



News Release

December 15, 2010

HIRCO REPORTS FULL YEAR RESULTS

Loss for the year £13.6 million
Net Asset Value declines from £6.89 per share to £6.71 per share, driven by
underlying market conditions and project timelines
Continued steady progress in construction with handover of first residential units
to buyers in Chennai Township

LONDON – Hirco PLC (AIM:HRCO), an investment vehicle for Hiranandani, India's largest developer of mixed-use townships and the country's largest residential builder, today announced its audited fiscal 2010 year-end financial results for the full year ended 30 September 2010 and Pre-sales figures through 30 November 2010.

Fiscal 2010 Results

- As of 30 September 2010, Hirco's Net Asset Value (NAV) was £6.71 per share, down 18 pence from a NAV of £6.89 per share as of 30 September 2009.
- For the period ending 30 September 2010, Hirco reported a loss of £13.6 million, representing a loss per share of £0.18 based on 76,526,984 shares outstanding.
- The decrease in value over the full year ended 30 September 2009 is primarily attributable to the downward adjustment in the fair value of the investments, deemed appropriate by the Directors.

Sales through 30 September 2010

- **Chennai:** As at 30 September 2010, sales consideration had been accepted on approximately 2.2 million square feet of buildable area at an average price of INR 4,241 (£60) per square foot. The value of sales contracts in the Chennai township at 30 September 2010 was £129.7 million.
- **Panvel:** As at 30 September 2010, sales consideration had been accepted on approximately 2.4 million square feet of buildable area at an average price of INR 4,664 (£66) per square foot. The value of Sales contracts in the Panvel township at 30 September 2010 was £158.5 million.

Recent Developments

- **Chennai:** As at 30 November 2010, sales consideration had been accepted on approximately 1.9 million square feet of buildable area at an average price of INR 4,168 (£60) per square foot. The value of sales contracts in the Chennai township at 30 November 2010 was £110.2 million. These figures reflect cancellations of approximately 340,000 square feet in October and November 2010.
- **Panvel:** As at 30 November 2010, sales consideration had been accepted on approximately 2.5 million square feet of buildable area at an average price of INR 4,755 (£67) per square foot. The value of sales contracts in the Panvel township at 30 November 2010 was £169 million. These figures reflect cancellations of approximately 73,000 square feet in October and November 2010.

About Hirco

Hirco PLC is an investment vehicle that invests in India with Hiranandani, India's largest developer of prestigious mixed-use townships for the country's increasingly affluent middle class. Its modern, large-scale developments – combining high-quality residential, commercial and retail components with green space and social and recreational facilities – are strategically located in suburban areas outside major city centres.

Hirco shares are traded on the London Stock Exchange's AIM market under the symbol HRCO. At the time of its admission to trading on AIM in December 2006, Hirco was the largest-ever real estate investment company IPO on the AIM and that year's largest IPO on AIM.

For further information about the Company, please visit www.hircopl.com.

To view construction progress at Hirco's Chennai project, please visit http://www.youtube.com/watch?v=MIVG_ulACK8

Contacts:

Hirco

Joe DeLuca
+1 610 230 2333
ir@hirco.com

Gutenberg Communications

Hugh Burnham / Michael Gallo
+1 212 239 8595 / +1 212 239 8594
hugh@gutenbergpr.com
mgallo@gutenbergpr.com

Chairman's Statement

The year ended 30 September 2010, can be best summarised as one of mixed results and unexpected challenges.

In my letter last year, I reported nascent signs of an improving economic outlook and a recovery in India's equity markets. This positive trend has continued throughout the reporting year and it looks increasingly likely that we are witnessing a return to a long-term upward trend.

GDP growth, having dipped last year to 5.8%, is now forecast by the Reserve Bank of India to reach 8.8% in FY2011. The Asian Development Bank is forecasting growth to remain high at 8.7% in FY2012. We have also seen the return of robust business confidence and positive consumer sentiment. There are signs of an ongoing recovery in the real estate sector that is both broad based and sustained.

However, the BSE Realty Index is down 17% over the reporting period and has significantly underperformed the broader market, with the BSE Sensex index rising 17% over the same period.

Indian wholesale price inflation, having increased steadily over the last 12 months to levels above 10%, is now easing, but continues to effect fuel and construction raw material prices.

We continued to make steady progress in the construction of phase 1 of our developments, with the first low-rise buildings in the Chennai township being completed and the high-rise buildings reaching their full height of 15 and 27 storeys. The sales office and show apartment building in Panvel is expected to be completed in early 2011. In addition, the Ministry of Environmental Affairs has approved the development of the Navi Mumbai International Airport, within close proximity to our site. We expect this announcement to further enhance the attractiveness of our Panvel township.

On 6 June 2010, Hirco celebrated a very significant landmark as the first residential apartments in Chennai were handed over to enthusiastic owners. This exciting event demonstrates that the projects in which Hirco PLC invested have now moved from the design, planning and construction stage to the delivery and execution phase. From now on, completed apartments will be released to owners on a regular basis, with the next block of apartments expected to be released in the first half of 2011.

The impact and duration of the global recession and the long time it has taken to obtain permits have caused a lengthening of the projects' overall development timeline. Some asset classes, such as commercial office space, have yet to see any significant recovery. This has delayed the commencement of commercial and retail asset construction at both townships.

As is explained in note 13, the latest Jones Lang LaSalle Meghraj feasibility study shows that the project timelines have been extended. The impact of this is that the preference dividend accrues and compounds over a longer period. This means the fair value gain on the group's investment, as at the 30th September 2010, is very uncertain and a fair value adjustment deemed appropriate by the Directors, has been made against this in the financial statements. At each accounting date, this will be reviewed in light of the most current cash flow projections of the project companies. However, the long term returns to Hirco PLC shareholders under the current structure will continue to accrue at 12%, compounded annually over a longer period.

