 40-45% which reached 45-55% in the "small caps" indexes.

During this last quarter of the year, the main global economies have entered into a deep global recession. This strong contraction has seriously affected the Spanish economy due to both its real and financial imbalances as well as its strong dependence on foreign financing.

Although the intervention of governments and Central Banks have eliminated the immediate risk of collapse of the financial systems and are allowing a gradual normalization of the interbank markets, the real economy is already facing a sharp contraction in activity coupled with growing credit restrictions both to individuals and companies.

QMC: portfolio evolution

The world stock markets have lost 50-55% since their maximum levels in 2007. This has had an impact in the value of QMC's portfolio in 2008, which has been penalized both by the deterioration of macroeconomic perspectives and by the aversion of investors towards its underlying assets because of their limited liquidity. QMC's NAV per share, adjusted for the capital refunds to investors made during 2008 (€42m, € 0.32792 per A share), has dropped 33.6% in 2008 (vs. falls of 57% of the IBEX small caps index and 39% of the IBEX 35). Having said this, the target of QMC's management team is the achievement of absolute returns for its investors.

After the above mentioned drops, our portfolio trades at between 4x and 6x EV/EBITDA 09 and 7x and 12x PER 09, which we consider low despite the possible additional deterioration of perspectives for 2009/10, as the fundamentals of the businesses continue to be good, expected medium-term growth prospects remain attractive and companies in the portfolio are facing this scenario with an adequate financial position.

QMC portfolio multiples summary

Investment Portfolio	Price (€)	Mket Cap (€m)	EV/ EBITDA			PER			Debt/ EBITDA	EPS CAGR	EBITDA TACC
			08E	09E	10E	08E	09E	10E	08E	2008-11E	2008-11E
Azkoyen	2,40	60	5,3	5,2	3,9	11,0	11,8	7,1	2,4	31%	13%
Campofrío	7,48	765	5,9	5,0	4,2	13,0	9,7	7,2	2,2	30%	14%
Cie Automotive	3,50	399	5,2	5,7	5,1	6,5	9,7	7,6	2,9	3%	9%
Corp.Dermo	3,50	140	n.m.	n.m	n.m	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
GAM	5,50	169	4,8	3,9	3,2	7,7	7,4	4,8	3,8	32%	9%
Mota Engil	2,30	471	6,1	5,5	4,8	8,0	6,7	5,7	5,0**	15%	6%
Unipapel	9,13	112	3,8	3,8	3,1	8,8***	8,8***	6,8***	n.m.	17%	12%
QMC Median			5,3	5,0	4,0	8,4	9,3	7,0	2,5	23%	11%

(*) Source: Estimations of the QMC management team. Prices as of 31/12/2008. (**) Includes debt without recourse (project finance). (***) Adjusted by the cash. n.m.=not meaningful

Despite this unfavourable situation during 2008, QMC's management team has continued with the divestment process of the fund when the valuation of our companies have been near our target prices and we have eventually found the corresponding counterparties. We believe that the current scenario represents a good momentum to invest in the stock markets and, on the contrary, it is now difficult to divest positions.

Having said this, the difficulties of the markets have not impeded the divestment by QMC of €42m during 2008, generating profits of €19.3m. It is worth mentioning the divestment of our stake in Vidrala for €25m during the third quarter of 2008, achieving 2.1x times money and an IRR of 23%. Since QMC's launch in 2003, we have sold shares of portfolio companies with a total volume of €139m, generating profits of €72m.

Outlook for 2009

For 2009/10, even though we consider that the risk of a recession/deflation scenario is not low, we believe that the global and coordinated actions, both fiscal and monetary, promoted by the different governments and states, will probably contribute to accelerate the economic recovery in the medium term across the main world economies. We expect a faster macroeconomic recovery in the US (probably after 2010) and more gradual in Europe, especially in countries with higher structural imbalances such as Spain (where the reactivation will have to wait until 2011).

Specifically in the case of Spain, we believe that the economy is facing not only an adjustment derived from financing restrictions (lower amount of credit availability due to foreign perception of higher economic risk and lower growth), but also a stronger drop than the rest of the EU both in terms of economic activity and consumption (mainly due to the construction / real estate sectors but also due to the service and industrial sectors).

Our central scenario for 2009/10 is based upon a strong contraction of the Spanish economy, inflation reduction, sharp rise of unemployment rates and an increase of the public deficit (as the country will get into debt to stimulate the demand). Our perspectives are more pessimistic than those of the government and those of the main international organisations. Having said this, we also believe that after a storm comes a calm and after a rough adjustment process we will gradually recover the path of medium term growth. The beginning and intensity of this economic recovery will depend on the economic success of the government policies (which are still not having a real impact in the economy) and the evolution of the international economic context.

View of QMC's management team

We believe the stock market is undervalued if the scenario of recession / deflation is finally avoided. As this is not our central scenario, we maintain a moderate optimism for the markets in 2009 (specially during the second half of the year) because: i) a recession for 2009/10 is already priced-in; ii) risk appetite is at historic minimum levels; iii) the stock market anticipates the changes in the economic cycle with 2 to 5 quarters in advance; and iv) the process of forced sales by investors is already in an advanced state.

We believe that the confidence in the financial sector will gradually recover, driven by the coordinated measures implemented by the central governments. Our opinion is that the current valuations of many companies in our universe are not justified in a context of business continuation or even in a scenario of deep economic recession. Additionally, we consider that even in a recessive and volatile economic environment it is reasonable that the equity markets begin to price-in both a liquidity premium as well as their capacity to anticipate recovery. As a reference, in the year 1993 (the nearest real crisis), the market experienced strong increases (+54% of IBEX, +38% of Eurostoxx, etc.) after falls of 22% during the period 1990-1992.

Our companies are prepared to face a certain period of credit restriction, their operating evolution is still acceptable and we expect that they will benefit, in general terms, from the current difficulty of the market. Having said this, we understand that these are not immune to a deterioration in economic conditions severe enough to cause a lasting and deep world credit restriction. We are currently working so that our companies will be the winners in a context in which we consider that a current crisis will generate a rationalisation process amongst non-competitive players which were able to survive in an easy environment during the last years of economic prosperity.

QMC's management team is focused on monitoring the evolution of our portfolio companies in view of the difficult scenario we are going through, trying by all means to stimulate value creation, specifically: i) assessing the portfolio companies in refinancing processes; ii) analyzing their future business plans; iii) evaluating strategies which may allow them to improve their competitiveness and turn into sector "winners"; iv) supporting operating restructuring and the divestment of non-strategic assets; v) stimulating cost cutting and cash preservation measures which in times of prosperity are difficult to implement; vi) intensifying the follow up of our companies and their main competitors; vii) contributing on the analysis and evaluation of possible corporate transactions which may generate value for shareholders.

We carry out the mentioned strategies in a context in which we are convinced that the QMC portfolio has a high "hidden" value (not reflected in the share prices) and that when the markets calm down and investors will come back to analyse the fundamentals of the companies, the real value of these companies will appear.

Relevant facts of the quarter

AZKOYEN

- Azkoyen is an industrial group highly linked to European private consumption, both directly (coffee distribution in Spain) and indirectly (vending machines and payment means for vending and recreational machines across Europe).

- However, its business model has proven to have various strength factors which have allowed to ride out relatively well the economic downturn during 2008:

  - Solid presence in the European market of payment systems with a global presence and offer, excellent technology and leading operational efficiency (EBITDA margins above 30%).

  - Leading brand in the HORECA (hotels & restaurants) channel (Mocay).

  - Ability to acquire and integrate businesses and complementary equipment (i.e. successful acquisition of the British vending company Coffetek in March 2008).

  - Small but profitable tobacco machines business which is increasing its market share at the expense of its two main competitors (who are undergoing a difficult financial situation).

- Given the above, we expect that Azkoyen will close 2008 with positive growth both in sales and EBITDA.

