

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 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity and the Consolidated Cash Flow Statement 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 Director's Report and any other information accompanying the financial statements and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the audited financial statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

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

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 2009 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

29 OCTOBER 2009

Consolidated Income Statement

For the year ended 30 September 2009

	Note	2009 £000	2008 £000
Investment income	5	48,859	44,200
Foreign exchange gain		18	1
Net investment income		48,877	44,201
Fair value (loss)/gain on investments	12	(58,079)	34,660
Administrative expenses	6	(8,446)	(3,790)
(Loss)/profit before taxation		(17,648)	75,071
Income tax expense	7	(98)	(12)
(Loss)/profit for the year		(17,746)	75,059
Number of ordinary shares		76,526,984	76,526,984
(Loss)/earnings per share (pence), basic and fully diluted	9	(23)	98

The Directors consider that all results derive from continuing activities.
The notes on pages 37 to 48 form part of these financial statements.

Balance Sheets

as at 30 September 2009

ASSETS	NOTES	GROUP		COMPANY	
		2009 £000	2008 £000	2009 £000	2008 £000
NON-CURRENT ASSETS					
Property, plant and equipment	11	23	33	-	-
Investments	12	414,611	472,690	-	-
Due from subsidiaries	20	-	-	355,856	353,866
Accrued income	13	103,600	45,958	95,979	44,785
		518,234	518,681	451,835	398,651
CURRENT ASSETS					
Accrued income	13	1	9,000	1	9,000
Other debtors and prepaid expenses		240	2,031	227	1,990
Other current assets		185	95	101	73
Cash and cash equivalents	15	9,098	17,060	8,571	16,579
		9,524	28,186	8,900	27,642
Total assets		527,758	546,867	460,735	426,293
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	16	672	2,052	404	1,900
Total liabilities		672	2,052	404	1,900
Net assets		527,086	544,815	460,331	424,393
EQUITY					
Share capital	18	765	765	765	765
Share premium		361,871	361,871	361,871	361,871
Foreign currency translation reserve		26	9	-	-
Retained earnings		164,424	182,170	97,695	61,757
Total equity		527,086	544,815	460,331	424,393
Number of ordinary shares	10	76,526,984	76,526,984	76,526,984	76,526,984
Net Assets Value per share (Pence)	10	689	712	602	555

The notes on pages 37 to 48 form part of these financial statements.

The financial statements were approved by the board on 29 October 2009 and signed on their behalf by:

NIRANJAN HIRANANDANI
CHAIRMAN

DAVID BURTON
DIRECTOR

Consolidated Statement of Changes in Equity

for the year ended 30 September 2009

	SHARE CAPITAL £000	SHARE PREMIUM £000	CURRENCY TRANSLATION RESERVE £000	RETAINED EARNINGS £000	TOTAL £000
GROUP					
As at 30 September 2007	765	361,871	-	107,111	469,747
Translation of foreign operations	-	-	9	-	9
Profit for the year	-	-	-	75,059	75,059
As at 30 September 2008	765	361,871	9	182,170	544,815
Translation of foreign operations	-	-	17	-	17
Loss for the year	-	-	-	(17,746)	(17,746)
As at 30 September 2009	765	361,871	26	164,424	527,086
COMPANY					
As at 30 September 2007	765	361,871	-	21,199	383,835
Profit for the year	-	-	-	40,558	40,558
As at 30 September 2008	765	361,871	-	61,757	424,393
Profit for the year	-	-	-	35,938	35,938
As at 30 September 2009	765	361,871	-	97,695	460,331

The notes on pages 37 to 48 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 30 September 2009

	2009 £000	2008 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation:	(17,648)	75,071
Adjustment for:		
Fair value loss/(gain) on investments	58,079	(34,660)
Depreciation	20	37
Bank interest income	(168)	(1,322)
Other income	(3)	-
Foreign exchange gain	(18)	(1)
Operating profit before working capital changes	40,262	39,125
Change in debtors and prepayments	(46,926)	(43,008)
Change in creditors and other accruals	(1,429)	(43)
	(8,093)	(3,926)
Bank interest received	214	1,329
Tax paid	(113)	(12)
Net cash used in operating activities	(7,992)	(2,609)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4)	(28)
Proceeds from sale of property, plant and equipment	3	-
Purchase of investments	-	(96,638)
Project costs paid	-	(98)
Net cash used in investing activities	(1)	(96,764)
Decrease in cash during the year	(7,993)	(99,373)
Effect of exchange rate fluctuations on cash balances	31	10
Cash and cash equivalents at the beginning of the year	17,060	116,423
Cash and cash equivalents at the end of the year	9,098	17,060

The notes on pages 37 to 48 form part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 September 2009

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 2008 to 30 September 2009 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 2009, the Group had seven (2008: seven) employees.

