

Chairman's Statement

Dear Fellow Shareholders,

It is my privilege to report Hirco PLC's interim results for the six-month period ended 31 March 2010.

The Company experienced improving conditions in its markets during the period and I am pleased to report that we have continued to make significant progress in achieving our core objective of creating long-term value for our shareholders.

While the overall global economy is still exhibiting some fragility, the Indian economy is continuing on the path to recovery. Although real estate values in India have not yet recovered to the levels seen before the recession, I am cautiously optimistic that what we are witnessing is the resumption of a long-term upward trend, and that the Indian economy and real estate markets have bottomed out of a downward cycle and are now back on the road to recovery. This view is confirmed by Jones Lang LaSalle Meghraj (JLLM) who comment: "The general real estate market has stabilised across India and certain market segments particularly residential asset class in prime locations of major cities have witnessed an increase in capital values as well as increased off take. The suburban locations have seen the market being buoyant in cities such as Mumbai and NCR but have remained sluggish in other major cities. We believe that as the economic recovery continues, the suburban markets and the capital values for these other cities such as Chennai should see an improvement as has been evident in Mumbai and NCR. While the commercial office asset class has not seen a recovery on the levels seen in residential sector as of date, the overall economic growth in coming years would bring about demand revival. This may however take a few more quarters to translate into reality. In our opinion, the current improving trends of the Indian real estate industry are part of the long term growth potential of India's real estate market."

Strong fundamentals and consumption-driven growth has helped India sustain its economic progress through the recent global contraction. The real estate sector remains both a key contributor to India's growth and a strong beneficiary of that very growth because it leads to real appreciation in asset values. The recent recovery in asset prices for residential space is a direct reflection of the acute shortage of housing in India. Additionally, we expect the continuing shortage of modern, efficient, low-maintenance, and easily accessible commercial space to drive a recovery in this sector in the future. While overall the economy continues to show favourable improvement, we remain watchful for any signs of the return of inflation and the monetary policy response to that.

We are pleased with the way regulators in India handled the credit crisis. Credit is the life blood of real estate. The way the Indian credit markets operated over the last year of turbulence not only has boosted the confidence of buyers of property, but also gives us a reasonable degree of confidence that mortgages will continue to be available to buyers of our property.

We are also pleased that during the recent period of turbulence, management has exercised prudence and strict control without losing sight of its objective to create long-term shareholder

value. When compared with other Indian developers, our Company and our brand have emerged stronger from the downturn because of the actions management took during the period. This positions the Company well to take advantage of what appears to be the beginning of an upward curve in the economic cycle.

RESULTS TO 31 MARCH 2010

For the period ended 31 March 2010, we reported a profit of £36 million, representing a profit per share of £0.47 based on 76,526,984 shares outstanding. This is driven principally by net investment income of £26.5 million and a gain on fair value movement of investments of £11.9 million. The gain on fair value movement of investments is net of a favourable foreign exchange fluctuation of £34 million. Removing the impact of a favourable change in the foreign exchange rate as at 31 March 2010, when compared to the prevailing exchange rate as at 30 September 2009, profit for the period was £2 million, or £0.03 per share.

As of 31 March 2010, Hirco's Net Asset Value (NAV) was £7.36 per share, up 47 pence from a NAV of £6.89 per share as of 30 September 2009. Hirco's NAV as of 31 March 2010 represents a cumulative increase of 55% from a NAV of £4.74 per share at the time of the IPO on the London Stock Exchange on 13 December 2006.

In valuing the projects, Hirco's Board of Directors instructed JLLM to carry out a valuation as of 31 March 2010 of the four projects in which Hirco has invested. This is consistent with the approach adopted in previous reporting periods. As with their previous valuations, JLLM used the valuation standards prescribed by the Royal Institute of Chartered Surveyors (RICS).

Hirco's investment in the four properties – Chennai Residential, Chennai Commercial, Panvel Commercial, and Panvel Residential – was £350.8 million. Based on JLLM's new valuation of the properties, the value of Hirco's investment in these four properties as of 31 March 2010 was £426.5 million, representing a 21.6% increase from the initial acquisition cost.