- The main strategic milestone of 2008 has, without doubt, been the acquisition during Q4 of the German Primion Technology AG. The company is a leading European group with commercial presence in Germany, Benelux, France, Spain and Switzerland, dedicated to the manufacturing and implementation of software and hardware systems for access control, presence control and integrated security systems. The acquisition values 100% of Primion at €33.3m, which implies an estimated valuation of 5.9x EV/EBITDA 2009 and 14.5x PER 2009 (excluding synergies). These are attractive multiples compared with current security and control sector average multiples (2009 EV/EBITDA 7.3x).

- This acquisition should favour cross selling commercial synergies, and specially, consolidate Azkoyen´s strategy (started years ago with the boost of the payment means business and the acquisition of Coges) focused on concentrating on innovative and high added-value industrial activities linked to detection technologies (in the case of Primion, in security techniques and radio frequency identification).

- Since QMC acquired a stake in Azkoyen in 2004, the company has gradually been transformed into a profitable, high-tech industrial group. This turn-around has been coupled with both an ambitious acquisition plan (Coges, Primion), and an industrial rationalization plan (sale of non-profitable businesses, optimization of the portfolio of vending products, etc.).

- 2009 has began with some clouds ahead. The European vending market is currently being affected by a stock reduction process carried out by manufacturers and distributors, which will probably have some influence over the demand of payment systems during the first quarter of the year. Private consumption decline could also have some influence in the Spanish coffee market demand.

- However, we still think that Azkoyen has important drivers of growth and possible efficiency improvements which may partially offset the current negative market scenario:
  - Profitability focus: price increases across all divisions.
  - Employees' rationalization plan with attractive pay-backs (less than a year).
  - Growth potential due to the entry in the businesses of access control, presence control and integrated security systems. Primion should already contribute in 2009 around 30% of the consolidated EBITDA.

CAMPOFRIO

- 2008 has been marked by the integration of Campofrío with Groupe Smithfield to create the first European producer of processed meat, transaction in which the QMC management team has been directly and intensely involved both in its origination as in its development during the last quarters.
- This transaction, completed at the end of 2008, is a merger between equals by which Campofrío takes over Groupe Smithfield. The resulting company of the merger, now named Campofrío Food Group, will keep its headquarters in Madrid and will be quoted in Madrid and Barcelona.
- After the merger process, Campofrío´s shareholding structure is more attractive, and also more diversified with Smithfield Foods as the main shareholder (37%), Oaktree as the reference financial investor (24%) and Campofrío´s traditional families with a 17% (12% Ballvé Brothers and 5% Diaz family). QMC's participation in Campofrío has been reduced as a consequence of the merger from 4% to 2.06%.
- Despite the initial dilution, the merger implies, in our opinion, significant value creation for Campofrío's shareholders due to the following considerations:
  - Size increase and economies of scale: the resulting company of the merger will be 3 times larger than its closest European competitor and will continue to operate in a highly fragmented European market of processed meat, for which it will be in a privileged competitive position to continue growing through acquisitions in the medium/long term.
  - The largest European brand portfolio which includes number 1 brands in France (Aoste), Spain (Campofrío-Navidul), The Netherlands (Stegeman), Belgium (Imperial Foods) and Portugal (Nobre) with strong penetration in other relevant European markets such as Germany, Italy, Romania, Russia and United Kingdom.
  - Strong complementation between the two merged companies regarding both their geographical presence (Portugal is the only overlapped market), as their business focus/strategy.
  - Strengthening of the management team.
  - Value creation through synergies valued at a minimum of annual €40m based on conservative criteria, which would be completely materialised after 2012 but would begin to generate since the first year (net present value of €400-500m).
  - Attractive financial transaction: at Campofrío's current prices, the implicit valuation of Groupe Smithfield in the merger process represents a PER of 11.8x excluding synergies and 6.3x with synergies, versus the average market multiple (PER

2009E of 13.7x) and the market's transactions average paid multiple (15.7x).

- Expected re-rating: the market assigns a high premium to food companies with brands and global presence.

- Before the merger, Campofrío completed the operating restructuring process started in 2004, with the sale on past September of the loss-making Russian subsidiary Campomós to the Finnish Group Atria for an Enterprise Value of €75m. We consider this transaction extremely positive for Campofrío's shareholders, as it allows to reduce the debt of the Group, eliminates a loss-making business (which generated a negative annual cash flow of €36m) and will allow to distribute during the first semester of 2009 an extraordinary dividend of €47.15m in favour exclusively of the shares of Campofrío previous to the merger (dividend pay-out of 11%).

- Regarding the operating behaviour, 2008 has been a very complicated year due to the double effect of the weakness and strong competitivity in the final market (drop of the demand, boost of the white brands, pressure in margins from the modern distribution chains, aggressive price strategies carried out by competitors) and the pressure on raw material costs (which have increased an average of more than 10% in relation to last year).

- Despite this, we expect Campofrío will achieve to limit the drop of its EBITDA in the Spanish market to around 15%, due to the effects of the optimization of the product mix and gross margin improvement, industrial restructuring of previous years and the relatively good Christmas campaign of Navidul.

- The 3 main challenges of the new Campofrío for 2009 are in our opinion the following: i) rapid integration of the management teams of the two merged companies, ii) development of the operating synergies and iii) completion of the refinancing of the combined debt of the new Group.

- Even though Campofrío's leverage will increase due to both the integration with Groupe Smithfield and the financial effort derived from the merger (payment of fees, liquidation of the pre-existent incentive plans of the management teams, payment of the extraordinary dividend), we consider that the Group will be able to manage without problems this refinancing process taking into account that its global leverage will remain below 3x and that the leverage should rapidly decrease due to the materialization of the identified synergies.

- Regarding the operating context, we believe 2009 will continue to be a complicated year for the new Campofrío, especially in the markets with a higher exposure to white brand and wholesale distribution (i.e. France and The Netherlands).

- However, the food sector is relatively resistant to the crisis, especially in the case of companies with leading brands such as Campofrío Food Group. We estimate the Company concentrates 60% of its sales volume and more than 80% of its gross margin in brand products, which are more profitable and stable.

- In our opinion, what makes Campofrío non-cyclical is its strong potential for EBITDA and free cash flow generation due to the development of the operating synergies derived from the merger. Practically all the expected synergies are related to cost savings (supply, industrial overlapping in Portugal, sales and distribution, production efficiency, IT support, corporate functions) with a short term execution timing and total investments needs below €10m. We expect that half of the identified synergies may be already operating since year 2009, which would represent near 15-20% of the estimated EBITDA of the merged Group.

CIE AUTOMOTIVE

- 2008 has been marked by two different periods in the auto-business:
  - During the first 9 months, the business has shown a great strength helped by the exposure to emerging countries which has mitigated the impact of a strong slowdown in Western Europe and NAFTA. The sales have increased at a double-digit rate supported by Eastern Europe and Brazil, the scarce exposure to the Spanish market (more than 85% of the sales come from abroad), the increase of the penetration (due to the externalization carried out by OEMs and Tier 1) and additional increases of market share. The rise of raw material prices during the first part of the year has been transferred practically as a whole to clients.
  - However, during the last quarter of 2008, the weakness of the cars' sales in Spain and/or Great Britain has spread, although in a lesser extent, to the rest of Western Europe (France, Germany, etc.) and to most of emerging countries (Russia, Brazil, etc.), increasing significantly the sector stock levels. This situation is leading manufacturers to sharply reduce the production.
- Taking into account recent events, we expect a strong slowdown of the global manufacturing market during the fourth quarter of 2008 and the first quarter of 2009 (maybe extensible to the second quarter 2009). Furthermore, the auto-components industry will be impacted by the expected strong stocks reduction of manufacturers. Specifically, we believe that in 2009 the market drops in Europe will be of around 20%, 10% in NAFTA (although flat in Mexico due to the transfer of production from USA) and a market reasonably stable in Brazil during the whole year despite the strong fall during the first quarter (near 30% vs. 1T08).
- We consider that during 2009/10 the auto-business will suffer as a whole due to the weak macroeconomic situation and the financing restrictions of the current world economy. Additionally, in the next quarters, the auto-components industry will probably face to the worst situation in decades. Having said this, as happened in other crisis, after a period of strong adjustment and helped by the different governmental initiatives that are being adopted in the different countries, we expect that the sector will return in the medium term to reasonable growth rates.
- In the positive side, we believe that there will be many opportunities for those players well positioned at a competitive and strategic level, with a strong financial situation and a good management team, as CIE Automotive. Although the priority during the next quarters will be the generation of cash, for which an exhaustive rationalisation is being carried out of costs (mainly personnel) and investments, we consider that the company will be open to analyse different consolidation transactions whenever they add value to shareholders, reforce its competitive position and accelerate the achievement of strategic objectives.
- In the biodiesel business, 2008 has been once again a very difficult year at an operating level impacted by an excess of capacity, competition from foreign producers, raw materials price volatility, financial restrictions and regulatory uncertainty. Having said this, the regulation for the use of biofuels has been recently published confirming the threshold of 5.83% for 2010 (with a minimum obligation of 3.9%), although some aspects regarding the market are still pending further detail.
- Looking into 2009/10, we believe that the biodiesel business will face important challenges such as the overcapacity of the biofuels sector, competition from US subsidised product and recent competition from integrated Asian producers. However, we still trust in both the

long term growth of this business as the good positioning of CIE due to its strategy based on vertical integration, logistic optimization and maturity of the distribution channel previous to having the production capacity in operation.

