

**HIRCO PLC**  
**(“Hirco” or the “Company”)**

**Maiden Interim results for the five months ended 31<sup>st</sup> March 2007**

21st June 2007

Hirco PLC (AIM:HRCO), one of the largest AIM listed real estate investment companies focusing on real estate in India, is pleased to announce its maiden interim results for the 5 months ended 31<sup>st</sup> March 2007.

**Highlights:**

- Hirco successfully completed its IPO on 13<sup>th</sup> December 2006. At the time of its admission to trading, Hirco was the largest ever real estate investment company IPO on AIM and the largest AIM IPO in 2006
- Since flotation, Hirco has made two investments in township developments deploying a total 35% of the net funds raised at the time of the company’s AIM flotation.
- Hirco invested £77.8 million on 14 February 2007 in a 251 acre mixed-use development in Chennai, India, and an additional £47.9 million on 26 March 2007 in an adjoining 118 acre commercial township, together known as Hiranandani Palace Gardens.
- Hiranandani Palace Gardens has recorded strong pre-sales activity, with sales consideration already accepted on approximately 788,286 square feet of residential space in the projects’ initial phase. These results are very encouraging, as they demonstrate the strong demand for the quality product being developed in Chennai.
- The net investment income for the period ended 31<sup>st</sup> March 2007 was £6,339,000 with a profit before tax of £5,587,000.
- Earnings per share of 7.30 pence, based on 76,526,984 shares outstanding
- NAV as of 31 March 2007 was £4.81 per share
- The company believes that the outlook for the Indian real estate market continues to remain robust, with a strong demand for quality residential, commercial and retail space driven by India’s continuing economic growth and a constrained quality housing supply in the midst of escalating demand.
- Progress in the pipeline projects in the Mumbai Metropolitan Region and Jaipur continues to be made. As a result of the continued progress of the pipeline projects, the company anticipates deployment of the net funds raised at IPO by the end of 2007.

**Niranjan Hiranandani, Chairman of Hirco PLC commented,**

“Our maiden interim results reflect the strength of our business strategy and re-affirm the quality of our management team.

To date we have committed approximately £126 million of initial net funds, consistent with the company’s original investment objectives stated at the time of Admission. With the initial investments in the Chennai projects, Hirco has made strong progress toward its goal of capitalising on the diverse and growing Indian real estate market through the development of several township projects across India. Our project focus continues to remain centred around multi-purpose townships in the suburbs of major metropolitan cities, and our pipeline remains strong for attractive investment opportunities”.

**For further information, please contact:**

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**Notes to Editors**

**About the Company**

Hirco was formed in 2006 to co-invest in large scale mixed-use township developments in suburban areas outside city centres in India. These townships will be predominately residential and provide high quality affordable housing for India’s growing young and affluent working population.

At the time of its admission to trading, Hirco was the largest ever real estate investment company IPO on AIM and the largest AIM IPO in 2006. Further information about the company can be found at [www.hircopl.com](http://www.hircopl.com).

## **Chairman's Statement**

It is my privilege to report Hirco PLC's first set of results since its successful admission to the AIM market in December 2006, in which it raised a net of £363 million, after offering costs.

As of 31 March 2007, Hirco PLC has already invested approximately £126 million (35%) of its initial net funds, evidence of significant progress consistent with the company's original investment objectives.

## **Results**

The net investment income for the period was £6,339,000 and the profit before tax was £5,587,000.

The corresponding earnings per share were 7.30 pence, based on 76,526,984 shares outstanding.

The Net Asset Value (NAV) as of 31 March 2007 was £4.81 per share.

## **Investment in Projects**

Hirco invested £77.8 million on 14 February 2007 in a 251 acre mixed-use development in Chennai, India, and an additional £47.9 million on 26 March 2007 in an adjoining 118 acre commercial township. Both investments were among the projects identified for potential investment at the time of Hirco's AIM admission.

The adjoining projects, together known as Hiranandani Palace Gardens (Palace Gardens), are located south-west of Chennai, with easy access to the international airport, the national highway system and rail transport. Palace Gardens will offer a range of apartment sizes and styles designed to appeal to the employees of major companies, including Motorola, Samsung, Wipro, Nokia, BMW, and Accenture, located within the township's catchment area. The township will be a self-sustaining community with offices, schools, health care facilities, shopping, recreational facilities and open space.

## **Project Progress**

I am pleased to report that, as of 13 June 2007, sales activity for Palace Gardens is several months ahead of schedule, and is already well ahead of our expectations both in terms of volume and price. Sales consideration has already been accepted on approximately 788,286 square feet of residential space in the projects' initial phase, at an average price of Rs. 3,359 (£41.83) per square foot of "built-up" space. This represents an increase of approximately 34% against our original Year 1 projection of Rs. 2,510 (£31.09) per square foot. These results are very encouraging, as they demonstrate strong demand for the quality product being developed in Chennai.