When compared with the value of Hirco's investment as at 30 September 2009, the new value represents an increase of £11.9 million or 2.9%.

PROJECT PROGRESS

Hiranandani Palace Gardens Chennai

At Hiranandani Palace Gardens Chennai, we are making steady progress toward completion of our first six low-rise residential buildings that contain a mixture of two-, three- and four-bedroom apartments. Apartments in the Buckingham low-rise building are complete and will be handed over to residents in an official ceremony on 6 June.

The high-rise residential buildings on the north side of Phase 1 of the township are also rising rapidly. They are at various stages of construction. Belchamp and Belvoir have reached the 17th floor slab, Wilton is at the 15th floor, Windsor is at the 14th floor, and Hampton and Devon are at the 13th floor.

For initial residents, provisions have been made for essential services such as bank ATMs, a supermarket, coffee shops, and other interim facilities until the planned retail facilities are constructed. The launch of a paintball facility in May will be the first of a number of planned entertainment facilities.

As of 30 April 2010, sales consideration for the Chennai residential township had been accepted on approximately 2.14 million square feet at a cumulative average price since launch of Rs 4,215 per square foot.

Hiranandani Palace Gardens Panvel

At Hiranandani Palace Gardens Panvel, located in the Mumbai Metropolitan Region, we continue to advance development progress – developing initial roads, installing power and water supplies, and developing the infrastructure required to support the mobilisation of the substantial labour force required to complete the project.

We have also commenced construction of the show flat complex and the first few villas.

We are pleased by the continued strength of our pre-completion sales. As of 30 April 2010, sales consideration had been accepted on approximately 2.3 million square feet at a cumulative average price since launch of Rs 4,470 per square foot. This represents an increase over figures reported on 19 March 2010 of 2.25 million square feet at a cumulative average price of Rs 4,436.

DIVIDEND

As stated at our Annual General Meeting in March, the Hirco board recognises the importance of dividends to shareholders both from an income perspective and also as one of the main drivers in reducing the current share price discount to net asset value.

As previously reported, the global recession's impact on the projects in which the Company is invested has caused us to extend the timescales for completion of the projects, which results in projected cash distributions to shareholders being later than we had originally indicated at the IPO.

Development finance at the India project companies is carried out on a building-by-building basis. Before cash can be distributed out of the project companies in India, lender consent is required, in addition to having sufficient accounting earnings and profits, net of reserves. Lenders typically require, especially in the early stages of a development project, that at least a reasonable amount of available cash flow is first applied in discharging a meaningful portion of the debt and meeting any other covenants there might be.

The Board is reviewing with the Hiranandani Group whether these loan terms can be modified on acceptable terms to permit earlier release of cash at the project company level. Our ongoing conversations with project company lenders indicate that they are unlikely to consent to cash distributions in the near term since debt amortisation for Chennai has just recently begun and for Panvel has yet to begin. There is no formulaic answer as to precisely what date the combination

of sufficient earnings and profits, net of reserves, sufficient debt amortisation, and lender consent will coincide to permit cash distribution for a potential dividend.

However, we believe that it is reasonable to expect that lender consent will come at the point when the project companies are in a position of excess liquidity, which is when cash on hand plus borrowing availability under the existing facilities equals or exceeds the outstanding debt balance. According to the Company's current estimate, in the case of Chennai that point in time is unlikely to be before June, 2011, and in Panvel thereafter because it is in an early stage of development.

Whenever distributions are permitted from the project companies, after retaining sufficient reserves to cover the annual running costs of the Company, the Board plans to distribute the remainder to shareholders.

The Board is also investigating the feasibility of other alternative mechanisms that might enable an acceleration of dividend payments to shareholders.

OUTLOOK

In consultation with our key shareholders, a candidate to act as a further non-executive Director has been identified and the Board is in discussions with the person. We believe the candidate has exceptional and relevant experience and we are hopeful that the discussions will result in confirmation of this individual joining the Board in the coming months.

In conclusion, I am pleased with the progress that the Company continues to make. The manner in which our Company has navigated its way through the recent crisis reflects well on the Board of Directors and management team. Hiranandani Group is still unmatched in its ability to create high quality townships at an affordable price. It confirms my view that we are well positioned and well equipped to manage our core business and take advantage of the anticipated recovery, which we are optimistic will be robust and long lasting.

