HIRCO PLC
ANNUAL REPORT AND ACCOUNTS 2011

Contents

Hirco plc
Chairman's Letter

Dear Fellow Shareholders,

The year ended 30 September 2011 has been transitional following significant Board changes. Three Company directors have stepped down since our last annual report and two new directors, John Chapman and Eitan Milgram, have joined the Board. John is a New York based lawyer with extensive experience in both the offshore closed end fund universe and the property sector while Eitan is a representative of one of our largest shareholders. We have appointed new valuers and have retained a respected development consultant to advise the Board on the progress of the developments. In June, we completed a placing raising approximately £11m after expenses so the Company could continue to pursue its strategic objective of realising shareholder value.

As we have previously reported, the overall development timelines for the projects have lengthened considerably and the upstreaming of cash is unlikely for the foreseeable future. Given this economic reality, the Board has focused on the Company's cost structure. We have terminated all Company employees, renegotiated contracts where possible, closed our US office, and centralised Company administrative functions in the Isle of Man. It is expected that this cost cutting will save the Company about £2m annually.

During the full year ended 30 September 2011 we reported an after-tax loss of £273.3m, representing a loss per share of £3.30 based on a weighted average of 82.8m shares outstanding. This loss is primarily non-cash and represents the Board's decision to write down the Company's investments based on CBRE's new valuation. Administrative expenses were £3.3m and included £0.9m of exceptional restructuring costs and £1.1m of operating costs for subsidiary companies that are no longer active. Consequently the Company's net asset value declined to £251.3m, or £2.50 per share as compared with 2010's NAV of £513.5m or £6.71 per share. The Company continues to accrue the 12% return on the participating preference share interests in the Burke Companies; however, there is no clear visibility as to when that accrual will be paid in cash.

This past August we retained CBRE's Mumbai office in place of Jones Laing LaSalle ("JLL"), who had been the Company's valuers since its inception. The CBRE valuation of the Company's assets as at 30 September 2011 was £342m as compared with the JLL valuation as at 30 September 2010 of £824m (restated at 2011 exchange rates). The primary reasons for this considerable difference are: (i) a general decline in the Indian economy; (ii) different assumptions regarding the cost of capital (CBRE used a blended rate of 27% across the two schemes while JLL had used 13%); (iii) delays in key infrastructure investments; and (iv) a substantially longer time horizon. Consequently, the Directors have made an impairment provision against the investments as detailed in note 12 to the accounts. Note 12 has also been expanded to provide additional information regarding the underlying net assets of the Burke companies.

CBRE's valuation of £342m is based on the developments' current anticipated product mix. But, given changes in the Indian property market since Hirco was admitted to trading, CBRE believes that the current development plan should be reassessed, in some areas radically, to optimise likely returns. Under this "best use" scenario, CBRE is of the view that the developments would be valued at £501m. The developer, Hiranandani Developments Private Limited, "HDPL", retained Cushman Wakefield International to conduct their own valuation based on the developer's current plans. Cushman Wakefield has valued the assets based on the developer's current plans at £550 million. Given this discrepancy, the Board asked the developer to comment on the CBRE valuation, but never received any detailed commentary. Consequently, the Board has considered it prudent to accept CBRE's lower valuation figure of £342m, which assumes the current development mix is maintained. Shareholders should keep in mind, however, that although third party valuations are useful (and required by the accounting standards we have adopted) they are all to some degree speculative especially given the projects' long time horizons and concomitant sensitivity to discount rates.

Project Progress

We track the projects' progress primarily by analysing monthly and quarterly reports HDPL provides. In addition, this past June the Board visited both Panvel and Chennai to assess for itself the progress that HDPL has made on these two developments. While in Mumbai, Panvel and Chennai, we met with HDPL representatives and Mr. Niranjan Hiranandani to discuss construction progress and other issues. We have also retained an experienced London-based construction and development firm to review and analyse the progression of the projects. They (assisted by their Indian associates) have spent substantial time both on site in Panvel and Chennai and meeting with development personnel. They along with the Board carefully review and analyse the periodic reports HDPL provides and are in communication with HDPL and its representatives.

According to the information HDPL has provided, progress on construction has been substantial while progress on sales has been modest. Progress on Phase One of the residential components of Panvel and Chennai may be summarized as follows:

	Total No. Units	Sales Sept 2010	Sales Sept 2011	Sales Dec 2011	% at Dec	Average Price/ft^2 at Dec 2011
CHENNAI	2461	1671	1570	1589	65	4244 rupees
PANVEL	2792	2181	2414	2423	87	4947 rupees

Whilst there have been a net reduction at Chennai of 82 units, the overall average sales price has held firm at 4244 rupees per square foot ("sqft") with new sales.