Results to 30 September 2010

During the full year ended 30 September 2010, we reported an after-tax loss of £13.6 million, representing a loss per share of £0.18 based on 76,526,984 shares outstanding. This is driven principally by net investment income of £54.5 million, compared with £48.9 million for the previous year ended 30 September 2009, and fair value loss on investments of £63.8 million. Investment income is mainly dividend accrued on participating preference shares in Burke companies at a 12% compounded annual rate.

The fair value loss on investment, following the Directors' adjustment, was £63.8 million and administrative expenses were £4.2 million.

As at 30 September 2010, Hirco PLC had a net asset value (NAV) of £513.5 million, representing £6.71 per share, down £0.18 per share compared with a NAV of £527.1 million or £6.89 per share as of 30

September 2009. Hirco's NAV as of 30 September 2010 represents a cumulative increase of 42% from a NAV of £4.74 per share at the time of the IPO.

The decrease in value over the full year ended 30 September 2009 is primarily attributable to the downward adjustment in the fair value of the investments, deemed appropriate by the Directors.

Administrative expenses of approximately £4.2 million include the ongoing costs of the Board and professional costs. Your board has taken steps to reduce costs and these are explained in the Report of the Directors.

Net Valuation of Projects

The Board instructed Jones Lang LaSalle Meghraj Property Consultants, Pvt. Ltd. (JLL) to carry out a valuation as at 30 September 2010 of the total of four projects in which Hirco had invested in Chennai and Panvel.

There have been two significant recent changes to government legislation that have had an immediate effect on the valuations. The first concerns our development in Chennai where the Floor Space Index (FSI) has been increased, which allows us to build a further 7.2 million square feet of residential space and a further 0.6 million square feet of commercial space. Included within this Local Government Order is the requirement to build low-cost housing amounting to 10% of the built-up area of the development. The implications of this recent change in FSI are currently being analysed by the Company and will be reported as soon as they become available.

Secondly, in an attempt to simplify the existing tax laws, the Government of India has proposed the new Direct Tax Code (DTC), expected to be implemented in April 2012. The DTC proposes to withdraw some of the current tax exemptions for the SEZ's such as Minimum Alternate Tax (MAT) and Dividend Distribution Tax (DDT). It also proposes to withdraw current tax benefits to certain units operating from the SEZ. These changes are expected to increase the tax burden of the developers, as well as negatively impact the demand for SEZ in India. These will have a negative impact on our SEZ development at Panvel.

Other factors common to all four developments that have impacted JLL's valuations are the assumption of extending the project development schedule by one year, and increasing the construction costs, including labour costs, by 5%.

As at 30 September 2010, the value of Hirco's interest in these four projects, excluding the accrued preference dividend and prior to the Directors' adjustment was £413.3 million. Following the Directors adjustment, the value was £350.8 million. This value represents:

- a decrease of approximately £63.8 million from the valuation at 30 September 2009; and
- a decrease of approximately £75.7 million from the valuation at 31 March 2010.

The value also reflects the impact of foreign exchange movements, the fair value adjustment made by the Directors, the increased length of development schedule, the planned new Direct Tax Code, and changes to the FSI.

JLL used the valuation standards prescribed by the Royal Institute of Chartered Surveyors (RICS). JLL has adopted a consistent approach for each valuation performed to date.

The Direct Comparison Approach compares the four projects with the value of other directly comparable properties after appropriate adjustments. The Residual Approach assumes the development was completed and sold at prices applicable at the date of valuation and values the land by deducting such items as development costs, professional fees and finance costs, developer's margin and risk.

The assumptions used in each of these methods are based on prevailing market conditions, any actual costs incurred and sales values achieved to date. By limiting the use of forward-looking assumptions, and relying upon existing market data, we believe that the methodology adopted by JLL is more conservative and hence appropriate for our projects, given their developmental stage.

Project Progress to 30 September 2010

Chennai

Pre-sales of residential units in Hiranandani Palace Gardens Chennai began in May 2007. As at 30 September 2010, sales consideration had been accepted on approximately 2.2 million square feet of buildable area at an average price of INR 4,241 (£60) per square foot. The value of sales contracts in the Chennai township at 30 September 2010 was £129.7 million.

Although sales progressed steadily throughout the reporting year, we have yet to see the anticipated upturn in net new sales. Approximately 62% of the 2,695 units available for sale in phase 1 of the project as at 30 September 2010 had been pre-sold. This follows the recent release for sale of two new buildings with a total of 312 apartments.

We have a total of 17 low- and high-rise buildings under construction and the first two low rise buildings have been handed over to satisfied customers. The remaining nine low-rise buildings are scheduled to be completed by the first half of 2011. Construction of the six high-rise buildings has progressed rapidly with all floor slabs scheduled to be completed shortly.

The water treatment plant, the sewage treatment plant and the roads that provide entry to the site are now constructed. We also opened our new 4,000-square-foot Chennai sales office designed to be of practical value and to convey quality.

Panvel

Pre-sales of residential units in Hiranandani Palace Gardens Panvel commenced in March 2008. As at 30 September 2010, sales consideration had been accepted on approximately 2.4 million square feet of buildable area at an average price of INR 4,664 (£66) per square foot.

The value of sales in the Panvel township at 30 September 2010 was £158.5 million.

The Panvel township has seen a higher sales rate than Chennai over the reporting period as well as a 6% increase in average square foot prices during the year. In response to this steady demand, we planned and released for sale three additional 30-storey buildings with the top two floors reserved for the exclusive and luxurious Sky Palace apartments. Approximately 82% of the 2,659 units released for sale in phase 1 of the project as at 30 September 2010 had been pre-sold.