We remain focused on our goal of delivering long-term value to shareholders, and I have tremendous confidence that we will deliver on this objective.

Niranjan Hiranandani

Chairman

Hirco Plc

Consolidated statement of comprehensive income

for the six months ended 31 March 2010

Amount in £000

		(Unaudited)	(Unaudited)
	Note	6 months ended 31 March 2010	6 months ended 31 March 2009
Investment income	7	26,490	23,845
Foreign exchange (loss)/gain		(9)	42
Net investment income		26,481	23,887
Fair value gain/(loss) on investments	12	11,903	(48,077)
Administrative expenses	8	(2,346)	(6,693)
Profit/(loss) before taxation		36,038	(30,883)
Income tax expense		(38)	(1)
Profit/(loss) for the period		36,000	(30,884)
Other comprehensive income			
Exchange differences on translation of foreign operations		17	41
Total comprehensive income for the period		36,017	(30,843)
Basic and fully diluted earnings/(loss) per share	10	47.04	(40.36)

Hirco Plc

Consolidated statement of financial position

as at 31 March 2010

Amount in £000

Assets		Unaudited 31 Mar 2010	Audited 30 Sep 2009
NON-CURRENT ASSETS			
Property, plant and equipment		20	23
Investments	12	426,514	414,611
Accrued income	9	130,085	103,600
		556,619	518,234
CURRENT ASSETS			
Accrued income	9	-	1
Other debtors and prepaid expenses		121	240
Other current assets		179	185
Cash and cash equivalents		7,180	9,098
		7,480	9,524
Total assets		564,099	527,758
Liabilities			
CURRENT LIABILITIES			
Trade and other payables		996	672
Total liabilities		996	672
Net assets		563,103	527,086
Equity			
Share capital		765	765
Share premium		361,871	361,871
Foreign currency translation reserve		43	26
Retained earnings		200,424	164,424
Total equity		563,103	527,086
Number of ordinary shares	11	76,526,984	76,526,984
Net Assets Value per share (Pence)	11	736	689

Hirco Plc

Consolidated statement of changes in equity

for the six months ended 31 March 2010

Amount in £000

	Share Capital	Share Premium	Foreign Exchange Reserve	Retained Earnings	Total
Balance at 1 October 2008 (audited)	765	361,871	9	182,170	544,815
Total comprehensive income					
Loss for the period	-	-	-	(30,884)	(30,884)
Other comprehensive income					
Foreign currency translation difference for foreign operations	-	-	41	-	41
Total comprehensive income for the period	-	-	41	(30,884)	(30,843)
Balance at 31 March 2009 (unaudited)	765	361,871	50	151,286	513,972

	Share Capital	Share Premium	Foreign Exchange Reserve	Retained Earnings	Total
Balance at 1 October 2009 (audited)	765	361,871	26	164,424	527,086
Total comprehensive income					
Profit for the period	-	-	-	36,000	36,000
Other comprehensive income					
Foreign currency translation difference for foreign operations	-	-	17	-	17
Total comprehensive income for the period	-	-	17	36,000	36,017
Balance at 31 March 2010 (unaudited)	765	361,871	43	200,424	563,103

Hirco Plc

Consolidated statement of cash flows

for the six months ended 31 March 2010

Amount in £000

	Unaudited 6 Month ended 31 March 2010	Unaudited 6 Month ended 31 March 2009
Cash flows from operating activities		
Profit/(loss) before taxation :	36,038	(30,883)
Adjustment for:		
Fair value (gain)/loss on investments	(11,903)	48,077
Depreciation	4	16
Bank interest income	(5)	(195)
Other income	-	(3)
Foreign exchange loss/(gain)	9	(42)
Operating cash flows before changes in working capital	24,143	16,970
Change in debtors and prepayments	(26,337)	(21,845)
Change in creditors and other accruals	296	520
	(1,898)	(4,355)
Bank interest received	5	203
Tax paid	(31)	(21)
Net cash used in operating activities	(1,924)	(4,173)
Cash flows from investing activities		
Proceeds from sale of fixed assets	-	3
Purchase of fixed assets	(1)	(4)
Net cash used in investing activities	(1)	(1)
Decrease in cash during the period	(1,925)	(4,174)
Effect of exchange rate fluctuations on cash balances	7	73
Cash and cash equivalents at the beginning of the period	9,098	17,060
Cash and cash equivalents at the end of the period	7,180	12,959

Hirco Plc

Notes to the consolidated financial statements

for the six months ended 31 March 2010

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 of Hirco PLC as at and for the six months ended 31 March 2010 comprise the Company and its subsidiaries (together referred as the "Group").