CORPORACIÓN DERMOESTÉTICA

- 2008 has been a transformational year for Corporación Dermoestética ("CD") due to various reasons: i) sale of its subsidiary Ultralase to 3i for GBP174.5m (February 2008) on very favourable terms to shareholders (12x EV/EBITDA 08E); ii) closure of its business in Italy (March 2008) after analysing the different options of business viability; iii) restructuring of the business in Spain, focused on the main measures of costs rationalization (marketing, personnel and central services) and cash preservation.

- At the operating level, this year has been very complicated for CD due to the combination of i) the strong and rapid macroeconomic deterioration, ii) the generalized drop of the consumers' confidence level and iii) the increasing financing restrictions as more then 50%-60% of the treatment sold are financed through consumer credit. There has been a significant drop in the business volume during the last quarter, which, on the positive side, has also implied a reduction in capital of competitors (which in many cases are facing very serious financial problems and a need to adjust their establishments and cost structures).

- CD has reinforced its management team (new managing subdirector, marketing director, human resource director and business development director) and has developed a profound revision of the business model in a context of the current situation, giving way to a new strategic plan. The resulting main conclusions and actions are focused on the reduction of the cost structure (both central costs and personnel), the optimization of the marketing efforts, the competitive repositioning of certain products (i.e. fotodepilation) and the re-launch of new businesses (obesity, genetics and cosmetics). Additionally, the company expects to continue with the opening of new clinics in a selective way in Spain and Portugal.

- In this context, CD faces a very difficult year in 2009 but with an extremely solid financial position (net cash of EUR163m as of 30th September). This situation allows us to have a moderate optimism, taking into account that the company has enough resources to finance its organic growth, explore and evaluate eventual corporate transactions as well as consider possible improvements in the shareholders' pay-out.

- QMC remains confident on the long term growth potential of the aesthetic sector in Spain and Portugal and of CD in particular, although we believe that in the current environment, due to its cyclical nature, the company will undergo a very difficult business environment during the next 12-18 months due to both the drop of consumption as the current financing restrictions. On the positive side, we expect that the company will continue to gain market share to its competitors, adopting specific cost saving measures and analysing and evaluating possible alternatives of non-organic growth.

- Lastly, QMC as a member of the BoD, continues to promote actions that might optimize the financial situation of the company whilst resulting value enhancing for shareholders (i.e. analysis of eventual corporate transactions and possible improvement measures of the shareholders' pay-out).

GAM

- 2008 has been a very complicated year for the machinery rental market in Spain, as a consequence of the combination of the strong expansion of the offer during 2005/07 and the sharp drop of the demand at the beginning of 2008. Business occupation rates have

fallen to minimum levels (63%-65% vs. optimum levels of 73%-75%) due to the generalized downfall of the economic activity in Spain (especially of the construction sector), the delays on the execution timing of civil works projects during the second and third quarter and the recent increase in the competitive pressure. All of the above in a market that is still highly fragmented, in which GAM is leader with a market share of 12% and the 4 main players jointly hold 25%. This change of scenario has led the company to reduce growth expectations for 2008 during the third quarter of 2008.

- The financial position of GAM has deteriorated in the last quarters as most of the investments were concentrated during the first 9 months of the year, mainly related to commitments acquired during the second half of 2007. Having said this, although the net debt increased up to €643m (3.9x EBITDA) in September 2008 (vs. EUR560m in December 2007) we expect that it will reduce significantly during the next 15 months (until €475-500m approximately in December 2009) due to the business cash generation and a bet for profitability of the recent investments. We consider that its liquidity position and the adequate structure of the maturities of the existing debt will allow GAM to fulfill it debt obligations via its own cash flow generation.

- For 2009, GAM faces a deteriorating Spanish economy, with a declining residential market, but with a competitive position and a business mix that already anticipated such scenario. The rental companies suffer in the beginning of periods of crisis (as have been the last quarters) sharp drops of the occupation rates as a consequence of the generalized fall of activity levels of the different sectors. However, the history tells (i.e. period 1992-1994) that after this initial effect and the renewal necessity of the machinery (and especially if the access to financing is limited as in current scenario), clients tend to favour, in a second phase of the crisis, the machinery rental versus the acquisition. We believe that this effect will begin after H2 09.

- Additionally, we believe that the combination of the government infrastructure plan as a measure against the economic recession (which affects 50% of the sales of GAM) and the non-cyclical component of the diversified activities (industry, energy, etc.) will support the long-term growth of the company, although this does not imply that GAM is immune to the current environment. Our opinion is that the mid-term strategic and financial objectives of GAM may still be achievable, but we believe that if the difficult macroeconomic situation persists during the next quarters (which seems reasonable) its achievement will be delayed for a period of time.

- In this environment, the strategic priority of the company is to optimize its utilization ratios (minimizing CAPEX, rotating the portfolio and selling the old equipment), rationalize the cost structure after a strong expansion period, and continue with its diversification activities. We believe that in this uncertain scenario there are enormous opportunities for GAM because many competitors will face financial and operational difficulties, which could represent very attractive consolidation opportunities in the coming quarter.

MOTA ENGIL

- Contrary to market fears, Mota Engil has confirmed until now quarter by quarter its 2008 guidance, with a two digit growth in all of its divisions and EBITDAs higher than market consensus, in spite of which it continues to be penalized by its exposure to the Portuguese market and its relatively high debt level (3.5x net debt / EBITDA, excluding the non-recourse debt of the motorway business).

- In our opinion, the main attraction of the Group continues to be its various growth drivers, apart from the weakness of the construction and motorway sectors in Portugal:

- The construction division (38% of EBITDA) increased until the third quarter a 47% due to the spectacular impulse of the activity in Angola (+146%) and Central Europe (+114%). Even in Portugal, where the construction business continues as a whole slightly depressed, Mota Engil has reached growth sales of 15% due to its strong market penetration and its exposure to civil works. It is a profitable growth, taking into account that the EBITDA margin has increased up to 17.2% in Angola (higher than the 15% initially predicted for 2008), it has reached break-even in Central Europe and it has remained over 7% in Portugal, higher than the average margins of the main Spanish construction quoted companies (situated around 4-5%). The strength of the backlog (1.5 years of sales) and the good perspectives of the own works for 2009 (new motorways in Portugal, development of infrastructures in Angola), also provide stability and recurrence to the revenues and margins of this division.

- The division of Environment and Services (25% of the EBITDA) continues to show sharp growths (+19% in sales, +16% in recurring EBITDA as of September 2008) and a strong potential at a medium term both in urban services (still 80% under management of the state) as well as in logistics and transport (ports with 60-70% of capacity, intermodal transport solutions to develop).

- The weakness of the traffic in Portugal doesn't have such an important effect in the motorway division of Mota Engil (37% of EBITDA) due to the early stage of its concessions (+5.1% in diary traffic) and its low operating costs (average EBITDA margin of 90%). The Portuguese government is currently accelerating its tender process for motorway projects and Mota Engil is currently in the final tender process of 4 new motorway tranches in Portugal which should be definitely awarded during the next 1 to 6 months (Auto Estrada Centro, Algarve Litoral, Pinhal Interior y Alto Alentejo) with a total investments of €1.700m (1.160 Kms).