## **Pipeline Projects**

Our focus continues to remain multi-purpose townships in the suburbs of major metropolitan cities, and our pipeline remains strong for attractive investment opportunities.

Progress in the pipeline projects in the Mumbai Metropolitan Region and Jaipur continues to remain on track. As a result of the continued progress of the pipeline projects, the company anticipates deployment of the net funds raised at IPO by the end of 2007.

## **Assembly of World Class Team Continues**

Consistent with Hirco's vision to provide leadership in delivering quality communities, the following world-class companies have been engaged to meet those objectives in the development of Palace Gardens.

Tata Consultancy Services (TCS) – IT and Telecom Planning - TCS is one of the world's largest information technology companies with offices in 50 countries.

Larsen & Toubro (L&T) – Infrastructure and Civil Engineering – L&T is India's largest engineering and construction organization. L&T has provided infrastructure and core construction services to many large-scale projects in India, the Middle East, Southeast Asia and Africa.

HOK – Master Planning – HOK is one of the world's leading design firms. HOK is a global provider of design and project services with 1,600 professionals linked across a network of offices in North America, Latin America, Europe and Asia.

Turner – Pre-Construction Planning – Turner is a globally renowned construction services company. Turner has been involved in many landmark projects in North America, Europe, Asia and the Middle East.

Architect Hafeez Contractor (Hafeez) – Architectural Design – Hafeez is one of India's prominent architectural firms. Hafeez is a multi-award winning designer of some of India's high-profile projects in both the public and private sectors.

By combining the local knowledge, experience and reputation of the Hiranandani Group with the international expertise and capabilities of the above firms, an unrivalled team has been put in place to plan, design, and undertake the development of Hiranandani Palace Gardens. Based on the track record of each team member, we are confident in achieving the development targets necessary to realize the anticipated project returns.

## **Outlook**

I believe the Indian real estate market continues to remain strong. Robust demand for quality commercial, residential, and retail space driven by India's continuing economic growth, and a constrained quality housing supply in the midst of escalating demand, provide support for our strategy of developing mixed-use townships that deliver a quality lifestyle approach to satisfying these demands.

With the initial investments in the Chennai projects, Hirco has made significant progress toward its goal of capitalizing on the diverse and growing Indian real estate market through the development of several township projects across India. Additionally, the company continues to investigate strategic funding options to further enhance project and shareholder returns.

Given the timely investments in the Chennai projects, solid pre-sales activity, assembly of a world-class delivery team, and progress on the pipeline projects, I believe Hirco has established a strong base, with excellent momentum, from which to deliver on its strategy, and produce continued success.

Niranjan Hiranandani  
Chairman

20 June 2007

Unaudited consolidated income statement  
 For the period 2 November 2006(Date of Incorporation) to 31  
 March 2007

	Notes	Period ended 31-Mar 2007 £ '000
Bank interest		4,975
Preference dividend		1,345
Foreign exchange gain		19
<b>Net investment income</b>		<b>6,339</b>
Administrative expenses	4	(752)
<b>Net income before finance costs</b>		<b>5,587</b>
Finance costs		-
<b>Profit before tax</b>		<b>5,587</b>
Income tax expense		(4)
<b>Net profit from continuing operations</b>		<b>5,583</b>
Number of ordinary shares		76,526,984
Earnings per share (pence)		7.30

Unaudited consolidated balance sheet  
As at 31 March 2007

	Notes	31-Mar 2007 £ '000
<b>Non-current assets</b>		
Investments	5	<u>125,736</u>
<b>Current assets</b>		
Accrued income		2,084
Prepaid expenses		102
Cash and cash equivalents		<u>240,480</u>
<b>Total current assets</b>		<b>242,666</b>
<b>Total assets</b>		<b><u>368,402</u></b>
<b>Current liabilities</b>		
Trade payables		147
Accrued expenses		<u>146</u>
<b>Total current liabilities</b>		<b>293</b>
<b>Total liabilities</b>		<b><u>293</u></b>
<b>Net assets</b>		<b><u>368,109</u></b>
<b>Equity</b>		
Share capital		765
Share premium		361,761
Retained earnings		5,583
<b>Total equity</b>		<b><u>368,109</u></b>
Number of ordinary shares		76,526,984
Net Asset Value per Share (£)		<u>4.81</u>

Unaudited consolidated cash flow statement

For the period 2 November 2006(Date of Incorporation) to 31 March 2007

	Period ended
	31-Mar
	2007
	£ '000
<b>Cash Flow from operating activities</b>	
Profit before tax	5,587
Change in trade and other receivables	(2,186)
Change in trade and other payables	289
<b>Cash generated from operations</b>	<u>3,690</u>
<b>Cash Flow from investing activities</b>	
Investments during the period	(125,736)
<b>Net cash used in investing activities</b>	<u>(125,736)</u>
<b>Cash Flow from financing activities</b>	
Proceeds from issue of share capital	362,526
<b>Net cash generated from financing activities</b>	<u>362,526</u>
<b>Net increase in cash and cash equivalents</b>	<u>240,480</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>240,480</u></u>