Construction has begun on-site, with major excavation and road construction completed for some parts of the development.

We expect to complete the new sales office and the 5,000-square-foot sample flat this year.

Recent Developments - Pre-sales through 30 November 2010

Chennai

As at 30 November 2010, sales consideration had been accepted on approximately 1.9 million square feet of buildable area at an average price of INR 4,168 (£60) per square foot. The value of sales contracts in the Chennai township at 30 November 2010 was £110.2 million. These figures reflect cancellations of approximately 340,000 square feet in October and November 2010.

As at 30 November 2010, reflecting these cancellations, approximately 55% of the 2,695 units released for sale in phase 1 of the project had been pre-sold. Bulk sales (buyers of more than 6 units) represent approximately 16% of the 1,480 units sold.

Panvel

As at 30 November 2010, sales consideration had been accepted on approximately 2.5 million square feet of buildable area at an average price of INR 4,755 (£67) per square foot. The value of sales contracts in the Panvel township at 30 November 2010 was £169 million. These figures reflect cancellations of approximately 73,000 square feet in October and November 2010.

As at 30 November 2010, reflecting these cancellations, approximately 85% of the 2,659 units released for sale in phase 1 of the project had been pre-sold. Bulk sales (buyers of more than 6 units) represent approximately 57% of the 2,248 units sold.

We have had two large cancellations which have negated, to some degree, new sales growth. We are encouraged by the strong performance in gross sales which helped to mitigate the effect of these

cancellations somewhat in Chennai and altogether in Panvel. This has also created the opportunity to resell these cancelled units, many of which were purchased at a much lower price point than our current offering, at a higher price per square foot.

Management and Board changes

In June 2010, the Board of Directors announced the appointment of Peter Barge, former Chairman and CEO of Jones Lang LaSalle, Asia Pacific as an additional and senior non-executive director.

I am delighted to welcome an individual of Peter's reputation and experience. He has had a long and varied career in consultancy and property management and a 20-year association with Jones Lang LaSalle. He is the author of several management books.

We have recently announced that Sir Rob Young, Priya Hiranandani and Nigel McGowan ceased to be members of the Board with effect from 22 September 2010. Sir Rob Young and Nigel McGowan have been non-executive directors and Priya Hiranandani has been Chief Executive Officer and Director since the Company's IPO in December 2006. Nigel McGowan will remain as Company Secretary.

I would like to express my thanks to Sir Rob, Nigel and Priya for the guidance and insight they have brought to the Hirco Board and their experience and judgment will be much missed.

Corporate Governance

The Board recently engaged Deloitte to perform a review of the Board's functions. Deloitte has identified some areas of weakness and others requiring added improvement. Hirco is committed to the principles of good governance and is taking prompt action to move the Board aggressively toward the best practices outlined in the Deloitte report. As I have reported above, we have already acted upon Deloitte's recommendation that we address the balance and size of the Board. We are also addressing all areas identified as weaknesses or in need of improvement and substantial progress has been made.

As of 30 September 2010, Hirco PLC had £4.9 million of cash. The Board is aware of its working capital position and is keeping under review the options and actions needed to ensure the Company has sufficient working capital. The Board has examined Hirco PLC's running costs and has targeted a reduction of 21%, resulting in expected future annual running costs of approximately £3.3 million.

Dividend

The impact of the global recession on the projects in which the Company invested, the debt covenants applicable to the project investments and the consequent extension of the timescales for completion of the projects continue to affect the Company's ability to make distributions of cash to shareholders.

In August 2010, the Board announced that as a consequence of the above factors it was prudent to assume that there will be no cash distributions to shareholders before 2013.

We fully recognize the importance of this aspect to our shareholders and the Board continues to urge the independent project companies to examine ways of releasing cash earlier.

Corporate Social Responsibility

As a major investor in large-scale townships, it is our constant endeavour to work with our partners to create and build sustainable communities that become highly desirable places in which to live. Through the project companies, we are constantly initiating new measures that improve the energy efficiency of our buildings. We also focus on environmental sustainability, workplace health and safety, and on enhancing the economic growth in the local communities.

Our success is built on our long-standing commitment to being an active and considerate member of the communities in which we operate. We will use our strength and expertise to make these communities both safer and stronger.

Outlook

Hirco PLC continues to be encouraged by the macroeconomic and real estate trends in India, and the ability of the projects to maintain pricing and execute on the ground in Chennai and Panvel. In spite of the extension to the development schedule, we believe our projects will create shareholder value in the long

term.

Our strategy to restrict construction and maintain pricing during the economic downturn has largely proven to be the correct one and has enabled the Hirco PLC investment projects to maintain their brand premium. This is reflected in the significant value of sales contracts to date. It also positions the projects to take advantage of the inevitable upswing in property markets and capture more value.

Hirco PLC is confident that the true underlying value of the Company is intact and going forward will continue to be enhanced for the benefit of all shareholders.

Niranjan Hiranandani

Chairman

Report of the Independent Auditors, KPMG Audit LLC, to the members of Hirco plc

We have audited the Group and Parent Company financial statements (the “financial statements”) of Hirco plc for the year ended 30 September 2010 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows and the related notes. 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 15 of the Companies Act 1982. 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 auditor’s 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’ responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards are set out in the Statement of Directors’ Responsibilities.

Our responsibility 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 and are properly prepared in accordance with the Companies Acts 1931 to 2004. We also report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors’ Report and any other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the audited financial statements. Our responsibilities do not extend to any other information.