- Looking into 2009, the 3 main question marks are the following: i) if Mota Engil will be able to consolidate the construction and service business in Central Europe (which would require a higher success in the awarding of infrastructure works), ii) if political decisions will finally take place headed towards improving the profitability of the motorway concessions or its financing (negotiation of the elimination of shadow toll, etc.) and iii) if credit restrictions may limit the growth capacity of the construction and motorway segments. We are sceptical at regarding the two first points, but we don't believe that Mota-Engil will have problems with the financing of its growth projects. In any case, we believe these risks are completely priced-in (EV/EBITDA 6x, PER 8x).

UNIPAPEL

- Unipapel has (practically 100%) exposure to the Spanish market, but it operates in a not very cyclical business (office consumables) which grows at low but relatively stable levels (1%). This extraordinarily fragmented market in Spain allows larger players, with national scale, to increase gradually its market share at the expense of smaller familiar / regional and weaker businesses.

- This virtue has been proved during 2008, a year on which both the sales as the EBITDA have remained relatively stable according to the guidance of the Company.

- We consider this is the reflection of the reinforcement of both the commercial and the operating efficiency of Unipapel in its traditional businesses (manufacturing and wholesale distribution of office consumables). This has offset the negative evolution of Ofiservice (retail distribution), subsidiary controlled by 50%, which experienced for the first time a slowdown of its historic growth levels of sales and market share due to its relative

exposure to real estate clients.

- Another factor that contributes to the defensive character of Unipapel is its financial strength, with a net cash position near €40m, and several non-core assets with significant hidden value, for which the Group has no risk below the EBIT line and may help to finance its eventual non-organic growth in the years to come.

- We consider that 2009 will even be more complicated than last year regarding the evolution of the market. However, we expect that the Group will be able to maintain its sales relatively stable, due to the increasing improvement of its market share, the growth of its market subsegments and the commercial boost of its international subsidiaries.

- We also believe that Unipapel may limit the gross margin and EBITDA deterioration (below 5%) due to the combination of the following factors:

  - Stable commercial margin due to the increase of the average selling price, supply efficiency improvements (integration in an international buying group, etc.), and specially, the stability expectation (or even fall) of the prices of the main raw materials of the manufacturing activity (paper and cardboard).

  - Optimization of the logistic costs as a result of the investments carried out in the warehouse and the management of orders.

  - Staff restructuring both in the industrial and commercial activity.

- The main challenge for the Group Unipapel in 2009 is evaluating its non-organic growth capabilities. In a difficult competitive environment as the current, Unipapel, based on its major size, commercial and financial strength should attract to its long-term business project other efficient, solid and complementary distributors and consolidate itself as the main national player in the market of office consumables.

Deloitte.

Deloitte & Touche
Chartered Accountants &
Registered Auditors

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QMC DEVELOPMENT CAPITAL FUND PLC

We have audited the financial statements of QMC Development Capital Fund Plc (the "Company") for the year ended 31 December 2008 which comprise the Statement of Assets and Liabilities, the Statement of Operations, the Statement of Changes in Net assets Attributable to Participating Shareholders, the Cash Flow Statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors
The Directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006. We also report to you whether in our opinion: proper books of account have been kept by the Company and whether the information given in the Directors' report is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the Company's Statement of Assets and Liabilities and Statement of Operations are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of the Irish Stock Exchange regarding Directors' remuneration and Directors' transactions is not given and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. The other information comprises only of the Directors' Report, Report and Responsibilities of the Custodian, Investment Manager's Report, Schedule of Investment and Schedule of Portfolio Changes. Our responsibilities do not extend to other information.

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Members of
Deloitte Touche Tohmatsu

Deloitte.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QMC DEVELOPMENT CAPITAL FUND PLC

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the Company as at 31 December 2008 and of the loss for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the Company. The Company's Statement of Assets and Liabilities and its Statement of Operations are in agreement with the books of account.

In our opinion the information given in the Directors' report is consistent with the financial statements.

Deloitte & Touche

Chartered Accountants and Registered Auditors
Dublin
Date 23 April 2009

STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2008

	Notes	Dec-31 2008 EUR	Dec-31 2007 EUR
ASSETS			
Financial Assets at Fair Value through Profit or Loss:			
(Cost 2008:€122,614,421 ;Cost 2007: €144,202,199)	11	78,375,074	201,574,321
Investment in Subsidiary	12	255,361	103,583
Receivable under Repurchase Agreements	19	4,500,338	-
Cash at Bank	8	375,743	5,922,574
Interest and Dividend Receivable		1,949,217	1,149
Other assets		18,408	96,159
TOTAL ASSETS		**85,474,141**	**207,697,786**
LIABILITIES			
Administration and Transfer Agency Fees	5	10,027	16,942
Custodian Fees	5	11,123	189,867
Management Fees Payable	5	242,702	582,280
Audit Fees Payable		2,418	4,716
Legal Fees Payable		4,012	-
Directors' Fees Payable	5	-	98
Investment Advisory Fees		116,954	19,260
Other Fees		7,004	51,609
TOTAL LIABILITIES (excluding Net Assets Attributable to Participating Shareholders)		**394,240**	**864,772**
Net Assets Attributable to Participating Shareholders	4	**85,079,901**	**206,833,014**
NET ASSET VALUE			
Net Assets		85,079,901	206,833,014
Fair Value Adjustment	14	386,991	1,291,631
		85,466,892	**208,124,645**
Class A		85,430,017	191,992,824
Class B		36,875	3,276,864
Investment Manager Incentive	15	-	12,854,957
Shares In Issue Class A		128,081,896.205	128,081,896.205
Shares In Issue Class B		30,237.400	30,237.400
Net Asset Value Per Share Class A		€ 0.67	€ 1.50
Net Asset Value Per Share Class B		€ 1.22	€ 108.37

Signed on behalf of the Board on 23 April 2009 by

Director

Director

QMC Development Capital Fund PLC

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2008

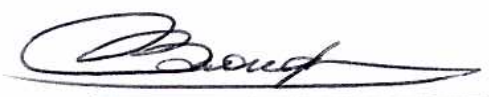
	Notes	Year Ended Dec-31 2008 EUR	Year Ended Dec-31 2007 EUR
INCOME/(LOSS)			
Dividends Gross		4,481,223	3,442,406
Withholding Tax on Dividends		(402,250)	(411,545)
Interest Income		616,085	899,786
Other Income		31,057	-
Net (Loss)/Gain on Financial Assets at Fair Value through Profit or Loss	13	(81,446,758)	7,837,157
TOTAL INVESTMENT (LOSS)/INCOME		**(76,720,643)**	**11,767,804**
EXPENSES			
Management Fees	5	2,149,705	3,675,496
Advisory Fees	5	471,045	647,452
Custodian and Trustee Fees	5	155,792	176,835
Administration Fees	5	36,074	36,140
Directors' Fees	5	49,579	35,222
Directors' and Officers' Liability Insurance		24,776	21,419
Registrar and Transfer Agency Fees	5	22,137	26,140
Audit Fees		21,297	14,579
Transaction Costs		12,240	174,790
Other Charges		89,836	110,364
TOTAL OPERATING EXPENSES		**3,032,481**	**4,918,437**
NET (LOSS)/INCOME		**(79,753,124)**	**6,849,367**
(DECREASE)/INCREASE IN NET ASSETS ATTRIBUTBALE TO PARTICIPATING SHAREHOLDERS		**(79,753,124)**	**6,849,367**

The Company has no recognised gains or losses other than the amounts reported above.
All gains and losses were generated by continuing operations

