



BUILDING EXCELLENCE



CONTENTS

Highlights 2010	01
Chairman's Letter	02
Building Chennai Township	08
Building Panvel Township	10
Our Social Commitment	12
Corporate Governance	13
Board of Directors	14
Report of the Directors	16
Independent Auditors' Report	20
Consolidated Statement of Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Consolidated Cash Flow Statement	25
Notes to the Consolidated Financial Statements	26
Shareholder Information	41
Forward-looking Statements	41

“We are 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

2.2
million square feet

Hiranandani Palace Gardens – Chennai

Between the launch of pre-sales at our Chennai township in May 2007 and 30 September 2010, we had pre-sold approximately 2.2 million square feet at an average price of INR 4,241 (£60) per square foot.

▶ Phase 1 Unit Sales 1,671 / 62%

▶ Total Value Of Residential Sales Contracts £129.7M

2.4
million square feet

Hiranandani Palace Gardens – Panvel

Between the launch of pre-sales at our Panvel township in March 2008 and 30 September 2010, we had pre-sold approximately 2.4 million square feet at an average price of INR 4,664 (£66) per square foot.

▶ Phase 1 Unit Sales 2,172 / 82%

▶ Total Value Of Residential Sales Contracts £158.5M

Front cover: The newly completed Osborne low-rise apartment building at Hiranandani Palace Gardens Chennai.

This page: Residential buildings completed and under construction at phase 1 of Hiranandani Palace Gardens Chennai.

Back cover: (top and middle) completed low-rise apartment building and (bottom) high-rise residential buildings under construction at Hiranandani Palace Gardens Chennai.

Highlights 2010

At our Hiranandani Palace Gardens mixed-use 'townships of the future' in Chennai in southeast India and at Panvel in the Mumbai Metropolitan Region, we saw steady quarterly residential pre-sales in 2010 at a slightly higher average price per square foot. The rate of net sales growth has been impeded by cancellations from some early investors.

Hirco Celebrates Significant Landmark as First Buildings are Completed

On 6 June 2010, Hirco handed over the first apartments to enthusiastic owners at its Chennai township. This exciting event demonstrates that the projects in which Hirco PLC invested have now moved from the design, planning and construction phase to the delivery and execution phase.

Construction of six high-rise buildings is progressing rapidly and all have now reached their full height of 15 and 27 storeys.

Profit falls on project fair value adjustment

Hirco reported a loss of £13.6 million for the year ending 30 September 2010,

which compares with a loss of £17.7 million reported for the year ending 30 September 2009. The fair value of the projects in which Hirco invests showed a loss of £63.8 million.

Project Value

As of 30 September 2010, the value of Hirco's investments in its four projects in Chennai and Panvel was £350.8 million, representing the same value as the total acquisition cost of approximately £350.8 million.¹

Net Asset Value

Hirco's net asset value (NAV) as of 30 September 2010 was £513.5 million, which represents a decrease of 2.6% from the Company's NAV of £527.1 million as of 30 September 2009. The NAV as of 30 September 2010 represents a cumulative increase of 42% from a NAV of £4.74 per share at the time of Hirco's IPO on the London Stock Exchange's Alternative Investment Market (AIM) on 13 December 2006.

NAV (£M)



NAV Per Share (£)



¹ The valuations were carried out by Jones Lang LaSalle Meghraj Property Consultants, Pvt. Ltd. using the valuation standards prescribed by the Royal Institute of Chartered Surveyors and a fair value adjustment which the Directors deemed appropriate after taking into account relevant information and projections.

² The 30 September 2007 valuation did not include the Panvel Residential investment announced subsequently in October 2007.

³ Valuation includes all four projects in which Hirco has invested in Chennai and Panvel.

⁴ As of December 2006 when Hirco shares were issued.

Chairman's Letter



*Niranjan Hiranandani
Chairman*

Dear Fellow Shareholders,

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 affect 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 Jones Lang LaSalle Meghraj feasibility study, completed earlier this year and subject to a previous announcement, 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 30 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 2010 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 by 28%, 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 reserve land amounting to a minimum of 10% of the site area for lower-cost housing, either within the site or within a radius of five kilometres from the site. 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 SEZs such as the Minimum Alternate Tax (MAT) and the Dividend Distribution Tax (DDT). It also proposes to withdraw current tax benefits to certain units operating from an SEZ. These changes are expected to increase the tax burden of developers, as well as negatively impact the demand for SEZs in India. These will have a negative impact on our SEZ development at Panvel. Chennai is not an SEZ and will not be impacted.