Basis of 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 Group’s and Company’s circumstances, consistently applied and adequately disclosed.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Hirco plc (continued)

Basis of opinion (continued)

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 also 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 International Financial Reporting Standards, of the state of the Group and Parent Company's affairs as at 30 September 2010 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with the Companies Acts 1931 to 2004.

KPMG Audit LLC

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN
14 December 2010

Hirco Plc

Consolidated statement of comprehensive income

for the year ended 30 September 2010

Amount in £000

	Note	2010	2009
Investment income	6	54,540	48,859
Foreign exchange (loss) / gain		(35)	18
Net investment income		54,505	48,877
Fair value loss on investments	13	(63,801)	(58,079)
Administrative expenses	7	4,217	8,446
Loss before taxation		(13,513)	(17,648)
Income tax expense	8	48	98
Loss for the year		(13,561)	(17,746)
Other comprehensive income			
Exchange difference on translation of foreign operations		4	17
Total comprehensive loss for the year		(13,557)	(17,729)

Number of ordinary shares

76,526,984

76,526,984

Loss per share (pence), basic and fully diluted

10

(18)

(23)

The Directors consider that all results derive from continuing activities.

The notes on pages 6 to 22 forms part of these financial statements.

Hirco Plc

Consolidated statement of financial position

as at 30 September 2010

Amount in £000

ASSETS	Notes	Group		Company	
		2010	2009	2010	2009
NON-CURRENT ASSETS					
Property, plant and equipment	12	19	23	-	-
Investments, net	13	350,810	414,611	-	-
Due from subsidiaries	20	-	-	357,481	355,856
Accrued income	14	158,129	103,600	154,759	95,979
		508,958	518,234	512,240	451,835
CURRENT ASSETS					
Accrued income	14	-	1	-	1
Other debtors and prepaid expenses		80	240	54	227
Other current assets		188	185	58	101
Cash and cash equivalents	16	4,860	9,098	4,398	8,571
		5,128	9,524	4,510	8,900
Total assets		514,086	527,758	516,750	460,735

LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	17	557	672	326	404
Total liabilities		557	672	326	404

Net assets		513,529	527,086	516,424	460,331
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EQUITY					
Share capital	19	765	765	765	765
Share premium		361,871	361,871	361,871	361,871
Foreign currency translation reserve		30	26	-	-
Retained earnings		150,863	164,424	153,788	97,695
Total equity		513,529	527,086	516,424	460,331

Number of ordinary shares	11	76,526,984	76,526,984	76,526,984	76,526,984
Net Assets Value per share (Pence)	11	671	689	675	602

The notes on pages 6 to 22 forms part of these financial statements.

The financial statements were approved by the board on 14 December 2010 and signed on their behalf by:

NIRANJAN HIRANANDANI
CHAIRMAN

DAVID BURTON
DIRECTOR

Hirco Plc

Consolidated statement of changes in equity

for the year ended 30 September 2010

Amount in £000

GROUP	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Total
As at 30 September 2008	765	361,871	9	182,170	544,815
Total comprehensive income					
Loss for the year	-	-	-	(17,746)	(17,746)
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	-	17	-	17
Total comprehensive income for the year	-	-	17	(17,746)	(17,729)
As at 30 September 2009	765	361,871	26	164,424	527,086
Total comprehensive income					
Loss for the year	-	-	-	(13,561)	(13,561)
Other comprehensive income					
Translation of foreign operations	-	-	4	-	4
Total comprehensive income for the year	-	-	4	(13,561)	(13,557)
As at 30 September 2010	765	361,871	30	150,863	513,529

COMPANY	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Total
As at 30 September 2008	765	361,871	-	61,757	424,393
Total comprehensive income					
Profit for the year	-	-	-	35,938	35,938
Total comprehensive income for the year	-	-	-	35,938	35,938
As at 30 September 2009	765	361,871	-	97,695	460,331
Total comprehensive income					
Profit for the year	-	-	-	56,093	56,093
Total comprehensive income for the year	-	-	-	56,093	56,093
As at 30 September 2010	765	361,871	-	153,788	516,424

The notes on pages 6 to 22 forms part of these financial statements.

Hirco Plc

Consolidated statement of cash flows

for the year ended 30 September 2010

Amount in £000

	2010	2009
Cash flows from operating activities		
Loss before taxation :	(13,513)	(17,648)
Adjustment for:		
Fair value loss on investments	63,801	58,079
Depreciation	9	20
Bank interest income	(11)	(168)
Other income	-	(3)
Foreign exchange gain	35	(18)
Operating profit before working capital changes	50,321	40,262
Change in debtors and prepayments	(54,327)	(46,926)
Change in creditors and other accruals	(144)	(1,429)
	(4,150)	(8,093)
Bank interest received	11	214
Tax paid	(61)	(113)
Net cash used in operating activities	(4,200)	(7,992)
Cash flows from investing activities		
Purchase of property, plant and equipment	(5)	(4)
Proceeds from sale of property, plant and equipment	-	3
Net cash used in investing activities	(5)	(1)
Decrease in cash during the year	(4,205)	(7,993)
Effect of exchange rate fluctuations on cash balances	(33)	31
Cash and cash equivalents at the beginning of the year	9,098	17,060
Cash and cash equivalents at the end of the year	4,860	9,098

The notes on pages 6 to 22 forms part of these financial statements.

Notes to the Consolidated Financial Statements

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 consolidated financial statements of Hirco PLC comprise the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statement presents information about the Company as a separate entity and not about its Group. The consolidated financial statements have been prepared for the period from 1 October 2009 to 30 September 2010 and are presented in GBP.

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.

As at 30 September 2010, the Group had seven (2009: seven) employees.