Signed on behalf of the Board on 23 April 2009 by



Director



Director

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTICIPATING SHAREHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Year Ended Dec-31 2008 EUR	Year Ended Dec-31 2007 EUR
NET ASSETS ATTRIBUTABLE TO PARTICIPATING SHAREHOLDERS AT THE BEGINNING OF THE YEAR	**206,833,014**	**244,983,645**
(Decrease)/Increase in Net Assets attributable to Participating Shareholders	(79,753,124)	6,849,367
Capital Transactions		
Subscriptions Class A	-	-
Subscriptions Class B	-	-
Distributions Class A	(41,973,739)	(44,971,873)
Distributions Class B	(26,250)	(28,125)
NET ASSETS ATTRIBUTABLE TO PARTICIPATING SHAREHOLDERS AT THE END OF THE YEAR	**85,079,901**	**206,833,014**

	NUMBER OF SHARES 2008	NUMBER OF SHARES 2007
PARTICIPATING SHARES IN ISSUE AT THE BEGINNING OF THE YEAR	**128,112,133.605**	**128,112,133.605**
Shares Issued during the year Class A	-	-
Shares Issued during the year Class B	-	-
PARTICIPATING SHARES IN ISSUE AT THE END OF THE YEAR	**128,112,133.605**	**128,112,133.605**

QMC Development Capital Fund PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	Year Ended Dec-31 2008 EUR	Year Ended Dec-31 2007 EUR
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	36,453,158	20,255,296
TAXATION		(402,250)	(411,545)
DISTRIBUTION SPLIT		(41,597,739)	(44,588,453)
DECREASE IN CASH	18	**(5,546,831)**	**(24,744,702)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Establishment and Organisation

QMC Development Capital Fund plc (the ''Company'') is a closed ended investment Company with variable capital and limited liability incorporated under the laws of Ireland and authorized pursuant to Part XIII of the Companies Act, 1990. Subject to certain exceptions (i.e. Class B Shareholders) the Company may only be invested in by Qualifying Investors within the meaning of Non UCITS Notice 24.

The Company was incorporated on September 4, 2003 and commenced operations on October 28, 2003. The term of the Company will be six years, but may be extended for up to one year by an Ordinary Resolution upon the recommendation of the Directors to facilitate the orderly liquidation of the Company's portfolio of investments.

The Company operates as a close-ended investment vehicle and the investment can be redeemed at the end of the prescribed period.

The Extraordinary General Meeting held on 18 February 2009 approved that the duration of the Company has been extended so that it will end on 28 October 2012.

2. Principal Accounting Policies

Basis of Accounting
The financial statements of the Company have been prepared in accordance with the generally accepted accounting standards in Ireland ("Irish GAAP") and the provisions of the Companies Acts 1963 to 2006. Accounting Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Accounting Standards Board ("ASB").

The financial statements are prepared under the historical cost convention adjusted to take account of the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

Due to the nature of the Company's business and the type of transactions the Company is engaged in, the Directors have adapted the profit and loss and balance sheet to suit the circumstances of the business in accordance with section 4(13) of the Companies (Amendment) Act, 1986. The format and certain wording of the financial statements have been adopted from those contained in the Companies (Amendment) Act, 1986 and FRS 3 "Reporting of the Financial Performance" so that, in the opinion of the Directors they may appropriately reflect the nature of the Company's business. In the opinion of Directors, the financial statements with the noted changes provide the information required by the Companies Act 1963 to 2006.

All references to net assets throughout this document refer to net assets attributable to holders of participating shares unless otherwise stated.

Net Asset Value
The Net Asset Value per Share for each share class is calculated by dividing the net asset value of each share class by the number of participating shares then in issue in respect of that share class.

Income
Income arising from investments is accounted for on an accruals basis and in accordance with FRS16 is shown gross of irrecoverable withholding taxes where applicable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

2. Principal Accounting Policies (continued)

Financial Instruments

Initial Measurement
Purchases and sales of financial instruments are accounted for at trade date. Realised gains and losses on disposals of financial instruments are calculated using the average costing method.

Financial instruments categorised at fair value through profit or loss are measured initially at fair value, with transaction costs for such instruments being recognised directly in the statement of operations.

The fair value through profit or loss category has two sub categories: held for trading and designated as fair value through profit and loss account.

The portfolio of investments held by the Company is held for medium to longer term investment and therefore do not meet the definition of held for trading. The portfolio has been included in the sub category, designated into the fair value through the profit and loss account, as the portfolio is managed and performance measured on a fair value basis.

Subsequent Measurement
After initial measurement, the Company measures financial instruments which are classified as at fair value through profit or loss at their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments is based on their quoted market prices on a recognised exchange or sourced from a reputable broker/counterparty in the case of non-exchange traded instruments, at the year end without any deduction for estimated future selling costs. Financial assets are priced at their current bid prices, while financial liabilities are priced at their current offer prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/counterparty, the fair value of the financial instruments may be estimated by the Directors using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Subsequent changes in the fair value of financial instruments at fair value through profit or loss are recognised in the statement of operations.

Securities Listed under Agreements to Repurchase
The Company may enter into repurchase agreements. A repurchase agreement is the sale of a security at a specified price with an agreement to repurchase the same or substantially the same security from the same counterparty at a fixed or determinable price at a future date.

These agreements are accounted as collaterialised financing transactions and are recorded at their contractual amounts which, combined with accrued interest, approximate fair value. Interest on reverse repurchase agreements is accrued on a daily basis.

Foreign Currency Translation
Functional Currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). This is the Euro, which reflects the Company's primary activity of investing in European securities.

Assets and liabilities denominated in currencies other than the currency stated as the Company's functional currency are translated into the said functional currencies at the closing rates of

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

2. Principal Accounting Policies (continued)

Foreign Currency Translation (continued)
exchange at each year end. Transactions during the year, including purchases and sale of securities, income and expenses, are translated at the rate of exchange prevailing on the date of

the transaction. Foreign currency transaction gains and losses are included in realised and unrealised gain and loss on investments in the Statement of Operations.

Net Assets Attributable to Participating Shareholders
The issued participating share capital is at all times equal to the net asset value of the Company. Participating shares are redeemable at the end of the life of the Company and are classified as financial liabilities.

Earnings per Share
FRS 22 requires disclosure of earnings per share but since the Company has limited life therefore units are classified as liabilities rather than ordinary shares. Therefore FRS 22 is not applicable.

3. Taxation

Under current Irish law and practice the Company qualifies as an investment undertaking under Section 739B (1) of the Taxes Consolidation Act, 1997 (as amended) and is not therefore chargeable to Irish tax on its relevant income or relevant gains. No stamp, transfer or registration tax is payable in Ireland on the issue, redemption or transfer of shares in the Company. Distributions and interest on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Company may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreement in operation between Ireland and other countries. The Company may not, therefore, be able to reclaim withholding tax suffered by it in particular countries.

4. Share Capital and Participating Shares

The Company has authorised capital of 5,000,000,000 Class A participating shares of no par value, 5,000,000,000 Class B participating shares of no par value and 3 non-participating Management Shares of €1.00 each. No additional classes of shares shall be created and no further Management Shares shall be issued.

The share capital of the Company shall at all times equal the Net Asset Value.

The minimum commitment for each Investor (other than Nmás Uno IBG SA, which shall commit €900,000) in Class A shares is an amount of €3,000,000, subject to the Directors' discretion to accept commitments in lesser amounts, of not less than €250,000 if such commitment were fully drawn.

As at 31 December 2008 commitments of €160,000,000 (2007: €160,000,000) have been received, of which €146,000,000 (2007: €146,000,000) has been called up. €145,908,750 (2007: €145,908,750) has been called up for Class A and €91,250 (2007: €91,250) has been called up for Class B.

Class A and Class B shares enjoy rights to variable amounts of capital, as determined by the Net Asset Value of the Company from time to time and the rights to Net Asset Value ascribed to each class of share. Management Shares have no rights to returns as they are non-participating shares only. Class A shares will possess full economic and voting rights in the Company in accordance with the provisions of the Articles of Association. Class B shares will be offered solely

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

4. Share Capital and Participating Shares (continued)

to the Investment Manager and/or Knowledgeable Employees, and will possess similar economic and voting rights to Class A shares, except that Class B shares are entitled to different levels of return as detailed below.Investment proceeds will be paid to investors and (as its incentive fee) to the Investment Manager after application of the following order of priority on each payment date:

i. pro rata to Class A and Class B shareholders, until aggregate amounts returned to them equal the total amount of their Capital Contributions at such date;

ii. to Class A shareholders, until aggregate amounts (to include amounts returned under i above) returned to them equal the Basic Return, as defined in the Company's prospectus;

iii. to Class B shareholders and to the Investment Manager (as the first instalment of its incentive fee) until they have, in the aggregate, received an amount equal to 15% of total amounts distributed (including the amounts paid to Class A shareholders, Class B shareholders and the Investment Manager) in excess of all Capital Contributions at such date. This amount will be distributed on a pro rata basis between Class B shareholders (20%) and the Investment Manager (80%); and

iv. pro rata to Class A shareholders (85%), Class B shareholders (3%) and to the Investment Manager (as the second instalment of its incentive fee) (12%).