The consolidated financial statements of the Group as at and for the year ended 30 September 2009 are available upon request from the Company's registered office at PO Box 312, 4th Floor, Queen Victoria House, Victoria Street, Douglas, Isle of Man IM99 2BJ or at www.hircopl.com

The principal activities of the Group include investment in FDI compliant Indian real estate projects for developments of large-scale, mixed-use township communities which could include co-located special economic zones ("SEZs") in India.

2 STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2009.

These condensed consolidated interim financial statements were approved by the Board of Directors on [date].

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2009.

Presentation of financial statements

The Group has applied revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months period ended on 31 March 2010.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Hirco Plc

Notes to the consolidated financial statements

for the six months ended 31 March 2010

4 ESTIMATES

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2009. During the six months ended 31 March 2010 management reassessed its estimates in respect of the valuation of investments (see note 12).

5 FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2009.

6 SEGMENT REPORTING

The Group has only one business and geographic segment, being the investment in real estate in India and hence no separate segment report has been presented.

7 INVESTMENT INCOME

	Unaudited Six months ended 31 Mar 2010 £000	Unaudited Six months ended 31 Mar 2009 £000
Preference dividends	26,485	23,647
Bank interest	5	195
Other income	-	3
	26,490	23,845

8 ADMINISTRATIVE EXPENSES

	Unaudited Six months ended 31 Mar 2010 £000	Unaudited Six months ended 31 Mar 2009 £000
Employee costs*	591	945
Occupancy cost	81	120
Professional fees**	780	4,736
Directors' fees	324	324
Other administration costs	566	552
Depreciation	4	16
	2,346	6,693

*includes severance cost amounting to £Nil (six months to March 2009: £495,385).

**includes professional fees amounting to £Nil (six months to March 2009: £3,867,000) related to aborted merger and debt transactions.

Hirco Plc

Notes to the consolidated financial statements

for the six months ended 31 March 2010

9 ACCRUED INCOME

	Unaudited 31 Mar 2010 £000	Unaudited 30 Sep 2009 £000
Non-current assets		
Participating preference shares dividends due	130,085	103,600
Current assets		
Participating preference shares dividends due	-	-
Interest income receivable	-	1
Total	130,085	103,601

10 EARNINGS/(LOSS) PER SHARE

BASIC EARNINGS/(LOSS) PER SHARE

Basic earnings per share for the six months ended 31 March 2010 is based on the profit attributable to equity holders of the Company of £35,999,786 (six months ended 31 March 2009: loss of £30,883,832) and the weighted average number of ordinary shares outstanding during the six months ended 31 March 2010 of 76,526,984 (six months ended 31 March 2009: 76,526,984).

	Unaudited Six months ended 31 Mar 2010	Unaudited Six months ended 31 Mar 2009
Profit/(loss) attributable to equity holders of the parent (£)	35,999,786	(30,883,832)
Weighted average number of ordinary shares	76,526,984	76,526,984

Earning per share

	Pence	Pence
Basic earnings/(loss) per share	47.04	(40.36)
Diluted earnings/(loss) per share	47.04	(40.36)

There are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

11 NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing the net assets attributable to the equity holders of the Company of £563,101,858 (30 September 2009: £527,086,164) by the number of ordinary shares as at 31 March 2010 of 76,526,984 (30 September 2009: 76,526,984).