Progress continues to be reported at Panvel with 242 new sales and the average price of sales is up from 4710 rupees per sqft at September 2010 to 4947 rupees per sqft currently.

Chennai has seen 152 completed units handed over to buyers and full completion of phase 1 is scheduled for June 2014. At Panvel, first completions are scheduled in November 2012 and final completion of phase 1 is scheduled for November 2014.

This year the developer decided to commence construction in February 2011 of two office buildings at Panvel. The basic details of these buildings are as follows:

Building	Commence Date	Completion Date	No. of Storeys	Gross Floor Area
Newcastle	Feb 2011	May 2013	16	1.1m ft^2
Edinburgh	Feb 2011	Feb 2013	12	0.8m ft^2

These buildings are being constructed on a speculative basis and we understand an active letting campaign will commence in the latter part of 2012.

To give these numbers some context, shareholders should note the massive size of the two township developments. The overall zoning that has been achieved comprises over one hundred million square feet of developable area. By way of reference, London's Canary Wharf comprises approximately 15 million square feet of developed space. Currently about eight million square feet is under development – representing about eight per cent of the total developable area. Especially with respect to Panvel, the rate of development, product mix, and the take up are highly dependent on the development of needed infrastructure, including an International Airport and better connections with south Mumbai. Resolution of these issues is difficult to predict.

The economic outlook in India over the last year has been disappointing and growth in the economy has been below consensus forecast. The Reserve Bank of India has used successive interest rate rises to reduce the high levels of inflation, though without conspicuous success, and the Rupee over the period of this report has depreciated against most major currencies. There has also been something of a political impasse, which has resulted in a distinct lack of progress on economic reforms and on major infrastructure projects, including those key to the projects in which the Company has invested. With national elections due in 2014 and against the very uncertain global economic outlook, it is hard to see a rapid recovery and progress in all these areas.

The result of this uncertain outlook means that the timelines for the projects in which the Company is invested will be extended further and, given that currently less than ten per cent of the total planned development is currently under construction, it is clear that Panvel and Chennai will not be completed for at least another decade. Of more tangible and immediate importance is the likely financial result of the eight million square feet of construction that is currently underway and due for total completion in 2014. Given the advanced rates of residential sales and data provided in the monthly reports the Board believes that a sensible projection should be possible as to the likely surplus (profit and cash) arising from the Phase 1 works. Based on advice we have received from our development consultant, we have provided HDPL with an indicative assessment of a likely surplus for comment.

The Board continues to communicate where possible with the Hiranandani Family notwithstanding an opaque interfamilial legal dispute currently under arbitration. Because the arbitration by its nature is private, we have limited visibility into either its substance or current procedural posture – though we have been informed that it may be resolved this year. We are hopeful that resolution of this dispute will improve communication with our partners. We are also hopeful that surplus cash, as noted above, can be disbursed from the project companies. At the same time we are considering other ways of protecting our shareholders' investment, including enforcing our contractual rights in an appropriate forum.

I look forward to writing next when we release our mid-year results.

David Burton

28 February 2012

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 2011.

The Company

The Company was incorporated in the Isle of Man and was established to invest in certain FDI-compliant Indian real estate development projects sourced by Hiranandani.

Results and Dividends

The results of the Company and the Group for the fiscal year are set out on pages 8 - 26. The Directors do not intend to declare a dividend at this time.

The Company's Board of Directors

Name	Date appointed	Date resigned	Remuneration
Niranjan Hiranandani	21 November 2006	23 December 2010	£11,342
David Burton*	26 November 2006	–	£108,222
Peter Barge*	1 July 2010	–	£104,214
John Chapman*	20 May 2011	–	£36,566
Kersi Gherda	26 November 2006	15 July 2011	£90,185
Douglas Gardner	26 November 2006	1 July 2011	£108,222
Eitan Milgram	12 October 2011	–	–

*Considered independent and satisfy the UK Corporate Governance Code independence guidelines.