2 BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements were authorised for issue by the Board of Directors on 14 December 2010.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for equity interests in unquoted companies which are measured at fair value in the statement of financial position.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Sterling, which is the Company's functional currency. All financial information presented in Sterling has been rounded to the nearest thousand.

(D) USE OF ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 13.

(E) CHANGE IN ACCOUNTING POLICY

Presentation of Financial Statements

The Group 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.

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.

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION (CONTINUED)

(F) OTHER ACCOUNTING DEVELOPMENTS

Disclosures pertaining to fair values and liquidity of financial instruments

The Company has applied *Improving Disclosures about Financial Instruments* (Amendments to IFRS 7), issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

Disclosures in respect of fair values of financial instruments are included in note 13 and note 18.

Furthermore the definition of liquidity risk has been amended and it is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities, but contractual maturities are required to be disclosed for derivative financial liabilities only when contractual maturities are essential for an understanding of the timing of cash flows. For issued financial guarantee contracts, the amendments require maximum amount of the guarantee to be disclosed in the earliest period in which the guarantee could be called.

Disclosures in respect of liquidity risk are included in note 18.

3 SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the results of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September 2010. 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 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.

(B) FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in British Pounds, which is the Company's functional and presentation currency. The functional currency for all of the subsidiaries within the Group are as mentioned below;

• Hirco Holdings Limited	GBP
• Hirco Inc	USD
• Hirco Real Estate Services Private Limited	INR

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. Differences arising therefrom are taken to Income Statement.

Income and expenses of subsidiaries are translated at the average rate of exchange for the period. Year end balances are taken at the year end exchange rate. Differences arising therefrom are transferred to Foreign Currency Translation Reserve in Equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. In particular:

Preference Dividend income

Preference Dividend income is recognized on the effective interest rate basis. That is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Interest income

Interest income is recognized on a time proportionate basis, using the effective interest rate method.

Fair value gain on investments

The Directors determine unrealized fair value gain/loss on investments bi-annually. This is based on the fair market value assessment of the projects carried out by Jones Lang LaSalle, an independent valuer, using the valuation standards prescribed by the Royal Institute of Chartered Surveyors, together with a further fair value adjustment which the Directors deemed appropriate after taking into account relevant information and projections. This gain/loss is translated at the exchange rate as on the date of valuation for the recognition of revenue. On the realization of the said gain on a future date, the difference between the total realized gain less the previously recognized unrealized gain will be recognized as revenue converted at the realized exchange rate.

(D) INCOME TAX

Current income tax

Current income tax assets and liabilities are measured at the balance sheet date at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date (see note 8).

Deferred income tax

Deferred income tax is recognized on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the year when the related asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Sales tax/VAT

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Notes to the Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) INVESTMENTS

The Group's interest in Participating Preference Shares issued by Burke 1 Limited, Burke 2 Limited, Burke 3 Limited and Burke 4 Limited (note 13) is a compound financial instrument, comprising a debt component in relation to the preference dividend and preferred capital return and an equity component equivalent to the share in residual profits.

The debt component is stated at amortized 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, Burke 2 Limited, Burke 3 Limited and Burke 4 Limited (investee companies through which investments in the property development projects are made), as at fair value through profit or loss. Accordingly, under IAS 39, changes in fair value on the equity component are recognized in profit or loss.

The fair values of the Group's investments are determined by the Directors based on an independent valuation of the underlying projects carried out by Jones Lang LaSalle, an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors, together with a further fair value adjustment which the Directors deemed appropriate after taking into account relevant information and projections.

(F) PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold improvements are amortized over the shorter of the lease term and their useful lives.

The estimated useful lives for the current periods are as follows:

- | | |
|-------------|-----------|
| • Equipment | 3-5 years |
| • Computers | 2-3 years |
| • Furniture | 5-7 years |
| • Leasehold | 1-2 years |

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(G) TRADE AND OTHER RECEIVABLES

Trade receivables are initially stated at cost, which approximates their market value and subsequently at amortised cost, less an allowance for impairment. An allowance for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(H) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, bank demand and time deposits with maturities of three months or less.

(I) TRADE AND OTHER PAYABLES

Trade and other payables are initially stated at cost, which approximates their market value and subsequently at amortised cost.

(J) EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Notes to the Consolidated Financial Statements

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) PROVISIONS

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Director's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(L) DIVIDENDS

Dividend distributions to the Company's shareholders are recognized as a liability in the Group's financial statements in the period in which the dividends are paid or are approved by the Company's shareholders.

Subject to the provisions of the Articles, the Company's Board of Directors, may by ordinary resolution declare that out of profits available for distribution in accordance with Isle of Man law dividends be paid to members according to their respective rights and interests in the profits of the Company available for distribution. However, no dividend shall exceed the amount recommended by the Board. There is no fixed date on which an entitlement to dividend arises.

(M) IMPAIRMENT OF FINANCIAL ASSETS

A financial asset, not at fair value, is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

(N) FUTURE CHANGES IN ACCOUNTING POLICIES

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	Effective Date (accounting periods commencing after)
IAS 1 Presentation of Financial Statements (Revised May 2010)**	1-January-11
IAS 7 Statement of Cash Flows (Revised April 2009)*	1-January-10
IAS 17 Leases (Revised April 2009)*	1-January-10
IAS 24 Related Party Disclosures - Revised definition of related parties	1-January-11
IAS 27 Consolidated and Separate Financial Statements (Revised May 2010)**	1-July-10
IAS 32 Financial Instruments: Presentation - Amendments relating to classification of rights issues	1-February-10
IAS 34 Interim Financial Reporting (Revised May 2010)	1-January-11
IAS 36 Impairment of Assets (Revised April 2009)*	1-January-10
IAS 39 Financial Instruments: Recognition and Measurement (Revised April 2009)*	1-January-10
IFRS 2 Share-based Payment - Amendments relating to group cash-settled share-based payment	1-January-10
IFRS 3 Business Combinations – (Revised May 2010)**	1-July-10
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Revised April 2009)*	1-January-10
IFRS 7 Financial Instruments: Disclosures (Revised May 2010)**	1-January-11
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (October 2010)	1-July-11
IFRS 8 Operating Segments (Revised April 2009)*	1-January-10
IFRS 9 Financial Instruments - Classification and Measurement	1-January-13