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

“Hirco celebrated a very significant landmark as the first residential apartments in Chennai were handed over to enthusiastic owners.”

Niranjan Hiranandani
Chairman

As at 30 September 2010, the value of Hirco's interest in its 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 increased length of the 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 27 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, which is designed to convey quality.



The first residential apartments in Chennai township phase 1 were officially handed over to customers in June 2010.

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 six units) represent approximately 23% 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 six units) represent approximately 59% of the 2,248 units sold.

We have received two large cancellations. However, 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.



“We are 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

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 the property industry and a 20-year association with Jones Lang LaSalle. He is also 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 and Nigel have been non-executive directors and Priya 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. Their experience and judgement 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

14 December 2010



Building Chennai Township

We passed another key milestone with the delivery of the first finished buildings.



When completed, the Chennai township will feature about 10,000 apartments housing an estimated 50,000 people.

Township

Two low-rise buildings (G+3) have been completed and handed over to clients.

Nine further low-rise buildings are in the finishing phase and are scheduled for completion in early 2011.

Two 15-storey and two 27-storey high-rise buildings on the north side of the project site have all slabs completed and are scheduled to be handed over during 2011. Two further 27-storey buildings will have all slabs completed before the end of 2010.

This collectively constitutes 2.75 million square feet of prime residential construction providing 928 luxurious flats.

Additionally, foundation excavation has been completed on a further four high-rise buildings on the south side of the project site.

Infrastructure

The 650-metre, six-lane Main Boulevard Road and the 130-metre Club House Road have been completed, as has the 600-metre North East entry road.

The state-of-the-art water treatment plant capable of producing 2.3 million

litres per day and the sewage treatment plant with a capacity of 1.85 million litres per day have been constructed. Both these key facilities are exclusively for use by the Hiranandani Palace Gardens township.

Construction Statistics

- 195 slabs completed in this financial reporting year.
- 2,500 workforce on site at any one time, managed by a dedicated team of over 100 engineers, foremen and supervisors.
- Over 250 trucks/tippers/cement mixers enter the site every day.
- 50,000 bags of cement used each month.
- 750 tons of reinforcement steel consumed each month.

Lake Zone development

Eighty-five new companies have recently set up in the vicinity of Hiranandani Palace Gardens and it is expected that these will fuel a boom in demand for quality but smaller housing.

To meet this expected demand, Hirco has planned three new buildings for the Lake Zone area, which is located south of the high-rise buildings currently under construction. Two buildings will be 20 storeys high with eight one-bedroom flats per floor. The third building will be 27 storeys high offering two-bedroom flats.

Providing quality housing for those working in this industrial belt, it will offer a walk-to-work option for some, eliminate the stresses of a long commute and help ease pressure on transport infrastructure.

Triveni Centre

This state-of-the-art entertainment centre comprises a 15,000-square-foot paintball facility, which is open to the public, a lounge area, billiards and card room, air hockey and zorbing activities.

Other facilities proving popular with residents and employees alike are the pharmacy, salon, vegetable market, utility store and Coffee World café. ATM machines provided by HDFC complete this facility, which aims to make living and working in the township as convenient as possible.



Above: The main entrance boulevard leading to Hiranandani Palace Gardens Chennai.



Above: Aerial view of Chennai's low-rise buildings. Left: Reception area at Chennai sales office.

New Chennai Sales Office

Our luxuriously appointed new sales office provides visitors with an immediate impression of quality and space. At 4,000 square feet, it includes:

- A large conference room with audio-visual facilities
- Four further meeting rooms
- A play area for children who may be visiting with their parents
- Two modern rest rooms
- Full facilities for the sales team

Pre-sales progress to 30 September 2010

Pre-sales of Phase 1 residential apartments at Hiranandani Palace Gardens Chennai began in May 2007. By 30 September 2010, we had pre-sold 1,671 of the 2,695 apartments that we had so far released for sale, representing a total sales contract value of £129.7 million.

Building Type Released For Sale	Buildings of this type	Apartments available	Apartments sold	Percentage sold
G + 3 (2, 3, 4 & 4.5 bed)	11	160	158	99
S + 15 (2.5, 3 & 4 bed)	6	360	289	80
S + 21 (1 bed)	1	142	142	100
S + 26 (2.5 & 3 bed)	4	416	288	69
S + 27 (3 & 3.5 bed)	6	648	472	73
S + 31 (1 & 2 bed)	4	657	317	48
Lake Zone S+20 (1 bed)	2	312	5	2
TOTAL	34	2,695	1,671	62

Building Panvel Township

Construction of the new Panvel township sales office, with its grand and distinctive architectural design, is progressing well.