Payments will be made to shareholders in proportion to the number of shares of each class held by them on the relevant payment date and in such manner (e.g. electronic transfer) as may be agreed with each of them.

Irish Stock Exchange rules require disclosure of the interests of any person other than a director or investment manager in 10% or more of the units of any class of capital carrying rights to vote at general meetings of the listed Company. As at 31 December 2008 Casagrande de Cartagena SA held 25.02% of the commitments and Called up share capital of the Company (2007: 25.02%).

The liability to participating shareholders is presented in Statement of Assets and Liabilities as "Net Assets Attributable to Participating Shareholders" and is defined based on the residual assets of the Company after deducting the Company's other liabilities and management share capital.

5. Fees

Investment Manager and Advisory Fees

The Company pays the Investment Manager an annual management fee and an incentive fee. The annual fee is equal to the sum of (i) 0.40% of Gross Commitments payable quarterly in advance provided that, during the Disinvestment Period, Gross Commitments are reduced by the amount of undrawn Commitments in respect of which Investors have been released and by any amounts (subject to a maximum amount equal to the Capital Contributions already made to the relevant date) that have been returned to Investors during the Disinvestment Period (but not during the Investment Period), plus (ii) 1.35% of the Net Asset Value of the Company, calculated and accrued daily and payable quarterly in arrears. Where the Investment Manager's fee is paid in advance but, in the quarter in respect of which that fee is paid, the Gross Commitments in respect of which that fee was paid falls below that amount, the Investment Manager shall repay the Company the amount of the excess payment (if any) or set it off against subsequent quarterly fees. In addition, the Company will be reimbursed for that portion of any advance fee received for any unexpired period in the event that the Investment Management Agreement is terminated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

5. Fees

Investment Manager and Advisory Fees (continued)

Disinvestment Period refers to the final two years of the life of the Company without prejudice to a possible extension for an additional year. During this period no additional investments will be made and the net total (i.e. after discounting commissions and expenses payable by the Company and any losses on investments of the Company) of any dividends received, any capital gains generated and any amount used in making the investments of the Company which are liquidated during this period or, to the extent not re-invested, prior to this period will be distributed to investors.

During the Investment Period, the net total (i.e. after discounting commissions and expenses payable by the Company and any losses on investments of the Company) of any dividends received and any capital gains received, but not the amount used in making the investments of the Company which are liquidated during this period (unless otherwise determined on a case by case basis by the Investment Manager), make up the Investment Proceeds. Investment Proceeds will be paid to Investors and (as its incentive fee) to the Investment Manager after application of the order of priority on each payment date, as set out in note 4.

The dates for the Investment and Disinvestment Periods have been extended in line with the shareholders' resolution referred to in Note 21.

Investment Management fees charged for the year amounted to €2,149,705 (2007: €3,675,496). Investment Management fees payable at 31 December 2008 amounted to €242,702 (2007: €582,280).

Advisory fees charged for the year amounted to €471,045 (2007: €647,452). Advisory fees payable at 31 December 2008 amounted to €116,953 (2007: fees prepaid of €19,260).

Administrator's Fees

The Company pays the Administrator, out of the assets of the Company, an annual fee of €36,000 (plus VAT, if any) which shall be accrued daily and payable monthly in arrears. Administrator's fees are charged for the year amounted to €36,074 (2007: €36,140). Administrator's fees payable at 31 December 2008 amounted to €6,016 (2007: €8,942).

The Administrator is also entitled to be repaid out of the assets of the Company all of its reasonable out-of-pocket expenses incurred on behalf of the Company, including but not limited to couriers' fees and telecommunication costs and expenses.

Custodian's Fees

The Company pays the Custodian, out of the assets of the Company, an annual fee accrued, calculated and payable monthly in arrears of up to 0.1% of the total assets under custody at market value, subject to a minimum fee payable annually in arrears of €20,000 per annum in respect of the Company as a whole, plus transaction charges at normal commercial rates. This rate will include any fees and expenses (at normal commercial rates) paid by the Custodian to any sub-custodian appointed by it. The Custodian is entitled to be reimbursed any expenses incurred by it on behalf of the Company.

The Company also pays the Custodian, out of the assets of the Company, for Trustee Services, an annual fee accrued, calculated and payable monthly in arrears of 0.02% of the Net Asset Value of the Company, subject to a minimum fee of €12,000 per annum. Custodian's fees charged for the year amounted to €155,792 (2007: €176,835). Custodian's fees payable at 31 December 2008 amounted to €11,123 (2007: €189,867).

Directors' Fees

The Company pays annual fees to the Directors, the aggregate of which will not exceed €15,000 per annum per Director, which are apportioned between the Directors as the Directors see fit. No other remuneration is payable by the Company to the Directors other than for out-of-pocket expenses reasonably incurred by them in the performance of their duties to the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

5. Fees (continued)

Directors' Fees (continued)
Directors' fees charged for the year amounted to €49,579 (2007: €35,222). Directors' fees payable at 31 December 2008 amounted to nil (2007: fees payable of €98).

Registrar and Transfer Agent Fees
The Company pays to the Administrator out of the assets of the Company the following fees:

(a) a monthly maintenance fee of €600 for register services

(b) a monthly fee of €100 per additional class of shares on the register

(c) an annual shareholder servicing fee (electronic file exchange), payable monthly in arrears, of:
i) up to €30 per shareholder account for individual shareholders.
ii) €150 per shareholder register for Nominee\Omnibus shareholders

(d) a transaction fee of up to €32 per transaction for individual shareholders (regardless of the amount or number of shares)

(e) a transaction fee of up to €32 per wire transfer/cheque payment per payment order.

All of the above are subject to a minimum fee of €12,000 per year, in total.

(f) a fee of €2 per settlement for cash reconciliation (including reconciliation of money flows and bundling of transfers). Bank charges are not included and will be charged individually.

Registrar and Transfer Agent Fees charged for the year amounted to €22,137 (2007: €26,140). Registrar and Transfer Agent Fees payable at 31 December 2008 amounted to €4,011 (2007: €8,000).

6. Related Parties

FRS8 'Related Party Transactions' requires the disclosure of information relating to material transactions with parties, who are deemed to be related to the reporting entity. The Director, Etienne Pinot is considered to be a related party by virtue of his employment by RBC Dexia Investor Services Ireland Limited. There were no fees paid or due for Mr. Pinot for both 2007 and 2008.

7. Risk Statement

Investments in equities expose the Company to varying risks, including interest rate, market, liquidity, credit/counterparty and foreign currency risks. A description of the specific risks and the policies for managing these risks are included below. All assets are held at market value, which approximates fair value. Market value is determined in accordance with the accounting policies in Note 2 of these statements. An analysis of the types of securities held at year end is contained in the Company's Schedule of Investments. Investments held at year end are representative of the type of investments held during the year.

Liquidity Risk
As the Company is closed ended, at the end of the life of the Company on 28th October 2012, the remaining investment portfolio will be liquidated and distributed amongst shareholders. Investments may have very low liquidity, and there is no certainty that the Company will be able to realize its position at the planned time. Investors may nevertheless have a certain liquidity as the Company will distribute dividends, capital gains or repay principal on investments, but low liquidity of any of the companies in which the Company invests means that such distributions cannot be guaranteed on a specific date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

7. Risk Statement (continued)

Market Price Risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.The Company's investments, as a result of their very nature, involve uncertainty (and therefore risk) as to their effective realization value. Although the aim of the Company is to invest in listed securities, the absence of an adequate market to realize them during the Disinvestment Period could have an adverse material effect on the Basic Return.