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) FUTURE CHANGES IN ACCOUNTING POLICIES (CONTINUED)

New/Revised International Financial Reporting Standards (IAS/IFRS)	Effective Date (accounting periods commencing after)
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IFRIC Interpretation

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1-July-10
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* Amendments resulting from April 2009 Annual Improvements to IFRSs

** Amendments resulting from May 2010 Annual Improvements to IFRSs

The Directors do not anticipate that the adoption of these further standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of investments

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 Property Consultants, Pvt. Ltd. ("Jones Lang LaSalle"), an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors, together with a further fair value adjustment which the Directors deemed appropriate after taking into account relevant information and projections.

5 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.

6 INVESTMENT INCOME

	2010 £000	2009 £000
Preference dividends (see note 13)	54,529	48,688
Bank interest	11	168
Other income	-	3
	54,540	48,859

7 ADMINISTRATIVE EXPENSES

	2010 £000	2009 £000
Employee costs*	1,117	1,379
Occupancy cost	165	191
Professional fees**	1,164	5,374
Directors' fees***	785	750
Other administration costs	977	732
Depreciation	9	20
	4,217	8,446

* includes severance cost amounting to £Nil (2009: £311,181).

** includes severance cost amounting to £Nil (2009: £75,371) and professional fees amounting to £Nil (2009: £3,867,000) related to aborted merger and debt transactions.

*** includes severance cost amounting to £55,000 (2009: £Nil).

Notes to the Consolidated Financial Statements

8 INCOME TAX

The major components of income tax expense for the year ended 30 September 2010 are:

	2010 £000	2009 £000
Income tax		
Current tax charge	48	98
Total	48	98

The Isle of Man introduced a general zero per cent tax rate for Companies with effect from 6 April 2006. The rate of withholding tax on dividend payments to non-residents for Companies within the zero per cent corporate income tax regime is also reduced to zero per cent with effect from 6 April 2006.

Accordingly, the Company will have no liability to Isle of Man income tax on its income or gains and there will be no requirement to deduct withholding tax from payments of dividends to shareholders.

There are no incorporation, capital gains or inheritance taxes payable in the Isle of Man.

Certain subsidiaries may be subject to foreign taxes in respect of foreign sources of income, for which adequate accruals are made in the accounts.

The current income tax charge of £47,803 (2009: £97,557) represents tax charges on profit arising in the subsidiaries, Hirco Inc, USA of £37,511 (2009: £96,067) and Hirco Real Estate Services Pvt. Ltd, India of £10,292 (2009: £1,490) calculated at the corporate income tax rate of 25.00% and 30.90% respectively. These subsidiaries have contracts under which they are eligible for fees for services at a markup on cost. This income is subject to tax in their respective countries at the applicable corporate tax rates.

9 AUDITORS' REMUNERATION

The following are the details of fees paid to the auditors, in various capacities for the year:

	2010 £000	2009 £000
Fees paid as		
Statutory auditors	62	58
Transaction services*	-	1,551
	62	1,609

* relates to aborted merger and debt transactions.

10 LOSS PER SHARE

Basic loss per share for the year ended 30 September 2010 is based on the loss attributable to equity holders of the Company of £13,560,456 (2009: £17,746,457) and the weighted average number of ordinary shares outstanding during the year ended 30 September 2010 of 76,526,984 (2009: 76,526,984).

	2010	2009
Loss attributable to equity holders of the parent (£)	(13,560,456)	(17,746,457)
Weighted average number of ordinary shares	76,526,984	76,526,984

LOSS PER SHARE

	PENCE	PENCE
Basic loss per share	(18)	(23)
Diluted loss per share	(18)	(23)

There is no obligation to issue dilutive 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.

Hirco Plc

Notes to the Consolidated 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 £513,529,056 (2009: £527,086,164) by the number of ordinary shares as at 30 September 2010 of 76,526,984 (2009: 76,526,984).

	2010	2009
Net assets attributable to equity holders of the parent (£)	513,529,056	527,086,164
Number of ordinary shares	76,526,984	76,526,984
	PENCE	PENCE
Net asset value per share	671	689

12 PROPERTY, PLANT AND EQUIPMENT

	Computers £000	Leasehold Improvement £000	Furniture and Office Equipments £000	Total £000
As at 1 October 2009	10	23	70	103
Additions	5	-	-	5
Effect of movements in exchange rates	1	-	-	1
Balance as at 30 September 2010	16	23	70	109
DEPRECIATION				
As at 1 October 2009	6	21	53	80
Charge for the year	3	1	5	9
Effect of movements in exchange rates	-	-	1	1
Balance as at 30 September 2010	9	22	59	90
NET BOOK VALUE				
As at 30 September 2010	7	1	11	19
As at 30 September 2009	4	2	17	23

13 GROUP INVESTMENTS

Company	Projects in India	Date of Investment	Fair Value As at 30-Sep-09 £000	Fair Value loss for the period £000	Fair Value As at 30-Sep-10 £000	Cost of Acquisition £000
Investment in participating preference shares of:						
Burke 1 Limited	Chennai township projects	13-Feb-2007	111,460	(33,613)	77,847	77,847
Burke 2 Limited	Chennai commercial projects	23-Mar-2007	59,138	(11,249)	47,889	47,889
Burke 3 Limited and Burke 4 Limited	Panvel SEZ, commercial and residential projects	19-Jul-2007 and 25-Oct-2007	244,013	(18,939)	225,074	225,074
Balance as at 30 September 2010			414,611	(63,801)	350,810	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 and is classed as a level 3 investment valuation under the fair value hierarchy [see note 2(f)]. The cost of acquisition of £350.81 million is treated as the debt component; hence there is no cost attributable to the equity component.