When completed, the Panvel residential township will feature about 8,500 apartments housing an estimated 45,000 people.

In addition to its meeting rooms and visitor facilities, the sales office also houses the visually stunning sample flat. At 5,000 square feet, the flat has a sprawling living area, four lavish bedrooms, a kitchen and a swimming pool. This landmark building is scheduled to open at the end of 2010.

In response to high customer demand, three new 30-storey buildings have been planned. They will offer 2- and 3-bedroom apartments of sizes between 1,465 and 1,952 square feet saleable area.

The top two floors of each tower will house the exclusive and luxurious Sky Palace apartments.

Panvel now has 27 high-rise buildings planned and available for pre-sale. Foundation work is well under way and major excavation and road construction has been completed for some parts of the development.

Entrance arch, sales office and show flat at Panvel.



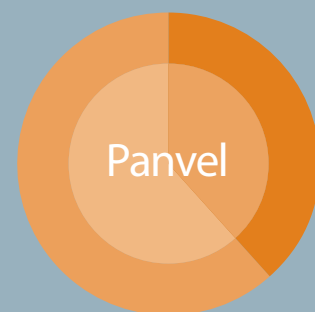
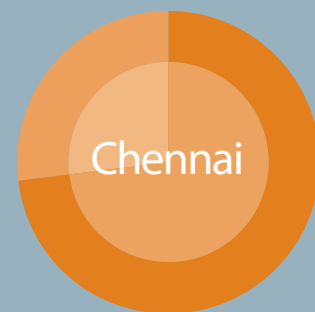
In response to high customer demand, three new 30-storey buildings have been planned.



A Comparison of the Composition of Sales at Chennai and Panvel

As at 30 September 2010

We define bulk sales to be sales comprising six or more apartments. As developments mature, we would expect retail sales to exceed bulk sales.



■ Retail Sales ■ Bulk Sales

Right: The landmark Panvel sales office.

Pre-sales progress to 30 September 2010

Pre-sales of Phase 1 residential apartments at Hiranandani Palace Gardens Panvel began in March 2008. By 30 September 2010, we had pre-sold 2,172 of the 2,659 apartments that we had so far released for sale, representing a total sales contract value of £158.5 million.

Building Type Released For Sale	Buildings of this type	Apartments available	Apartments sold	Percentage sold
S+11	2	128	128	100%
S+15	2	176	149	85%
S+25	16	1,615	1,328	82%
S+30	7	740	567	77%
TOTAL	27	2,659	2,172	82%

Our Social Commitment

Haiti – Supporting the Relief Effort

Hirco has linked up with Habitat for Humanity to provide practical support to the relief effort helping Haiti recover from the devastating January 2010 earthquake that left an estimated 230,000 people dead, 300,000 injured and a further 1,000,000 homeless.

Habitat for Humanity is a non-profit organisation devoted to building 'simple, decent, and affordable' housing using volunteer labour. In Haiti, they are constructing 500 core homes for the IDB (Inter American Development Bank) Project.

As part of Hirco's sponsorship, one of our senior civil engineers, Mr R Saravanan, who has 20 years' experience both in conventional and cost-effective technologies, initially spent 10 weeks' in Haiti and after a short break returned for a further 10 weeks work on the project.

Hirco's contribution has taken two forms. One has been the practical contribution of physically building new homes or rebuilding damaged homes, but more valuable in the long term has been the transfer of knowledge.

- During his first visit, Mr. Saravanan completed six core houses at Cabaret, about 40 km from the capital Port-au-Prince.
- He contributed ideas in the design and execution of 440 transitional wooden shelters.
- He trained local artisans and Haitian engineers on the techniques for retrofitting.
- He taught the local people some basic building skills and how to repair different types of cracks.

- He introduced retro-fitting technology to the core houses, to make the structure earthquake resistant.
- He played an active role in preparing a manual on repairs and retrofits in Haiti.



Hirco's R. Saravanan in Haiti



Green space and replanting are core features of Hirco's environmental planning for its townships.



Corporate Governance

Hirco's Board of Directors and management are committed to the highest standards of corporate governance.

With this in mind, we have strengthened and diversified the skills and operation of the Board of Directors, and further expanded the roles and responsibilities of the Board to govern our business with the objective of delivering long-term value to shareholders. The Board continues to take steps to adopt the corporate governance recommendations of the Quoted Companies Alliance (QCA), to ensure that the Company is managed in an efficient, effective manner.

The Board holds at least four meetings annually, and has established audit, nomination, and remuneration committees. In addition, the Board further expanded the role of its

investment committee, now known as the Investment and Strategy Committee, beyond monitoring the progress of investments to assessing any strategic options for the Company as may be put forward to the Board from time to time.