2 SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis with the exception of equity interests in unquoted companies, which are stated at fair value.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and also to comply with the Isle of Man Companies Acts 1931 to 2004.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the results of the Company and entities controlled by the Company (its subsidiaries) made up to 30 September 2009. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same period as the Company, using consistent accounting policies.

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

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

(C) FOREIGN CURRENCY TRANSLATION

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

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

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

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

(D) REVENUE RECOGNITION

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

Preference Dividend income

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

Interest income

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

Notes to the Consolidated Financial Statements continued

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value gain on investments

The Directors determine unrealized fair value gain/loss on investments bi-annually based on the fair market value assessment of the projects carried out by Jones Lang LaSalle Meghraj Property Consultants, Pvt. Ltd. ("JLL"), an independent valuer, using the valuation standards prescribed by the Royal Institute of Chartered Surveyors. 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.

(E) 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 7).

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.

(F) 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 12) 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 JLL, an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors.

(G) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(H) TRADE 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.

(I) 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.

(J) TRADE AND OTHER PAYABLES

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

(K) EQUITY INSTRUMENTS

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

(L) PROVISIONS

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

(M) 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.

(N) IMPAIRMENT OF FINANCIAL ASSETS

A financial asset 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.

Notes to the Consolidated Financial Statements continued

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(O) FUTURE CHANGES IN ACCOUNTING STANDARDS**

International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) 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 - Comprehensive revision including requiring a statement of comprehensive income (Revised 2007)	1-January-09
IAS 1 Presentation of Financial Statements (Revised May 2008)*	1-January-09
IAS 1 Presentation of Financial Statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation (2008)	1-January-09
IAS 1 Presentation of Financial Statements (Revised April 2009)**	1-January-10
IAS 7 Statement of Cash Flows (Revised April 2009)**	1-January-10
IAS 23 Borrowing Costs - Comprehensive revision to prohibit intermediate expensing (Amended 2007)	1-January-09
IAS 23 Borrowing costs (Revised May 2008)*	1-January-09
IAS 27 Consolidated and Separate Financial Statements - Consequential amendments resulting from amendments to IFRS 3 (2008)	1-July-09
IAS 27 Consolidated and Separate Financial Statements - Amendment relating to cost of an investment on first-time adoption (Revised 2008)	1-January-09
IAS 27 Consolidated and Separate Financial Statements (Revised May 2008)*	1-January-09
IAS 28 Investments in Associates - Consequential amendments resulting from amendments to IFRS 3 (2008)	1-July-09
IAS 28 Investments in Associates*	1-January-09
IAS 31 Interests in Joint Ventures - Consequential amendments resulting from amendments to IFRS 3 (2008)	1-July-09
IAS 31 Interests in Joint Ventures (Revised May 2008)*	1-January-09
IAS 32 Financial instruments: Presentation - Amendments relating to puttable instruments and obligations arising on liquidation	1-January-09
IAS 36 Impairment of Assets (Revised May 2008)*	1-January-09
IAS 36 Impairment of Assets**	1-January-10
IAS 39 Financial Instruments: Recognition and Measurement (Revised May 2008)*	1-January-09
IAS 39 Financial Instruments: Recognition and Measurement - Amendments for embedded derivatives when reclassifying financial instruments	30-June-09
IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items	1-July-09
IAS 39 Financial Instruments: Recognition and Measurement (Revised April 2009)**	1-January-10
IAS 40 Investment Property (Revised May 2008)*	1-January-09
IFRS 3 Business Combinations - Comprehensive revision on applying the acquisition method	1-July-09
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Revised May 2008)*	1-July-09
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**	1-January-10
IFRS 7 Financial Instruments: Disclosures - Amendments enhancing disclosures about fair value and liquidity risk (Revised March 2009)	1-January-09
IFRS 8 Operating Segments (Original issuance 2006)	1-January-09
IFRS 8 Operating Segments (Revised April 2009)**	1-January-10
IFRIC Interpretation	
IFRIC 13 Customer loyalty programmes	1-July-08
IFRIC 15 Agreement for Construction of Real Estate	1-January-09
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	1-October-08
IFRIC 17 Distributions of Non-Cash Assets to Owners	1-July-09
IFRIC 18 Transfers of Assets from Customers	1-July-09

*Amendments resulting from May 2008 Annual Improvements to IFRSs

**Amendments resulting from April 2009 Annual Improvements to IFRSs

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revised IAS 1 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the Group's 2010 consolidated financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.