Notes to the Consolidated Financial Statements

13 INVESTMENTS (CONTINUED)

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, together with a further fair value adjustment which the Directors deemed appropriate after taking into account relevant information and projections. 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.

Due to the time scale involved in the projects, the Directors have made a fair value adjustment equal to full amount of the fair value gain, with respect to the equity component, recognized up to 30 September 2010.

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 30 September 2010 before charging Preference dividend	281,065	130,990	432,921	844,976
DISTRIBUTION IN THE ORDER OF CONTRACTUAL PREFERENCE:				
Preference Dividend	39,808	23,660	94,661	158,129
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)	41,413	25,180	113,186	179,779
Share of the Group (40%) of the residual net worth	48,800	13,704	-	62,504
Share of the ordinary shareholders (60%) of the residual net worth	73,197	20,557	-	93,754
Total distribution	281,065	130,990	432,921	844,976
CHANGE IN FAIR VALUE				
Fair value gain recognized up to 30 September 2009	33,614	11,249	18,938	63,801
Less: Fair value gain for the period	15,186	2,455	(18,938)	(1,297)
Revised fair value gain as of 30 September 2010	48,800	13,704	-	62,504
Less: Director's fair value adjustment	(48,800)	(13,704)	-	(62,504)
Revised fair value, equity component	-	-	-	-
Fair value loss for the period of the Group's investment (representing share of the Group (40%) of the residual net worth)	(33,614)	(11,249)	(18,938)	(63,801)

Hirco Plc

Notes to the Consolidated Financial Statements

14 ACCRUED INCOME

	2010 £000	2009 £000
Non-current assets		
Participating preference shares dividends due	158,129	103,600
Current assets		
Interest income receivable	-	1
Total	158,129	103,601

The participating preference share interests in Burke 1 Limited, Burke 2 Limited, Burke 3 Limited and Burke 4 Limited are entitled to a cumulative preference dividend of 12% per annum compounded annually.

15 INVESTMENT IN SUBSIDIARY

	£
Balance at 30 September 2009	51
Balance at 30 September 2010	51

The investment in subsidiary in the Company's financial statements relates to Hirco Holding Ltd, which is stated at cost (See Note 20).

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Cash at bank and in hand	2,027	6,277	1,589	5,772
Short-term deposits	2,833	2,821	2,809	2,799
Total	4,860	9,098	4,398	8,571

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate on short-term deposits was 0.33% per annum. The fair value of cash and short-term deposits is equivalent to cost.

As at 30 September 2010, there is no cash held in blocked accounts.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Trade and other payables	226	386	89	212
Accrued expenses	331	286	237	192
Total	557	672	326	404

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by the Board of Directors.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the Consolidated Financial Statements

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Indian Rupee. Foreign exchange risk arises from future commercial transactions, recognized monetary assets and liabilities and investments in foreign companies. The principal foreign exchange risk relates to the 40% interest in the participating preference share investments in Burke 1 Limited, Burke 2 Limited, Burke 3 Limited and Burke 4 Limited (holding companies of the Indian property companies) (see note 13) – which are revalued each reporting period and translated at the exchange rate on the date of the valuation.

At the reporting date, the Group's currency exposure was as follows:

	2010 £000	2009 £000
British pounds	513,350	463,099
US dollars	155	166
Indian rupees	24	63,821
Net Assets	513,529	527,086

If the Indian rupee appreciated/depreciated by 5% against the British pound the effect on net assets would be to increase/decrease net assets by £12,858,908 (2009: £16,199,648).

If the US dollars appreciated/depreciated by 5% against the British pound the effect on net assets would be to decrease/increase net assets by £1,321,643 (2009: £3,786,428).

(ii) Equity price risk

The Group is exposed to equity price risk with regards to its 40% of the residual net worth of the Burke companies. The Burke companies are unquoted and are valued by the Directors, based on underlying property valuation, (Note 13) and Investments (Note 3 (E)).

If the value of the Group's equity interest increased by 5% the net assets would increase by £7,811,563 (2009: £7,975,110). A decrease in value of 5% would have an equal but opposite effect.

(iii) Interest rate risk

The Group holds financial assets and liabilities that are interest bearing. As a result the Group is subject to interest rate risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

30 September 2010	Less than 1month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	Over 5 years £000	Non-interest bearing £000	Total £000
FINANCIAL ASSETS							
Investments	-	-	-	-	350,810	-	350,810
Accrued income	-	-	-	158,129	-	-	158,129
Other debtors and prepaid expenses	-	-	-	-	-	80	80
Other current assets	-	-	-	-	-	188	188
Cash and cash equivalents	2,027	2,833	-	-	-	-	4,860
Total financial assets	2,027	2,833	-	158,129	350,810	268	514,067
FINANCIAL LIABILITIES							
Trade and other payable	-	-	-	-	-	557	557
Total financial liabilities	-	-	-	-	-	557	557
Total interest rate sensitivity gap	2,027	2,833	-	158,129	350,810		