Further reinforcing the Board's commitment to actively ensuring that the Company maintains the highest standards of governance, Hirco's Directors, both individually and collectively, maintain periodic and regular dialogue with key shareholders to monitor and review trading progress, strategic developments, and governance matters.

Three of Hirco's non-executive directors, Peter Barge, David Burton, and Douglas Gardner, are considered independent, as they have no material relations with the Company's management, financial controllers, or others which could interfere with the ability to independently exercise their best judgement for the exclusive benefit of the Company and its shareholders.

Audit Committee

The Audit Committee is responsible for ensuring proper monitoring, control, and reporting of the Company's financial performance. The committee reviews reports from the auditors relating to accounts and internal control systems.

Members

David Burton
Douglas Gardner

Nomination Committee

The Nomination Committee considers appointments to the Board and is responsible for nominating candidates to fill Board vacancies and for making recommendations on Board composition.

Members

Kersi Gherda
Peter Barge

Remuneration Committee

The Remuneration Committee is responsible for reviewing and determining the remuneration of the executive Directors and such other members of the executive management as it is designated to consider. The Committee is comprised of the Company's three independent non-executive Directors.

Members

Peter Barge
David Burton
Douglas Gardner

Strategy and Investment Committee

In June 2010, the role of Hirco's Investment Committee was expanded to cover strategy as well as investment decisions. In particular, this committee will now extend its role beyond monitoring the progress of investments to assessing any strategic options for the Company as may be put forward to the Board from time to time. The Committee is comprised of the Company's three independent non-executive Directors.

Members

Peter Barge
David Burton
Douglas Gardner

Board of Directors

Niranjan Hiranandani **Chairman of the Board**

Niranjan Hiranandani is a founder of Hirco and co-founder of the Hiranandani Group. Mr. Hiranandani holds key positions in various Indian government bodies, private and social institutions, schools, and colleges. Current leadership roles include President of the Maharashtra Chambers of Housing Industry (MCHI); Chairman of Mumbai City, Development & Environment Committee of the Indian Merchants Chambers (I.M.C.) Mumbai; Member of the Task Force of the Government of India for reforms in Housing and Urban Development; and Member of the Study Group on Slum Rehabilitation Scheme, Government of Maharashtra. Mr. Hiranandani is a chartered accountant.

Mr Hiranandani's experience as a pioneering figure in India's real estate industry for over 30 years, his visionary leadership in developing some of India's most recognized townships, and his status as one of India's most recognized business leaders makes him uniquely qualified to serve as Hirco PLC Chairman.

Peter Barge, Senior Independent **Non-Executive Director**

An Australian national, Peter Barge has had a long and varied career, including teaching, consultancy and property management. For the last 20 years he has been associated with Jones Lang LaSalle, starting with the merger of Transact – a firm founded by Mr. Barge – with Jones Lang Wooton (now JLL). A respected figure in the real estate industry in Asia, Mr. Barge is also the author of three management books and was the subject of a Harvard Business School case study. He has won several industry awards, including the Trailblazer Award from the Hotel Investment Conference Asia Pacific.

Mr. Barge is a director/partner of the following entity: Barge Investments (Aust) Pty Limited. Past directorships/partnerships in the last five years: JLL Asia Pacific, JLL Hotels, JLL STK, JLL Australia Pty Limited, IP Group Pty Limited, Property Look Pty Ltd, Sandalwood Pte Ltd, Tatweer Dubai Holdings, Hero's Journey Pty Ltd, Jaypoint Pty Ltd and Vengaza Pty Ltd.

Mr. Barge's industry background, experience in the Asia Pacific region and demonstrated track record of management success are critical to his role as Senior Independent Non-Executive Director.

David Burton, Independent **Non-Executive Director**

David Burton is Chairman of the Aon Alexander & Alexander and AON UK Pension Schemes, as well as Chairman of the Combined Britons Pension Scheme and an associate partner of Lancea Partners Limited. Mr. Burton is a chartered accountant.

Mr. Burton possesses a broad management, corporate finance and accounting background, and provides strong leadership to Hirco's Board of Directors in his role as Audit Committee Chairman.

Kersi Gherda, OBE **Non-Executive Director**

Kersi Gherda is a chartered accountant both from the Indian Institute and from the Institute of Chartered Accountants in England and Wales. He is a director of several public and private companies and is also connected with various non-governmental organisations and trusts.

Mr Gherda brings to his role as Non-Executive Director an extensive background of experience as a chartered accountant, an executive and director in companies across a wide range of industries and geographies, and an in-depth knowledge of India.