The number of shares in the share capital of the Company in which the Directors were invested as at 30 September 2011 is as follows:

David Burton – 25,000 (2010 – 25,000)

Eitan Milgram (due to his connection to Weiss Asset Management) - 22,272,351 (2010 – n/a)

Material Contracts

Details of Hirco's material contracts appear on pages 80-86 of the Hirco PLC Admission Document, which is available at www.hircoplc.co.im

Corporate Governance

Hirco's Board of Directors is committed to the highest standards of corporate governance. The Board holds at least four formal meetings annually, and has established audit, nomination, remuneration committees and an investment and strategy committee. However, since the resignations of Priya and Niranjan Hiranandani from the board and the closure of the office in the US, the board have effectively operated in an executive capacity and accordingly the present structure of board sub committees are not appropriate to the needs of the business and so are not currently operational.

Independent Auditors

Our auditors, KPMG Audit LLC, being eligible, 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.

Share Capital

On 28 June 2011 shareholders approved the Placing of 24m new ordinary shares of £0.01 at a price of £0.50, raising £12m before expenses (net £11.2m).

Disclosure of Additional Information

The Board has decided to disclose information from the results of CBRE valuation reports of Hirco PLC's underlying investment projects. By releasing this information to shareholders , 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. This information is available on the company's website at www.hircoplc.co.im.

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

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

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

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and to enable them to ensure that its financial statements comply with the 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 and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

By order of the Board

Nigel McGowan

Secretary

28 February 2012

Independent Auditors' Report

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

We have audited the financial statements of Hirco plc for the year ended 30 September 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

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

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 30 September 2011 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been properly prepared in accordance with the provisions of Companies Acts 1931 to 2004.

Emphasis of matter – carrying value of investments

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in notes 3 and 12 to the financial statements concerning the uncertainty regarding the carrying value of the Group's participating preference share interests in Burke 1 Limited, Burke 2 Limited, Burke 3 Limited and Burke 4 Limited ("the Burke companies"), including accrued preference dividends. The carrying value of the preference share interests and accrued preference dividends is based on cost less impairment. The assessment of impairment is undertaken by the Directors based on the unaudited net asset value of each of the Burke companies and the order of distribution of net assets set out in the respective investment agreements, as adjusted to include independent valuations of the underlying property development projects. As detailed in note 12, there are a number of uncertainties regarding the adjusted net asset value of the Burke companies, including the extended timelines for the projects, the sensitivity of the valuations to key assumptions, the availability of external finance in order to complete the projects and the lack of control able to be excercised by the Group over the projects and distribution of cash from the projects. The carrying value of the Group's participating preference share interests, including accrued preference dividends, in the Burke companies is therefore inherently uncertain.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Parent Company and proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company's statement of financial position and statement of comprehensive income are not in agreement with the books of account and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

28 February 2012

Consolidated statement of comprehensive income
for the year ended 30 September 2011

	Note	2011 £000	2010 £000
Investment income	5	26,940	54,540
Foreign exchange loss		(18)	(35)
Net investment income		**26,922**	**54,505**
Impairment loss on debt instruments	12	(296,953)	-
Fair value (loss) on investments	12	-	(63,801)
Administrative expenses	6	3,307	4,217
Loss before taxation		**(273,338)**	**(13,513)**
Income tax expense	7	15	48
Loss for the year		**(273,353)**	**(13,561)**
Other comprehensive income			
Exchange difference on translation of foreign operations		(8)	4
Total comprehensive loss for the year		**(273,361)**	**(13,557)**
Weighed average number of ordinary shares		82,773,559	76,526,984
Loss per share (pence), basic and fully diluted	9	(330)	(18)

The Directors consider that all results derive from continuing activities.

The notes on pages 12 to 26 form part of these financial statements.

Statements of financial position
as at 30 September 2011

		GROUP		COMPANY	
		2011	2010	2011	2010
	Note	£000	£000	£000	£000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	11	-	19	-	-
Investments	12	53,857	350,810	-	-
Due from subsidiaries	19	-	-	55,347	357,481
Accrued income	13	185,054	158,129	183,564	154,759
		238,911	**508,958**	**238,911**	**512,240**
CURRENT ASSETS					
Other debtors and prepaid expenses		131	80	115	54
Other current assets		57	188	-	58
Cash and cash equivalents	15	13,321	4,860	13,119	4,398
		13,509	5,128	13,234	4,510
Total assets		**252,420**	**514,086**	**252,145**	**516,750**
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	16	1,050	557	891	326
Total liabilities		**1,050**	**557**	**891**	**326**
Net assets		**251,370**	**513,529**	**251,254**	**516,424**
EQUITY					
Share capital	18	1,005	765	1,005	765
Share premium		372,833	361,871	372,833	361,871
Foreign currency translation reserve		22	30	-	-
Retained (losses)/earnings		(122,490)	150,863	(122,584)	153,788
Total equity		**251,370**	**513,529**	**251,254**	**516,424**
Number of ordinary shares	10	100,526,984	76,526,984	100,526,984	76,526,984
Net Assets Value per share (Pence)	10	250	671	250	675

The notes on pages 12 to 26 form part of these financial statements.