Notes to the Consolidated Financial Statements

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30 September 2009	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	Over 5 years £000	Non-interest bearing £000	Total £000
FINANCIAL ASSETS							
Investments	-	-	-	-	350,810	63,801	414,611
Accrued income	-	-	-	103,600	-	1	103,601
Other debtors and prepaid expenses	-	-	-	-	-	240	240
Other current assets	-	-	-	-	-	185	185
Cash and cash equivalents	6,277	2,821	-	-	-	-	9,098
Total financial assets	6,277	2,821	-	103,600	350,810	64,227	527,735
FINANCIAL LIABILITIES							
Trade and other payable	-	-	-	-	-	672	672
Total financial liabilities	-	-	-	-	-	672	672
Total interest rate sensitivity gap	6,277	2,821	-	103,600	350,810		

Since the maturity date is not certain, the debt component of the investments is stated as due after five years.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At the reporting date, the Group's financial assets exposed to credit risk are as follows:

	2010 £000	2009 £000
Investments	350,810	350,810
Accrued income	158,129	103,601
Other debtors and prepaid expenses	80	240
Other current assets	188	185
Cash and cash equivalents	4,860	9,098
	514,067	463,934

Management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Company's liquidity position is monitored by the Board of Directors.

Residual undiscounted contractual maturities of financial liabilities:

30 September 2010	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	Over 5 years £000	No stated maturity £000
FINANCIAL LIABILITIES						
Trade and other payables	557	-	-	-	-	-
	557	-	-	-	-	-

Hirco Plc

Notes to the Consolidated Financial Statements

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30 September 2009	Less than 1month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	Over 5 years £000	No stated maturity £000
FINANCIAL LIABILITIES						
Trade and other payables	672	-	-	-	-	-
	672	-	-	-	-	-

FAIR VALUES

Set out below is a comparison by category of carrying amounts and fair values of the entire Group's and the Company's financial instruments that are carried in the financial statements.

Group	2010		2009	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
FINANCIAL ASSETS				
Cash	4,860	4,860	9,098	9,098
Investment in preference shares - debt	350,810	350,810	350,810	350,810
Investment in preference shares - equity	-	-	63,801	63,801

Company	2010		2009	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
FINANCIAL ASSETS				
Cash	4,398	4,398	8,571	8,571
INVESTMENTS				
Investment in Subsidiary	0*	0*	0*	0*

*Investment in subsidiary relates to Hirco Holdings Limited of £51.

19 ISSUED CAPITAL

AUTHORIZED	Number of shares	Share capital £
As at 30 September 2009 and 2010	100,000,000	1,000,000
Issued and fully paid		
As at 30 September 2009 and 2010	76,526,984	765,270

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Company's affairs to achieve shareholder returns through capital growth rather than income, and monitors the achievement of this through growth in net asset value per share. Company capital comprises share capital, share premium and reserves. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

20 GROUP ENTITIES

Name	Country of incorporation	Field of activity	Ownership interest	Type of share held
HELD BY THE COMPANY				
Hirco Holdings Limited	Mauritius	Holding Company	100%	Ordinary
HELD BY HIRCO HOLDINGS LIMITED				
Hirco Inc	United States of America	Holding Company	100%	Ordinary
Hirco Real Estate Services Pvt. Ltd.	India	Holding Company	100%	Ordinary
Development Holdings Co. Limited	Mauritius	Holding Company	100%	Ordinary

Hirco Plc

Notes to the Consolidated Financial Statements

21 DIRECTORS' REMUNERATION

Details of Directors' remuneration are as follows:

30 September 2010	Directors' fees £000	Salaries £000	Other emoluments £000	Total £000
Priya Hiranandani (formerly Chief Executive Officer)	-	200	4	204
Niranjan Hiranandani (Board Chairman)	87	-	-	87
Nigel McGowan	47	-	-	47
David Burton (Audit Committee Chairman)	142	-	-	142
Douglas Gardner	142	-	-	142
Sir John Roberston Young*	196	-	-	196
Kersi Gherda	138	-	-	138
Peter Barge (from date of appointment)	33	-	-	33
	785	200	4	989

* includes severance cost amounting to £55,000 (2009: £Nil).

30 September 2009	Directors' fees £000	Salaries £000	Other emoluments £000	Total £000
Priya Hiranandani (formerly Chief Executive Officer)	-	201	-	201
Niranjan Hiranandani (Board Chairman)	100	-	-	100
Nigel McGowan	50	-	-	50
David Burton (Audit Committee Chairman)	150	-	-	150
Douglas Gardner	150	-	-	150
Sir John Roberston Young	150	-	-	150
Kersi Gherda	150	-	-	150
	750	201	-	951

22 RELATED PARTIES

TERMS AND CONDITIONS OF TRANSACTIONS WITH SUBSIDIARIES

The amount due from subsidiaries of the Company comprises of an unsecured loan of £352,000,000 (2009: £352,000,000), which is repayable on demand and is interest-bearing at 12 percent per annum and loan amount of £5,476,436 (2009: £3,851,198), which is an interest free advance. Loan advance to Hirco Inc £4,985 (2009: £4,951).

KEY MANAGEMENT PERSONNEL COMPENSATION

Fees paid to persons or entities considered to be key management personnel of the Group include:

	2010 £000	2009 £000
Directors' fees	785	750
Salaries	200	201

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 year ended 30 September 2010 is £2,315,399 (2009: £2,567,892).
- A Marketing Services Agreement to provide Sales and Marketing assistance to the Project Companies. The fees payable for the services for the year ended 30 September 2010 is £837,390 (2008: £1,109,834).
- Advance received from a Director of Hirco Plc and her relative towards purchase of apartments at Hiranandani Palace Gardens, Panvel up to the year ended 30 September 2010 is £5,636 (2009: £5,216)

23 CONTINGENT LIABILITIES AND COMMITMENTS

The Company has no contingent liabilities or commitments as on 30 September 2010.