IFRS 8 introduces the "management approach" to segment reporting, with information based on internal reports. Management are currently assessing the impact of this on the disclosures to be presented regarding segmental reporting.

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Valuation of investments

The fair value of the Group's investments was determined by the Directors based on the valuation of the underlying projects carried out by JLL, an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors.

4 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.

5 INVESTMENT INCOME

	2009 £000	2008 £000
Preference dividends (see note 12)	48,688	42,878
Bank interest	168	1,322
Other income	3	-
	48,859	44,200

6 ADMINISTRATIVE EXPENSES

	2009 £000	2008 £000
Employee costs*	1,379	985
Occupancy cost	191	187
Professional fees**	5,474	1,157
Directors' fees	650	694
Other administration costs	732	730
Depreciation	20	37
	8,446	3,790

* includes severance cost amounting to £311,181.

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

7 INCOME TAX

The major components of income tax expense for the year ended 30 September 2009 are:

	2009 £000	2008 £000
Income tax		
Current tax charge	98	12
Total	98	12

Notes to the Consolidated Financial Statements continued

7 INCOME TAX (CONTINUED)

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

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

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

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

The current income tax charge of £97,557 (2008: £12,143) represents tax charges on profit arising in the subsidiaries, Hirco Inc, USA of £96,067 (2008: £8,792) and Hirco Real Estate Services Pvt. Ltd, India of £1,490 (2008: £3,351) 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.

8 AUDITORS' REMUNERATION

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

FEES PAID AS	2009 £000	2008 £000
Statutory auditors	58	70
Transaction services*	1,551	-
	1,609	70

* relates to aborted merger and debt transactions.

9 (LOSS)/EARNINGS PER SHARE

Basic loss per share for the year ended 30 September 2009 is based on the loss attributable to equity holders of the Company of £17,746,457 (2008: profit of £75,059,294) and the weighted average number of ordinary shares outstanding during the year ended 30 September 2009 of 76,526,984 (2008: 76,526,984).

	2009	2008
(Loss)/profit attributable to equity holders of the parent (£)	(17,746,457)	75,059,294
Weighted average number of ordinary shares	76,526,984	76,526,984
	PENCE	PENCE
Basic (loss)/earnings per share	(23)	98
Diluted (loss)/earnings per share	(23)	98

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

10 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 £527,086,164 (2008: 544,814,072) by the number of ordinary shares as at 30 September 2009 of 76,526,984 (2008: 76,526,984).

	2009	2008
Net assets attributable to equity holders of the parent (£)	527,086,164	544,814,072
Number of ordinary shares	76,526,984	76,526,984
	PENCE	PENCE
Net asset value per share	689	712

11 PROPERTY, PLANT AND EQUIPMENT

	COMPUTERS £000	LEASEHOLD IMPROVEMENT £000	FURNITURE AND OFFICE EQUIPMENTS £000	TOTAL £000
As at 1 October 2008	7	20	60	87
Additions	2	-	2	4
Effect of movements in exchange rates	1	3	8	12
Balance as at 30 September 2009	10	23	70	103
DEPRECIATION				
As at 1 October 2008	3	15	36	54
Charge for the year	3	4	13	20
Effect of movements in exchange rates	-	2	4	6
Balance as at 30 September 2009	6	21	53	80
NET BOOK VALUE				
As at 30 September 2009	4	2	17	23
As at 30 September 2008	4	5	24	33