Douglas Gardner, Independent **Non-Executive Director**

Douglas Gardner was previously at Tarmac plc, carrying out the role of Chief Executive of the Properties Division until 1983. He then moved to Brixton Estate plc serving as Managing Director until 1993, when he was appointed as Chairman and Chief Executive. Since retiring from Brixton in 2000, Mr. Gardner has focussed almost exclusively on the real estate fund management industry and his current non-executive directorships include Invista Real Estate Investment Management plc, Invesco Property Income Trust Ltd and City & Provincial Securities. Former roles include Chairman of Industrial Development Partnership 2, Executive Chairman of GPT Halverton and a member of the Investment Committee of AXA's European Industrial Partnership. Mr. Gardner was also a Governor of Nuffield Health (formerly Nuffield Hospitals) from 1995, becoming Chairman of the Board of Governors from 2000 to 2009. He also sits on the Estates Committee of the Royal College of Music.

Mr Gardner's considerable experience as a director, his wealth of real estate fund management expertise, and his deep level of executive management expertise are all vital to his position on Hirco's Investment and Strategy and Audit Committees.



*From left to right: Douglas Gardner,
Niranjan Hiranandani, Kersi Gherda,
David Burton and Peter Barge.*

Report of the Directors

The Directors hereby submit their annual report together with the audited consolidated financial statements of Hirco PLC (the “Company”) and its subsidiaries (together “the Group”) for the financial year ended 30 September 2010.

The Company

The Company was incorporated in the Isle of Man and has been established to invest in certain FDI-compliant Indian real estate development projects. Its investment policy is summarized below.

Results and Dividends

The results of the Company and the Group for the fiscal year are set out on pages 22 to 40. The Directors do not intend to declare a dividend at this time.

The Company’s Board of Directors

The Company’s Board of Directors makes decisions that involve policies related to the investment by, and the strategic direction of, the Company. Matters relating to the implementation of such investments and operations of the Company are delegated to management of the Company. Specific investments of the Company are subject to the approval by the Company’s independent Strategy and Investment Committee.

Independent Directors

The following non-executive directors are considered independent by the Board of Directors, and they satisfy the UK code independence guidelines: Peter Barge, David Burton and Douglas Gardner.

Directors’ Interest in Shares of the Company

The interests of the Directors in the share capital of the Company as at 30 September 2010 are set out on the next page:

Names and Positions of Directors

The names of, and positions held by, the Directors during the period and up to the date of this report appear in the table below:

Name	Position(s)		Date Appointed	Date Resigned
Niranjan Hiranandani	Chairman		21 November 2006	
Peter Barge	Member	Strategy and Investment Committee	1 July 2010	
	Member	Remuneration Committee	1 July 2010	
	Member	Nomination Committee	1 July 2010	
David Burton	Chairman	Audit Committee	26 November 2006	
	Member	Strategy and Investment Committee	26 November 2006	
	Member	Remuneration Committee	1 December 2008	
Douglas Gardner	Chairman	Strategy and Investment Committee	26 November 2006	
	Member	Audit Committee	26 November 2006	
	Member	Remuneration Committee	1 December 2008	
Kersi Gherda	Chairman	Nomination Committee	26 November 2006	
Priya Hiranandani	Chief Executive Officer		21 November 2006	22 September 2010
Nigel McGowan	Secretary		21 November 2006	22 September 2010
Sir Rob Young	Member	Audit Committee	26 November 2006	22 September 2010
	Member	Investment Committee	26 November 2006	22 September 2010
	Member	Nomination Committee	26 November 2006	22 September 2010

Liberty Hedge Ventures ¹	2,526,984
David Burton	25,000
Adele Gardner ²	15,000

¹An offshore company controlled by a discretionary trust of which certain members of the Hiranandani family may be beneficiaries.

²Wife of Douglas Gardner.

Material Contracts

Following is a summary of Hirco's material contracts. Full details about these contracts appear on pages 80 to 86 of the Hirco PLC Admission Document, which is available at www.hircopl.com/downloads_&_presentations.html.

The Investment Agreement

Hirco Mauritius's investment in each project group is made through subscriptions for Participating Preference Shares in the investment company that is the holding company for that group. The investment is based on a template investment agreement between Hirco,

Hirco Mauritius, the investment company, the project company, and an entity affiliated with Niranjn Hiranandani. All of the voting ordinary shares of the investment company are owned by such affiliated entity of Niranjn Hiranandani.