Credit Risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Company. Since October 2008, Company has been investing the cash in REPOs with a weekly duration (maximum two weeks) with fixed interest rates.

Equity Price Sensitivity Analysis

QMC Capital Development Fund Plc invests in equities listed in Spanish and Portuguese stock markets. The Company's equity securities are susceptible to market price risk arising from uncertainties about future prices.

Our most comparable benchmark would be the Spain Small Cap Index. However, considering the QMC Company is composed of a portfolio of between 7-10 companies and therefore it does not have a broad representation of the small cap equities of the Spanish market, the correlation with the index is low.

Based on an analysis of the historic evolution of our NAV vs. the Spain Small Cap Index, a +/- 1.0% fluctuation of this index, would eventually cause our NAV to move around 39% of this increase/decrease (+/- 0.39%). Nevertheless, as mentioned above, we must outline the correlation between the evolution of this index and our NAV is low, for which the results of this analysis may not be taken as a precise or significant reference and likewise they should not be used as a base to make any decisions.

At 31 December 2008 had the Spain Small Cap Index been 5% higher, the total net asset value of the Company, with all other variables held constant, would have risen €1.7M. (+1.96%) up to €87.1M. A 5% decrease of the Spain Small Cap Index would have resulted in an equal but opposite effect, on the basis that all other variables remain constant. Further analysis is given in the Investment Manager's report.

Currency Risk

At 31 December 2008 all the Company's assets were held in Euro.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The amount of income receivable from bank balances or payable on bank overdrafts will be also affected by fluctuations in interest rates.

Interest Rate Risk Profile of Financial Assets

The interest rate profile of securities held by the Company as at 31 December 2008 is as follows:

Currency	Total Investment	Total Investment	Fixed rate interest assets	Fixed rate interest assets	Floating rate financial assets	Floating rate financial assets	Non-interest bearing assets	Non-interest bearing assets
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
EUR	78,630,435	201,677,904	-	-	-	-	78,630,435	201,677,904

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

7. Risk Statement (continued)

The Company is not materially exposed to interest rate risk.

8. Cash at Bank

The cash held on current account with RBC Dexia Investor Services Bank S.A., Dublin Branch at 31 December 2008 represented 0.44% (2007: 2.85%) of the Net Asset Value of the Company.

9. Soft Commissions

There were no soft commission transactions during the year.

10. Net Assets – Historical Information

	Dec 2008 €	Dec 2007 €	Dec 2006 €
Total Net Assets Value	85,466,892	208,124,645	244,983,645
Net Asset Value per Share:			
Net Asset Value Per Share Class A	€ 0.67	1.50	1.80
Net Asset Value Per Share Class B	€ 1.22	108.37	102.05

11. Financial Assets at Fair Value through profit or loss

	Total EUR Dec-31 2008	Total EUR Dec-31 2007
Equities	78,630,435	195,465,759
Options	-	6,108,562
Financial Assets at Fair Value through Profit or Loss	**78,630,435**	**201,574,321**

12. Investment in Subsidiary

In December 2004 a subsidiary Company, QMC Directorships, S.L. was incorporated in Spain with the registered office at Padilla, 17,28006 Madrid, Spain .

The subsidiary's purpose is to acquire a nominal holding in the companies the Company invests in and therefore to allow a representative of the Investment Manager to be appointed to the board of these companies.

The Company holds 3,006 shares in QMC Directorships, S.L. at 31 December 2008. This represents all of the authorized and issued share capital of QMC Directorships, S.L. During the year ended 31 December 2008 the subsidiary Company made an unrealized net loss of € 255,355 (2007: € 100,577).

The Directors are of the opinion that the results, assets and liabilities of the subsidiary are insignificant to the Company's financial statements and have decided not to prepare consolidated financial statements for the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

13. Net Gain on Financial Assets at Fair Value through Profit or Loss

	Total EUR Year Ended Dec-31 2008	Total EUR Year Ended Dec-31 2007
Net Realised Gain on Investments	20,012,928	35,271,193
Net Unrealised (Loss)/Gain on Investments	(101,459,686)	(27,434,036)
Net (Loss)/Gain on Financial Assets at Fair Value through Profit or Loss	**(81,446,758)**	**7,837,157**

14. Fair Value Reconciliation

The NAV at which shareholders may subscribe to or redeem from the Company differs from that presented in these financial statements. As per the Company's prospectus the assets of the Company are valued at the last closing price on the principal exchange in the market for such investment, as at close of business on the relevant Valuation Day. The Valuation principles adopted for the purpose of preparing these financial statements as disclosed in this year's accounting policies in Note 2 to the accounts are in accordance with the financial reporting standards issued by the ASB. The fair value adjustment under the Statement of Assets and Liabilities reconciles the two valuation principles.

A reconciliation of the valuation of the financial assets at fair value through profit or loss as per FRS 26 versus the methodology in the Company prospectus is depicted in the below table:

	Total EUR Year Ended Dec-31 2008	Total EUR Year Ended Dec-31 2007
Total Net Assets for financial statement purposes	85,079,901	206,833,014
FRS 26 valuation adjustment	386,991	1,291,631
Total Net Assets for shareholder dealing/prospectus	**85,466,892**	**208,124,645**

15. Investment Management Incentive

	Total EUR Year Ended Dec-31 2008	Total EUR Year Ended Dec-31 2007
Investment Management Incentive	-	12,854,957

On a daily basis, the Net Asset Value (NAV) of the Company is allocated to the different share classes of the Company. In line with the Company's prospectus, this allocation process includes an incentive fee to the investment manager. The capital allocation process only begins after the NAV of the Company exceeds the aggregate amount of the subscribed shares. The calculations of the allocation process are outlined above in Note 4. The amount allocated to the investment manager is treated as a transfer of capital from Class A and Class B capital based on the Waterfall, which is;

i first, pro rata to Class A and Class B shareholders, until aggregate amounts returned to them equal the total amount of their Capital Contributions at such date;

ii. second, all amounts in excess of i above, pro rata to Class A shareholders (85%), to Class B shareholders (3%) and to the Investment Manager (as its incentive fee) (12%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

16. Distributions

The Directors of the Company approved a reduction in capital of €15 million on 18 July 2008, ex-date 28 July 2008. The Prospectus of the Company was structured so that capital could be returned to Shareholders in the form of 'reductions in capital', which is a payment from the share capital account of the Company. There was a second capital reduction of €15 million approved on 23 October 2008, ex-date 7 November 2008. The third capital reduction of €12 million approved on 3 December 2008, ex-date 12 December 2008.

The capital was first returned pro rata to Class A Shareholders and Class B Shareholders. Any excess was split in accordance with the Prospectus between Class A, Class B and the Investment Manager. The reduction in capital will mean that the number of Shares held by Shareholders will be the same while the assets to be divided between those shares will be reduced so that the Net Asset Value per share will be a lesser number than it was prior to the capital being reduced.

As agreed by the board of directors, purpose of the capital distribution is to return profits to the investors after successful performance of the Company.

In relation to the capital distribution and to facilitate the fulfillment of their tax obligations, the shareholders received a letter stating the breakdown between the Capital and Profit allocation of the distributed amount. This allocation was proposed by the Investment Manager, reviewed by the Administrator and approved by the Board.