12 GROUP INVESTMENTS

COMPANY	PROJECTS IN INDIA	DATE OF INVESTMENT	FAIR VALUE AS AT 30-SEP-08 £000	FAIR VALUE LOSS FOR THE PERIOD £000	FAIR VALUE AS AT 30-SEP-09 £000	COST OF ACQUISITION £000
Investment in participating preference shares of:						
Burke 1 Limited	Chennai township projects	13-Feb-2007	123,595	(12,135)	111,460	77,847
Burke 2 Limited	Chennai commercial projects	23-Mar-2007	64,912	(5,774)	59,138	47,889
Burke 3 Limited and Burke 4 Limited	Panvel SEZ, commercial and residential projects	19-Jul-2007 and 25-Oct-2007	284,183	(40,170)	244,013	225,074
Balance as at 30 September 2009			472,690	(58,079)	414,611	350,810

The participating preference share interests in Burke 1 Limited, Burke 2 Limited, Burke 3 Limited and Burke 4 Limited entitle the Group to a preference dividend of 12% per annum compounded annually, a preferred capital return and a 40% share in residual profits. As detailed in the accounting policy, the debt component of this compound financial instrument, representing the preference dividend and the preferred capital return, is stated at amortized cost, with the preference dividend accrued under the effective interest method. The equity component representing the 40% residual profit share is stated at fair value. The 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 JLL, an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors. The valuation done by JLL is based on the details of pre-sales achieved, project progress, expected revenue and anticipated cost of construction as on the valuation date. The valuers have also made reference to market evidence of transaction prices for similar projects.

The fair value loss of £58,078,941 is net of a favourable foreign exchange fluctuation of £23,270,973 as detailed below,

	£
Due to fluctuation of British pound versus Indian rupee exchange rate	32,667,469
Due to fluctuation of British pound versus US dollar exchange rate	(9,396,496)
	23,270,973

Notes to the Consolidated Financial Statements continued

12 GROUP INVESTMENTS (CONTINUED)

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 2009 before charging Preference dividend	230,206	117,012	456,413	803,631
DISTRIBUTION IN THE ORDER OF CONTRACTUAL PREFERENCE:				
Preference Dividend	27,202	15,995	60,403	103,600
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)	41,123	25,004	123,590	189,717
Share of the Group (40%) of the residual net worth	33,614	11,249	18,938	63,801
Share of the ordinary shareholders (60%) of the residual net worth	50,420	16,875	28,408	95,703
Total distribution	230,206	117,012	456,413	803,631
CHANGE IN FAIR VALUE				
Fair value gain of the Group's investment as of 30 September 2009	33,614	11,249	18,938	63,801
Less: Fair value gain recognized up to 30 September 2008	45,749	17,023	59,108	121,880
Fair value gain for the period of the Group's investment (representing share of the Group (40%) of the residual net worth)	(12,135)	(5,774)	(40,170)	(58,079)

13 ACCRUED INCOME

	2009 £000	2008 £000
NON-CURRENT ASSETS		
Participating preference shares dividends due	103,600	45,958
CURRENT ASSETS		
Participating preference shares dividends due	-	8,954
Interest income receivable	1	46
Total	103,601	54,958

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. The above amount included as current assets represents the accrued dividends expected to be received within one year based on projected cash flows.

14 INVESTMENT IN SUBSIDIARY

	£
Balance at 30 September 2008	51
Balance at 30 September 2009	51

The investment in subsidiary in the Company's financial statements relates to Hirco Holding Ltd, which is stated at cost (See Note 19).

15 CASH AND CASH EQUIVALENTS

	2009 £000	GROUP 2008 £000	2009 £000	COMPANY 2008 £000
Cash at bank and in hand	6,277	1,037	5,772	570
Short-term deposits	2,821	16,023	2,799	16,009
Total	9,098	17,060	8,571	16,579

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 3.34% per annum. The fair value of cash and short-term deposits is equivalent to cost.

As at 30 September 2009, there is no cash held in blocked accounts.

16 TRADE AND OTHER PAYABLES

	2009 £000	GROUP 2008 £000	2009 £000	COMPANY 2008 £000
Trade and other payables	386	883	212	837
Accrued expenses	284	1,169	192	1,063
Total	670	2,052	404	1,900

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

(a) Market risk

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

(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 12) - which are revalued each reporting period and translated at the exchange rate on the date of the valuation.

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

	2009 £000	2008 £000
British pounds	463,099	422,809
US dollars	166	120
Indian rupees	63,821	121,886
Net Assets	527,086	544,815

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 £16,199,648 (2008: £17,283,589).

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 £3,786,428 (2008: £3,324,550).