The Development Management and General Services Agreement

A template Development Management and General Services (DMGS) Agreement has been agreed to govern the relationship between each project company and the DMGS manager, including the responsibilities of and compensation payable to the DMGS manager. A DMGS Agreement is entered into each time Hirco invests in the relevant project group. The DMGS manager is an entity affiliated with Niranjn Hiranandani, and, as further described in the Hirco PLC Offer Document, is entitled to receive fees pursuant to the DMGS Agreement in return for services provided by it as DMGS manager.

Marketing Services Agreement

A template marketing, sales and leasing agreement has been agreed to govern the relationship between the project company and the marketing manager, including the responsibilities of and the compensation payable to the marketing manager.

The Marketing Services Agreement (based on the template) is entered into when Hirco invests in the relevant project. The marketing manager is an entity affiliated with Niranjn Hiranandani, and, as further described in the Hirco PLC Offering Document, is entitled to receive fees pursuant to the Marketing Services Agreement in return for services provided by it as marketing manager.

Meetings Of Directors

In the fiscal year ended 30 September 2010, the following meetings were held. In addition to the fixed meetings, the Board and sub-committees met several times last year to consider inter alia, strategic options and project updates:

	Board of Directors		Audit Committee		Strategy & Investment Committee		Nomination Committee		Remuneration Committee	
	Meetings	Attended	Meetings	Attended	Meetings	Attended	Meetings	Attended	Meetings	Attended
Niranjn Hiranandani	7	7	-	-	-	-	-	-	-	-
Peter Barge*	3	3								
David Burton	7	7	2	2	-	-	-	-	1	1
Douglas Gardner	7	7	2	2	-	-	-	-	1	1
Kersi Gherda	7	7	-	-	-	-	1	1	-	-
Priya Hiranandani*	6	6	-	-	-	-	-	-	-	-
Nigel McGowan*	6	6	-	-	-	-	-	-	-	-
Sir Rob Young*	6	6	2	2	-	-	1	1	-	-

* Peter Barge joined the Board as senior Non-Executive Director on 1 July 2010. Sir Rob Young, Priya Hiranandani, and Nigel McGowan ceased to be members of the Board with effect from 22 September 2010.

Investment Policy

The Hirco Investment Policy is unchanged since the Company's admission to trading on AIM in December 2006 and has been substantially implemented through the application of over 90% of the IPO proceeds.

Hirco invests in pipeline projects sourced by Hiranandani that are developments of large-scale, mixed-use township communities and co-located SEZs in India. The Company may also identify and opportunistically invest in other projects provided they meet disclosed criteria. Once fully aggregated and suitable for development, the pipeline projects are presented to Hirco's wholly owned subsidiary, Hirco Mauritius, for approval by the investment committee after completion of a full due diligence investigation. Hirco's investments are made in the expectation of a typical duration of between five and eight years and a targeted total return IRR to Hirco Mauritius of at least 25%.

Net proceeds from a given project are either reinvested into the project or held for distribution, depending on the relevant project's expected investment needs.

Although Hiranandani owns the voting shares in respect of each project, Hirco Mauritius acquires a preferred interest in each investment equal to 70% of the initial capital value of the pipeline project (being the valuation of land owned plus additional working capital requirements) in the form of Participating Preference Shares. The Participating Preference Shares have an accumulating, compounding preference dividend of 12% per annum. Hirco will receive additional Participating Preference Shares for any subsequent investment in a project for construction costs and working capital. Whilst the Board intends

to fund Hirco's investments primarily through equity finance, it will consider employing forms of debt finance, if available and required. Construction loans are taken out within each project to finance ongoing development costs. Aggregate gearing on the projects in which Hirco invests is expected to be less than 50% of the total project costs for development projects and less than 75% loan-to-value for completed, stabilised projects.

Investment proceeds and distributions received by Hirco Mauritius in respect of projects will (subject to working capital requirements, taxes and applicable laws) be distributed to Hirco and, in turn, to Hirco's shareholders.

Corporate Governance

The Company's corporate governance principles and practices, as well as biographical information about the Company's Board of Directors, are set out in the Corporate Governance section on pages 13 and 14.

Independent Auditors

KPMG Audit LLC have expressed their willingness to continue in office in accordance with Section 12(2) of the Companies Act, 1982.

Internal Control

There are inherent limitations in any system of internal control and such a system can provide only reasonable, but not absolute, assurances against material misstatement or loss. The Company does not have its own internal audit function, but places reliance on compliance and other control functions of its service providers.

Where necessary, the Board obtains specialist advice from either its auditors or other advisers.