	31 Mar 2010	30 Sep 2009
Net assets attributable to equity holders of the parent (£)	563,101,858	527,086,164
Number of ordinary shares	76,526,984	76,526,984
Net asset value per share (pence)	736	689

Hirco Plc

Notes to the consolidated financial statements

for the six months ended 31 March 2010

12 INVESTMENTS

Company	Projects in India	Date of Investment	Fair Value As at 30-Sep-09 £000	Fair Value gain for the period £000	Fair Value As at 31-Mar-10 £000	Cost of Acquisition £000
Investment in participating preference shares of:						
Burke 1 Limited	Chennai township projects	13-Feb-2007	111,460	7,873	119,333	77,847
Burke 2 Limited	Chennai commercial projects	23-Mar-2007	59,138	68	59,206	47,889
Burke 3 Limited	Panvel SEZ, commercial	19-Jul-2007	244,013	3,962	247,975	225,074
& Burke 4 Limited	& residential projects	& 25-Oct-2007				
Balance as at 31 March 2010			414,611	11,903	426,514	350,810

The participating preference share interests in Burke 1 Limited, Burke 2 Limited, Burke 3 Limited and Burke 4 Limited entitle the Group to a preference dividend of 12% per annum compounded annually, 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 amortized 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 fair value of the Group's investments was determined by the Directors based on the valuation of the underlying projects carried out by Jones Lang LaSalle Meghraj, an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors. The valuation done by Jones Lang LaSalle Meghraj is based on the details of pre-sales achieved, project progress, expected revenue and anticipated cost of construction as on the valuation date. The valuers have also made reference to market evidence of transaction prices for similar projects.

The fair value gain of £11,902,724 is net of a favourable foreign exchange fluctuation of £34,013,536 as detailed below,

	£
Due to fluctuation of British pound versus India rupee exchange rate	38,281,707
Due to fluctuation of British pound versus US dollar exchange rate	(4,268,171)
	34,013,536

The fair value of each investment of the Group is calculated as detailed hereunder:

	Burke 1 Limited £000	Burke 2 Limited £000	Burke 3 Limited & Burke 4 Limited £000	Total £000
Net worth post valuation as on 31 March 2010 before charging Preference dividend	258,250	122,231	490,061	870,542
DISTRIBUTION IN THE ORDER OF CONTRACTUAL PREFERENCE:				
Preference Dividend	33,251	19,639	77,195	130,085
Repayment of the Group's participating preference shares	77,847	47,889	225,074	350,810
Repayment of the ordinary shares, denominated in US dollars (which are subordinated to the participating preference shares)	43,437	26,411	130,541	200,389
Share of the Group (40%) of the residual net worth	41,486	11,317	22,901	75,704
Share of the ordinary shareholders (60%) of the residual net worth	62,229	16,975	34,350	113,554
Total distribution	258,250	122,231	490,061	870,542
CHANGE IN FAIR VALUE				
Fair value gain of the Group's investment as of 31 March 2010	41,486	11,317	22,901	75,704
Less: Fair value gain recognized up to 30 September 2009	33,613	11,249	18,939	63,801
Fair value gain for the period of the Group's investment	7,873	68	3,962	11,903

Hirco Plc

Notes to the consolidated financial statements

for the six months ended 31 March 2010

13 RELATED PARTIES

The Company has invested in participating preference shares issued by Burke 1 Limited, Burke 2 Limited, Burke 3 Limited and Burke 4 Limited ("the Burke Companies"), subject to a shareholders' agreement with Burke Consolidated Ltd. 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, ("Hiranandani"). In addition, the project companies have entered into the following Agreements with a company owned by Hiranandani to manage the projects:

- A Development Management and General Services Agreement to provide such assistance and advice to the project Companies in the development of the projects and completion of all design and/or construction works involved in the projects as may be reasonably requested by the project Companies. The fees payable for the services for the six months ended 31 March, 2010 is £1,010,460 (six months ended March 2009: £1,581,862).
- A Marketing Services Agreement to provide Sales and Marketing assistance to the Project Companies. The fees payable for the services for the six months ended 31 March, 2010 is £455,045 (six months ended March 2009: £702,021).
- Advance received from a Director of Hirco Plc and her relative towards purchase of apartments at Hiranandani Palace Gardens, Panvel up to the period ended 31 March 2010 is £5,892 (30 September 2009: £5,216)