(ii) Equity price risk

The Group is exposed to equity price risk with regards to its 40% equity interest in the Indian property companies. The Indian companies are unquoted and are valued by the Directors, based on underlying property valuation, see note 12.

If the value of the Group's equity interest increased by 5% the net assets would increase by £7,975,110 (2008: £6,094,300). A decrease in value of 5% would have an equal but opposite effect.

Notes to the Consolidated Financial Statements continued

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(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 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		
30 SEPTEMBER 2008	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	121,880	472,690
Accrued income	-	-	8,954	45,958	-	46	54,958
Other debtors and prepaid expenses	-	-	-	-	-	2,031	2,031
Other current assets	-	-	-	-	-	95	95
Cash and cash equivalents	991	16,069	-	-	-	-	17,069
Total financial assets	991	16,069	8,954	45,958	350,810	124,052	546,834
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	-	-	2,052	2,052
Total financial liabilities	-	-	-	-	-	2,052	2,052
Total interest rate sensitivity gap	991	16,069	8,954	45,958	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.

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

	2009 £000	2008 £000
Investments	350,810	350,810
Accrued income	103,601	54,958
Other debtors and prepaid expenses	240	2,031
Other current assets	185	95
Cash and cash equivalents	9,098	17,060
	463,934	424,954

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

(c) Liquidity risk

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

Residual undiscounted contractual maturities of financial liabilities:

30 SEPTEMBER 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	-	-	-	-	-

30 SEPTEMBER 2008	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	2,052	-	-	-	-	-
	2,052	-	-	-	-	-

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	CARRYING AMOUNT £000	2009 FAIR VALUE £000	CARRYING AMOUNT £000	2008 FAIR VALUE £000
FINANCIAL ASSETS				
Cash	9,098	9,098	17,060	17,060
Investment in preference shares - debt	350,810	350,810	350,810	350,810
Investment in preference shares - equity	63,801	63,801	121,880	121,880
	CARRYING AMOUNT £000	2009 FAIR VALUE £000	CARRYING AMOUNT £000	2008 FAIR VALUE £000
COMPANY				
FINANCIAL ASSETS				
Cash	8,571	8,571	16,579	16,579
INVESTMENTS				
Investment in Subsidiary	-*	-*	-*	-*

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

Notes to the Consolidated Financial Statements continued

18 ISSUED CAPITAL

AUTHORIZED	NUMBER OF SHARES	SHARE CAPITAL £
As at 30 September 2008 and 2009	100,000,000	1,000,000
Issued and fully paid		
As at 30 September 2008 and 2009	76,526,984	765,270

Capital Management

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

19 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

20 RELATED PARTIES

TERMS AND CONDITIONS OF TRANSACTIONS WITH SUBSIDIARIES

The amount due from subsidiaries of the Company comprises of an unsecured loan of £352,000,000 (2008: £352,000,000), which is repayable on demand and is interest-bearing at 12 percent per annum and loan amount of £3,851,198 (2008: £1,866,071), which is an interest free advance. Loan advance to Hirco Inc £4,951 (2008: £4,329).

KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2009 £000	2008 £000
Directors' fees	650	694
Salaries	201	237

The Company has invested in participating preference shares issued by Burke 1 Limited, Burke 2 Limited, Burke 3 Limited and Burke 4 Limited ("the Burke Companies"), subject to a shareholders' agreement with Burke Consolidated Ltd. Burke Consolidated Limited owns all the ordinary shares in the Burke Companies, entitling it to 60% of any residual profits. Burke is owned by the Hiranandani family, ("Hiranandani"). In addition, the project companies have entered into the following Agreements with a company owned by Hiranandani to manage the projects:

- A Development Management and General Services Agreement to provide such assistance and advice to the project Companies in the development of the projects and completion of all design and/or construction works involved in the projects as may be reasonably requested by the project Companies. The fees payable for the services for the year ended 30 September 2009 is £2,567,892 (2008: £878,152).
- 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 2009 is £1,109,834 (2008: £3,131,919).
- 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 2009 is £5,216 (2008: Nil)

21 CONTINGENT LIABILITIES AND COMMITMENTS

The Company has no contingent liabilities or commitments as on 30 September 2009.

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

DESIGN

MEDIASTERLING
www.mediasterling.com

PRINT

STERLING
www.sterlingfp.com

EDITOR

FRASER COMMUNICATIONS INC.
www.frasercommunications.ca

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.