Recent Events

During the latter part of the reporting year, Hirco appointed Deloitte to facilitate a self assessment of the effectiveness of its Board of Directors. The report was released in September 2010 and detailed some areas of weakness and others requiring added improvement.

The balance, size and remuneration of the Board have already been acted upon and the Board is moving aggressively towards the best practices outlined in the Deloitte report.

The independent directors continue to engage in dialogue with advisors and certain shareholders to agree on how to best position the Company strategically. To date, however, a consensus has not been reached and a clear favoured route to best address the remaining share-price-to-net-asset-value discount has yet to be determined. Active steps will continue to reach a consensus solution to shareholder concerns.

Appointment of Additional Non-Executive Director:

On 1 July 2010, Peter Barge joined the Board as senior Non-Executive Director. Peter will serve on the Remuneration, Nomination and Strategy and Investment committees.

In this important role, Peter will act as a sounding board for the Chairman and serve as an intermediary for the other directors or for shareholders when necessary. He will also chair meetings of the non-executive directors without the Chairman present.

Hirco Board Changes

With effect from 22 September 2010, Sir Rob Young, Priya Hiranandani, and Nigel McGowan ceased to be directors of Hirco.

Sir Rob Young and Nigel McGowan have been non-executive Directors and Priya Hiranandani has been Chief Executive since the Company's IPO in 2006. Nigel McGowan will continue to act as Company Secretary and Priya Hiranandani will continue to advise the Board as a consultant.

Disclosure of Additional Information

The Board has decided to disclose some information from the results of certain feasibility and valuation reports of Hirco PLC's underlying investment projects. By releasing them to shareholders on a regular basis, we hope to enable the investing public to better understand the historical performance of the projects and to have an informed opinion of the likely future performance and current market status.

Statement of Directors' Responsibilities in Respect of the Report of the Directors and the Financial Statements

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year that meet the requirements of Isle of Man company law. In addition, the Directors have elected to prepare the Company and Group financial statements in accordance with International Financial Reporting Standards.

The Company's and the Group's financial statements are required by law to give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent fraud and irregularities.

By order of the Board

Nigel McGowan

Secretary

20 December 2010



Above: Buckingham and Osborne residential buildings at Hiranandani Palace Gardens Chennai.

Independent Auditors' Report

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 judgements 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.

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

Chartered Accountants
Heritage Court, 41 Athol Street
Douglas, Isle of Man IM99 1HN

14 December 2010



High-rise buildings at Hiranandani Palace Gardens Chennai reach their full 27 storey height.

Consolidated Statement of Comprehensive Income for the year ended 30 September 2010

	Note	2010 £000	2009 £000
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 26 to 40 form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 September 2010

	NOTES	GROUP		COMPANY	
		2010 £000	2009 £000	2010 £000	2009 £000
ASSETS					
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
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 Asset Value per share (pence)	11	671	689	675	602

The notes on pages 26 to 40 form 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

Consolidated Statement of Changes in Equity for the year ended 30 September 2010

	SHARE CAPITAL £000	SHARE PREMIUM £000	CURRENCY TRANSLATION RESERVE £000	RETAINED EARNINGS £000	TOTAL £000
GROUP					
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					
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 26 to 40 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 September 2010

	2010 £000	2009 £000
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 26 to 40 form part of these financial statements.

Notes to the Consolidated Financial Statements for the year ended 30 September 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 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 (IFRS).

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 IFRS 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 judgement 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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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 Directors' 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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
IFRIC Interpretation	
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1-July-10

*Amendments resulting from April 2009 Annual Improvements to IFRS **Amendments resulting from May 2010 Annual Improvements to IFRS

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

Discussed below are 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.

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).

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.

8 INCOME TAX (CONTINUED)

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.

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 EQUIPMENT £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.

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.

13 GROUP INVESTMENTS (CONTINUED)

Due to the time scale involved in the projects, the Directors have made a fair value adjustment equal to the 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: Directors' 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)

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, 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.

(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.

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 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	–	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 payables	–	–	–	–	–	557	557
Total financial liabilities	–	–	–	–	–	557	557
Total interest rate sensitivity gap	2,027	2,833	–	158,129	350,810	–	–

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 payables	-	-	-	-	-	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.

18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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	–	–	–	–	–

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	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				
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

AUTHORISED	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

19 ISSUED CAPITAL (CONTINUED)

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

21 DIRECTORS' REMUNERATION

Details of Directors' remuneration are as follows:

	DIRECTORS' FEES £000	SALARIES £000	OTHER EMOLUMENTS £000	TOTAL £000
30 SEPTEMBER 2010				
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).