The financial statements were approved by the board on 28 February 2012 and signed on their behalf by:

DAVID G BURTON
CHAIRMAN

PETER A BARGE
DIRECTOR

Statements of changes in equity
for the year ended 30 September 2011

	Share Capital £000	Share Premium £000	Currency Translation Reserve £000	Retained Earnings £000	Total £000
GROUP					
Balance at 1 October 2009	765	361,871	26	164,424	527,086
Total comprehensive income					
Loss for the year	-	-	-	(13,561)	(13,561)
Other comprehensive income	-	-	4	-	4
Total comprehensive income for the year	-	-	4	(13,561)	(13,557)
Balance at 30 September 2010	765	361,871	30	150,863	513,529
Total comprehensive income					
Loss for the year	-	-	-	(273,353)	(273,353)
Other comprehensive income	-	-	(8)	-	(8)
Total comprehensive income for the year	-	-	(8)	(273,353)	(273,361)
Transactions with owners of the company, recognised directly in equity					
Issue of ordinary shares	240	11,760	-	-	12,000
Share issue costs	-	(798)	-	-	(798)
Total contributions by and distributions to owners of the company	240	10,962	-	-	11,202
As at 30 September 2011	1,005	372,833	22	(122,490)	251,370
COMPANY					
As at 1 October 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
Balance at 30 September 2010	765	361,871	-	153,788	516,424
Total comprehensive income					
Loss for the year	-	-	-	(276,372)	(276,372)
Total comprehensive income for the year	-	-	-	(276,372)	(276,372)
Transactions with owners of the company, recognised directly in equity					
Issue of ordinary shares	240	11,760	-	-	12,000
Share issue costs	-	(798)	-	-	(798)
Total contributions by and distributions to owners of the company	240	10,962	-	-	11,202
As at 30 September 2011	1,005	372,833	-	(122,584)	251,254

The notes on pages 12 to 26 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 30 September 2011

	Note	2011 £000	2010 £000
Cash flows from operating activities			
Loss before taxation :		(273,338)	(13,513)
Adjustment for:			
Loss on investments	12	296,953	63,801
Depreciation	11	4	9
Bank interest income	5	(12)	(11)
Other income		(3)	-
Foreign exchange gain		18	35
Operating profit before working capital changes		**23,622**	**50,321**
Change in debtors and prepayments		(26,844)	(54,327)
Change in creditors and other accruals		493	(144)
		(2,729)	**(4,150)**
Bank interest received	5	12	11
Tax paid		(15)	(61)
Net cash used in operating activities		**(2,732)**	**(4,200)**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(5)
Net cash used in investing activities		**-**	**(5)**
Cash flows from financing activities			
Proceeds from issue of share capital	18	12,000	-
Payment of share issue costs		(798)	-
Net cash generated from financing activities		**11,202**	**-**
Increase/(decrease) in cash during the year		8,470	(4,205)
Effect of exchange rate fluctuations on cash balances		(9)	(33)
Cash and cash equivalents at the beginning of the year		4,860	9,098
Cash and cash equivalents at the end of the year		**13,321**	**4,860**

The notes on pages 12 to 26 form part of these financial statements.

Notes to the Consolidated Financial Statements
for the year ended 30 September 2011

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 2010 to 30 September 2011 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 2011, the Group had one (2010: seven) employee(s).

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 2011. 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) REVENUE RECOGNITION

Revenue is recognised 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 recognised on the effective interest rate basis and is stated net of any impairment charge. 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 recognised on a time proportionate basis, using the effective interest rate method.

Fair value gain on investments

The Directors determine unrealised fair value gain/loss on investments bi-annually based on the fair market value assessment of the projects carried out by CBRE, 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.

(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 recognised 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 recognised 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 recognised 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 recognised in the income statement on the effective interest rate basis. Impairment provisions are made where necessary - see note 2 (N).

(F) INVESTMENTS (CONTINUED)

The Directors consider that the Group is a venture capital organisation and have elected under IAS 31 to designate the equity component of its investments, 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 recognised in profit or loss.