Unaudited statement of changes in equity

For the period 2 November 2006 ( date of Incorporation) to 31

March 2007

	<b>Issued Capital</b>	<b>Share Premium</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
	£ '000	£ '000	£ '000	£ '000
Issue of share capital	765	381,869	-	382,634
Share issue costs	-	(20,108)	-	(20,108)
Retained profit for the period	-		5,583	5,583
<b>As at 31 March 2007</b>	<b>765</b>	<b>361,761</b>	<b>5,583</b>	<b>368,109</b>

Notes to the consolidated financial statements  
For the period ended 31 March 2007

## **1 GENERAL INFORMATION**

Hirco plc (the "Company") is a public limited company incorporated in the Isle of Man on 2 November 2006. It was admitted to AIM on 13 December 2006.

The interim consolidated financial statements ("the financial statements") for Hirco plc and its subsidiaries (the "Group") have been prepared for the period from incorporation on 2 November 2006 to 31 March 2007.

The financial statements are presented in GBP.

## **2 SIGNIFICANT ACCOUNTING POLICIES**

### **a. Basis of Preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Standards Board

The period from 2 November 2006 to 31 March 2007 is the first period of the Group's operation, and therefore no comparative figures are presented.

### **b. Basis of consolidation**

The financial statements incorporate the results of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March 2007. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same period as the parent Company, using consistent accounting policies.

The results of subsidiaries acquired during the period are included in the consolidated income statement from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

### **c. Investments**

The Group's interest in participating preference shares issued by Burke 1 Limited and Burke 2 Limited (note 5) is a compound financial instrument, comprising a debt component entitling the preference dividend and preferred capital return and an equity component equivalent to the share in residual profits.

The debt component is stated at amortised cost, with interest recognized in the income statement on the effective interest rate basis.

The Directors consider that the Group is a venture capital organization and have elected under IAS 31 to designate the equity component of its investment in jointly controlled entities, Burke 1 Limited and Burke 2 Limited (Investee Companies through which the investments in the Chennai projects were made), as at fair value through profit or loss. Accordingly, under IAS 39, changes in fair value on the equity component are recognised as profit or loss.

Fair value is determined by the Directors with appropriate regard to IFRS and the International Private Equity and Venture Capital Valuation Guidelines.

### 3 SEGMENTAL ANALYSIS

The Group has only one business and geographic segment, being the investment in real estate in India.

### 4 ADMINISTRATIVE EXPENSES

	£ '000
Payroll costs	272
Directors' fees	134
Legal and professional fees	59
Other expenses	287
Total	<u>752</u>

### 5 INVESTMENTS

	£ '000
Additions at cost	
1. Participating preference shares in Burke 1 Limited for investment in Chennai, India township project.	77,847

2. Participating preference shares in Burke 2 Limited for investing in Chennai, India SEZ and commercial projects	47,889
<b>Total value of investments as at 31 March 2007</b>	<b>125,736</b>

The participating preference share interests in Burke 1 Limited and Burke 2 Limited entitle the Group to a preference dividend of 12% per annum, a preferred capital return and a 40% share in residual profits. As detailed in the accounting policy, the debt component of this compound financial instrument, representing the preference dividend and the preferred capital return, is stated at amortised cost, with the preference dividend accrued under the effective interest method. The equity component representing the 40% residual profit share is stated at fair value. The full consideration payable has been attributed to the debt component; hence there is no cost attributed to the equity component. The Directors have determined that there has been no change in the fair value of the equity component.

## 6 RELATED PARTY DISCLOSURE

The Company has invested in participating preference shares issued by Burke 1 Limited and Burke 2 Limited ("the Burke Companies"), subject to a shareholders' agreement with Burke Consolidated Limited. Burke Consolidated Limited owns all the ordinary shares in the Burke Companies, entitling it to 60% of any residual profits. Burke is owned by the Hiranandani family, including Priya Hiranandani and Niranjan Hiranandani ("Hiranandani").

In addition, development management and other general services are provided to the Indian project companies owned by the Burke Companies by Companies owned by Hiranandani. Fees payable to Burke Companies in the period to 31 March 2007 were NIL.

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### **Independent review report to Hirco plc**

We have been engaged by the Company to review the financial information which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

### **Directors' responsibilities**

The interim review report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors.

### **Review work performed**

We conducted our review having regard to the guidance contained in Bulletin 1999/4: "Review of interim financial information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquires of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the period ended 31 March 2007.

**KPMG Audit LLC**

**20 June 2007**

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