	DIRECTORS' FEES £000	SALARIES £000	OTHER EMOLUMENTS £000	TOTAL £000
30 SEPTEMBER 2009				
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 is comprised of an unsecured loan of £352,000,000 (2009: £352,000,000), which is repayable on demand and is interest-bearing at 12% per annum and a loan amount of £5,476,436 (2009: £3,851,198), which is an interest-free advance. Loan advance to Hirco Inc is £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., which 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 were £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 were £837,390 (2009: £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.

Shareholder Information

Registrar

Capita Registrars (Jersey) Limited
12 Castle Street, St Helier
Jersey JE2 3RT

Transfer Agents

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel 0871 664 0300
(Calls cost 10 pence per minute plus network extras.)
Lines are open Monday – Friday, 8am - 5.30pm
+44 (0)20 8639 3399
Fax +44 (0)20 8639 2220
Email ssd@capitaregistrars.com

Auditors

KPMG Audit LLC
Heritage Court
41 Athol Street
Douglas, Isle of Man
IM99 1HN
Tel +44 (0)1624 681000
Fax +44 (0)1624 681098

Nominated Adviser

HSBC Bank plc
8 Canada Square, London
E14 5HQ, United Kingdom

Registered Office

Hirco PLC
PO Box 312, 4th Floor
Queen Victoria House
Victoria Street
Douglas, Isle of Man
IM99 2BJ
United Kingdom

Tel +44 (0)1624 646 846
Fax +44 (0)1624 672 334
Email info@hircopl.com

Listing Of Shares

The shares of Hirco PLC trade on the Alternative Investment Market (AIM) of the London Stock Exchange under the trading symbol HRCO.
No. of ordinary shares issued: 76,526,984
% of AIM ordinary shares not in public hands: 3.33%

Shareholder Enquiries

Securities analysts and others seeking investor-related information are asked to contact:

Hirco

Joe DeLuca
Investor Relations
Hirco
435 Devon Park Drive, Building 300
Wayne, PA 19087, USA
Tel +1 610 230 2333
Email ir@hirco.com

Gutenberg Communications

UK Maxine Ambrose
Tel +44 (0)7785 280930
maxine@gutenbergpr.com
US Hugh Burnham / Michael Gallo
Tel +1 212 239 8595 /
+1 212 239 8594
hugh@gutenbergpr.com
mgallo@gutenbergpr.com
India Pranav Kumar
Tel +91 98 1007 7898
pranav@gutenbergpr.com

Forward-looking Statements

Cautionary Note Regarding Forward-looking Statements

This Annual Report may include certain forward-looking statements. These statements are based on the current assumptions, assessments, and expectations of the management of Hirco and are subject to risks, uncertainty, and changes in circumstances.

The forward-looking statements contained herein include any statements about the future plans and prospects of Hirco and all other statements in this Annual Report other than historical facts. Forward-looking statements include, without limitation, statements typically containing words such as "intend", "expect", "anticipate", "target", "estimate", "plan", "goal", "believe", "will", "may", "should", "would", "could" and words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to: changes in economic conditions; changes in the success of business and operating initiatives and objectives; changes in the regulatory environment; fluctuations in interest and exchange rates; the outcome of litigation; government actions; and natural phenomena such as floods, earthquakes, and hurricanes.

Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Undue reliance should not, therefore, be placed on the forward-looking statements. Hirco does not undertake any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events, or otherwise, except to the extent legally required.

About the Images that Appear in this Annual Report

Except where noted, all the photos in this annual report are of Hirco and Hiranandani townships. All artists' renderings are of Hirco townships currently under development in Chennai and Panvel. These photos and renderings are copyright of Hirco and Hiranandani.

Design

Bluestone Partnership
sara_creative@hotmail.com

Print

Royle
www.royle.com

Editor

Fraser Communications Inc.
www.frasercommunications.ca

Electronic Copies

Hirco PLC's Annual Report and Accounts 2010 is available on the Internet at www.hircopl.com.

REGISTERED OFFICE
HIRCO PLC
PO Box 312, 4th Floor
Queen Victoria House
Victoria Street, Douglas
Isle of Man IM99 2BJ, UK
Tel: +44 (0)1624 646 846
Fax: +44 (0)1624 672 334

INDIA OFFICE
Olympia
Central Avenue
Hiranandani Gardens
Powai, Mumbai 400 076
India
Tel: +91 22 2571 9000
Fax: +91 22 2571 9300

US OFFICE
435 Devon Park Drive
Building 300, Wayne
PA 19087 USA
Tel: +1 484 654 1802
Fax: +1 484 581 2024

www.hircopl.com
www.hirco.com
info@hircopl.com

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