The fair value of the equity component and the assessment of the carrying value of the debt component (including accrued preference dividends) of the Group's investments are determined by the Directors based on the net asset value of the investee companies as adjusted for an independent valuation of the underlying projects carried out by CBRE, 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 recognised 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.

(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 recognised 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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) DIVIDENDS

Dividend distributions to the Company's shareholders are recognised 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 recognised 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 recognised. For financial assets measured at amortized cost the reversal is recognised in profit or loss.

(O) 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 on or after)
IAS 1 Presentation of Financial Statements*	1-January-11
IAS 1 Presentation of Financial Statements - amendments to revise the way other comprehensive income is presented	1-July-12
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1-January-12
IAS 19 Employee Benefits - Amendment resulting from the Post-Employment Benefits and Termination Benefits projects	1-January-13
IAS 24 Related Party Disclosures - Revised definition of related parties	1-January-11
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)	1-January-13
IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	1-January-13
IAS 34 Interim Financial Reporting*	1-January-11
IFRS 7 Financial Instruments: Disclosures*	1-January-11
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (October 2010)	1-July-11
IFRS 9 Financial Instruments - Classification and Measurement	1-January-13
IFRS 10 Consolidated Financial Statements**	1-January-13
IFRS 11 Joint Arrangements**	1-January-13
IFRS 12 Disclosure of Interests in Other Entities**	1-January-13
IFRS 13 Fair Value Measurement**	1-January-13

(O) FUTURE CHANGES IN ACCOUNTING POLICIES (CONTINUED)

New/Revised International Financial Reporting Standards (IAS/IFRS) IFRIC Interpretation	Effective Date (accounting periods commencing on or after)
IFRIC 13 Customer loyalty programmes	1-January-11
IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - November 2009 amendments with respect to voluntary prepaid contributions	1-January-11

*Amendments resulting from May 2010 Annual Improvements to IFRSs
** Original issue May 2011

The Directors do not anticipate that the adoption of the other standards and interpretations to 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 unquoted equity investments

The fair value of the equity component of the Group's investments was determined by the Directors based on the net asset value of the investee companies, as adjusted for the valuation of the underlying projects carried out by CBRE, an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors.

Impairment of financial assets

The carrying value of the debt component of the Group's investments and accrued preference dividends were assessed for impairment based on the net asset value of the Burke Companies, as adjusted to state underlying projects at valuation, and the order of distribution of the net assets of those companies (see note 12).

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

	2011 £000	2010 £000
Preference dividends less impairment (see note 12)	26,925	54,529
Bank interest	12	11
Other income	3	-
	26,940	**54,540**

The above dividend is after deduction of impairment loss provision of £34.1m (2010: nil)

6 ADMINISTRATIVE EXPENSES

	2011 £000	2010 £000
Employee costs	605	1,117
Occupancy cost	143	165
Professional fees	1,601	1,164
Directors' fees	459	785
Other administration costs	495	977
Depreciation	4	9
	3,307	**4,217**

The 2011 expenditure includes £845,000 of expenditure in respect of subsidiary companies which have now ceased to operate and £1.1m of exceptional expenditure relating to the restructuring of the business during the year.

7 INCOME TAX

The major components of income tax expense for the year ended 30 September 2011 are:

	2011 £000	2010 £000
Income tax		
Current tax charge	15	48

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 represents tax charges on profit arising in the subsidiaries, Hirco Inc, USA and Hirco Real Estate Services Pvt. Ltd, India. 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. These companies are no longer active.

8 AUDITORS' REMUNERATION

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

	2011 £000	2010 £000
Fees paid as		
Statutory auditors	67	62
Non-audit services	123	-

9 LOSS PER SHARE

Basic loss per share for the year ended 30 September 2011 is based on the loss attributable to equity holders of the Company of £(273,353,871) (2010: loss of £13,560,456) and the weighted average number of ordinary shares outstanding during the year ended 30 September 2011 of 82,773,559 (2010: 76,526,984).

Loss attributable to equity holders of the parent (£)	(273,353,871)	(13,560,456)
Weighted average number of ordinary shares	82,773,559	76,526,984

LOSS PER SHARE	PENCE	PENCE
Basic and diluted loss per share	(330)	(18)

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 £251,369,304 (2010: £513,529,056) by the number of ordinary shares as at 30 September 2011 of 100,526,984 (2010: 76,526,984).