17. Reconciliation of Operating Profit to Net Cash Outflow from Operating Activities

	Total EUR Year Ended Dec-31 2008	Total EUR Year Ended Dec-31 2007
(Decrease)/Increase in net assets attributable to participating shareholders	(79,753,124)	6,849,367
Movement in unrealised losses on investments	101,459,686	27,434,036
(Increase)/decrease in value of options	5,044,708	(5,006,072)
(Increase)/ decrease in debtors	(6,370,655)	(271,520)
Increase/ (decrease) in creditors - due within one year	(470,532)	487,086
Proceeds from sale of investments	16,543,075	35,639,832
Purchase of investments	-	(44,877,434)
Net cash inflow from operating activities	36,453,158	20,255,295

18. Analysis of Changes in Net Cash

	At Beginning of Year EUR	Movements	At End of Year EUR
Cash at bank and in hand	5,922,574	(5,546,831)	375,743
Total	5,922,574	(5,546,831)	375,743

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

19. Receivable under Repurchase Agreements

Amount for the Receivable under Repurchase Agreements relate to value of EUR 4,500,337.79 for the security Spain 3.800% 31/01/2017

20. Classification of Financial Instruments

As at 31 December 2008

ASSETS	Loans and receivables	Assets at fair value through profit or loss	Non-financial assets	Total
Financial Assets at Fair Value through Profit or Loss	-	78,375,074	-	78,375,074
Investment in Subsidiary	-	255,361	-	255,361
Receivable under Repurchase Agreements	4,500,338	-	-	4,500,338
Cash at Bank	375,743	-	-	375,743
Interest and Dividend Receivable	1,949,217	-	-	1,949,217
Other assets	-	-	18,408	18,408
TOTAL ASSETS	**6,825,298**	**78,630,435**	**18,408**	**85,474,141**

LIABILITIES	Other financial liabilities	Total
Administration and Transfer Agency Fees	10,027	10,027
Custodian Fees	11,123	11,123
Management Fees Payable	242,702	242,702
Audit Fees Payable	2,418	2,418
Legal Fees Payable	4,012	4,012
Directors' Fees Payable	-	-
Other Fees	123,958	123,958
TOTAL LIABILITIES	**394,240**	**394,240**

As at 31 December 2007

ASSETS	Loans and receivables	Assets at fair value through profit or loss	Non-financial assets	Total
Financial Assets at Fair Value through Profit or Loss	-	201,574,321	-	201,574,321
Investment in Subsidiary	-	103,583	-	103,583
Receivable under Repurchase Agreements	-	-	-	-
Cash at Bank	5,922,574	-	-	5,922,574
Interest and Dividend Receivable	1,149	-	-	1,149
Other assets	-	-	96,159	96,159
TOTAL ASSETS	**6,825,298**	**201,677,904**	**18,408**	**207,697,786**

LIABILITIES	Other financial liabilities		Total
Administration and Transfer Agency Fees	16,942		16,942
Custodian Fees	189,867	189,867	
Management Fees Payable	582,280		582,280
Audit Fees Payable	4,716		4,716
Legal Fees Payable	-		-
Directors' Fees Payable	98		98
Other Fees	70,869		70,869
TOTAL LIABILITIES	**864,772**		**864,772**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

21. Post Balance Sheet Events

The Extraordinary General Meeting held on 18 February 2009 approved the following resolutions:

(i) The duration of the Company has been extended so that it will end on 28 October 2012;

(ii) The conditions under which 'follow-on investments' may be made now:

a. include the use of available cash and/or investment proceeds to invest in rights issues, convertible bonds or equity linked instruments of companies in which the Company already has invested in order to avoid the Company's investments being diluted and/or to maintain the Company's strategic investment position in portfolio companies; and

b. permit the Company to rebalance its investments (i.e. through partial or full sale of up to €15 million of those investments) by reallocating its investments away from Portfolio Companies that the Investment manager determines have less upside potential so that additional investments may be made in Portfolio Companies that the Investment manager determines have the greatest potential for growth.

(iii) Certain of the valuation policies of the Company have been amended in line with policies of the Financial Regulator; and

(iv) The Company's articles of association have been amended to effect the changes at points (i) to (iii) above.

(v) Number of Employees

There were no employees during the year 2008 (2007: nil).

23. Date of Approval

The financial statements were approved and authorized for issue by the Directors on 23 April 2009.

SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2008

Description	Quantity/ Face value	Currency	Acquisition cost	Fair Value (EUR)	% net assets
1)FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS					
A) TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING					
1) LISTED SECURITIES : EQUITIES					
SPAIN					
Azkoyen SA	2,531,053	EUR	13,909,467	6,074,527	7.14
Campofrio Alimentacion SA	2,176,022	EUR	22,970,377	16,254,884	19.11
Corp Dermoestetica	2,194,761	EUR	17,064,366	7,571,925	8.90
FN	106,733	EUR	871,792	496,309	0.58
Vidrala SA	67,050	EUR	777,982	995,693	1.17
Cie Automotive SA	5,736,177	EUR	13,812,468	20,133,981	23.66
General de Alquiler de Maquinaria	1,400,316	EUR	21,014,779	7,561,706	8.89
Unipapel SA	922,827	EUR	10,975,427	8,425,411	9.90
			101,396,658	67,514,436	79.35
PORTUGAL					
Mota Engil SGPS SA	4,661,218	EUR	21,217,762	10,860,638	12.77
			21,217,762	10,860,638	12.77
TOTAL LISTED SECURITIES : EQUITIES			122,614,420	78,375,074	92.12
2) INVESTMENT IN SUBSIDIARY					
SPAIN					
QMC Directorship Co	3,006	EUR	3,006	255,361	0.30
			3,006	255,361	0.30
TOTAL INVESTMENT IN SUBSIDIARY			3,006	255,361	0.30
TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			**122,617,426**	**78,630,435**	**92.42**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			**122,617,426**	**78,630,435**	**92.42**
CASH AND TIME DEPOSITS				**4,876,081**	**5.73**
OTHER ASSETS LESS LIABILITIES				**1,573,385**	**1.85**
TOTAL NET ASSETS				**85,079,901**	**100.00**

SCHEDULE OF INVESTMENTS AS AT 31 DECEMBER 2008 (continued)

GEOGRAPHIC & ECONOMIC DIVISION OF INVESTMENTS AS AT 31 DECEMBER 2008

(expressed as a percentage of net assets)

	% net assets Dec-31 2008	% net assets Dec-31 2007
SPAIN		
Mines and heavy industries	23.52	19.86
Food and distilleries	19.04	9.17
Forest products and paper industry	9.85	7.45
Healthcare education and social services	9.61	0.24
Other services	9.01	15.11
Mechanics and machinery	7.11	7.12
Package and container industry	1.21	14.55
Investment funds	0.30	0.05
Miscellaneous	-	7.71
	79.65	**81.26**
PORTUGAL		
Construction and building material	12.77	13.30
	12.77	**13.30**
GERMANY		
Miscellaneous	-	2.95
	-	**2.95**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**92.42**	**97.51**
CASH AND TIME DEPOSITS	**5.73**	**2.86**
OTHER ASSETS LESS LIABILITIES	**1.85**	**(0.37)**
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING SHARES	**100.00**	**100.00**

SCHEDULE OF PORTFOLIO CHANGES
FOR THE YEAR ENDED 31 DECEMBER 2008

Purchases

DATE	SECURITY NAME	QUANTITY	COST (EUR)	SECURITY CURRENCY
-	-	-	-	-

Sales

DATE	SECURITY NAME	QUANTITY	PROCEEDS (EUR)	SECURITY CURRENCY
28-Jul-08	Vidrala SA	1,138,332	25,038,295	EUR
08-May-08	Mota Engil SGPS SA	130,000	753,828	EUR
07-May-08	Mota Engil SGPS SA	80,000	466,266	EUR
08-May-08	Martifer SGPS SA	50,000	445,607	EUR
14-May-08	Mota Engil SGPS SA	75,000	431,316	EUR
13-May-08	Mota Engil SGPS SA	65,000	378,322	EUR
02-May-08	Mota Engil SGPS SA	50,000	287,524	EUR
16-May-08	Mota Engil SGPS SA	47,000	272,768	EUR
12-May-08	Mota Engil SGPS SA	42,500	248,569	EUR
09-May-08	Mota Engil SGPS SA	40,000	232,686	EUR
19-May-08	Mota Engil SGPS SA	30,000	173,065	EUR
20-May-08	Mota Engil SGPS SA	20,000	115,163	EUR
05-May-08	Mota Engil SGPS SA	20,000	115,085	EUR
15-May-08	Mota Engil SGPS SA	20,000	114,924	EUR
06-May-08	Mota Engil SGPS SA	18,236	104,791	EUR
21-May-08	Mota Engil SGPS SA	5,000	28,693	EUR
24-Jul-08	Vidrala SA	800	15,190	EUR

* Represents all the trades during the year.