	2011	2010
Net assets attributable to equity holders of the parent (£)	251,369,304	513,529,056
Number of ordinary shares	100,526,984	76,526,984
	PENCE	PENCE
Net asset value per share	250	671

11 PROPERTY, PLANT AND EQUIPMENT

	Computers £000	Leasehold Improvement £000	Furniture and Office Equipment £000	Total £000
As at 1 October 2010	16	23	70	109
Additions	2	-	-	2
Disposals	(18)	(23)	(70)	(111)
Balance as at 30 September 2011	-	-	-	-
DEPRECIATION				
As at 1 October 2010	9	22	59	90
Charge for the year	2	-	2	4
Eliminated on disposal	(11)	(22)	(61)	(94)
Balance as at 30 September 2011	-	-	-	-
NET BOOK VALUE				
As at 30 September 2011	-	-	-	-
As at 30 September 2010	7	1	11	19

12 GROUP INVESTMENTS

Company	Projects in India	Date of Investment	Book Value As at 30-Sep-10 £000	Book Value impairment loss for the period £000	Book Value As at 30-Sep-11 £000	Cost of Acquisition £000
Investment in participating preference shares of:						
Burke 1 Limited	Chennai township projects	13-Feb-2007	77,847	(77,847)	-	77,847
Burke 2 Limited	Chennai commercial projects	23-Mar-2007	47,889	(47,889)	-	47,889
Burke 3 Limited and Burke 4 Limited	Panvel SEZ, commercial and residential projects	19-Jul-2007 and 25-Oct-2007	225,074	(171,217)	53,857	225,074
Balance as at 30 September 2011			**350,810**	**(296,953)**	**53,857**	**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 £350.8 million is treated as the debt component; hence there is no cost attributable to the equity component. The equity component was written down to nil as at 30 September 2010 giving a loss of £63.8m recognised for the year ended 30 September 2010.

The carrying value of the debt component of the Group's investments and accrued preference dividends were assessed for impairment based on the net asset value of the Burke Companies and the order of distribution of net assets of those companies based on the investment agreements as set out below. This gave rise to impairment provisions against the debt component of the Group's investments of £297m and against the preference dividends of £34.1m.

The Burke Companies' net assets were adjusted to reflect the valuation of the underlying projects carried out by CBRE, an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors. The valuation done by CBRE 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.

	Burke 1 Limited £000	Burke 2 Limited £000	Burke 3 & Burke 4 Limited £000	Total £000
Net worth post valuation as on 30 September 2011 before charging Preference dividend	34,656	17,369	186,886	238,911
DISTRIBUTION IN THE ORDER OF CONTRACTUAL PREFERENCE:				
Preference Dividend	34,656	17,369	133,029	185,054
Repayment of the Group's participating preference shares	-	-	53,857	53,857
"Repayment of the ordinary Shares, denominated in US dollars (which are subordinated to the participating preference shares)"	-	-	-	-
Share of the Group (40%) of the residual net worth	-	-	-	-
Share of the ordinary shareholders (60%) of the residual net worth	-	-	-	-
Total distribution	**34,656**	**17,369**	**186,886**	**238,911**

12 GROUP INVESTMENTS (CONTINUED)

Burke Companies summary assets and liabilities as at 30 September 2011

	Burke 1 Limited	Burke 2 Limited	Burke 3 & Burke 4 Limited	Total
	£000	£000	£000	£000
Non-current assets:				
Property, plant and equipment	1,300	67	1,256	2,623
Construction Work in Progress	14,374	-	3,450	17,824
Current assets:				
Inventory	134,344	14,869	178,771	327,984
Land	73,789	46,022	212,800	332,611
Other current assets	10,649	390	18,522	29,561
Cash	2,474	692	2,126	5,292
Current liabilities:	(116,254)	(33,796)	(180,188)	(330,238)
Long term debt	(63,604)	-	(24,760)	(88,364)
Net assets	**57,072**	**28,244**	**211,977**	**297,293**
Adjustments to arrive at the figures for contractual distribution above:				
Add back cumulative dividend liability	53,926	32,246	133,029	219,201
Remove assets and liabilities included in valuation:	-	-	-	-
Construction Work in Progress	(14,374)	-	(3,450)	(17,824)
Mobilisation advances and deposits	(9,182)	(54)	(17,911)	(27,147)
Advances received	46,417	1,273	37,812	85,502
Inventory and land	(208,133)	(60,890)	391,571	(660,594)
Add projects at valuation	108,930	16,550	217,000	342,480
Net worth post valuation as on 30 September 2011 before charging preference dividend	34,656	17,369	186,886	238,911

In total as at 30 September 2011 the Burke companies have credit lines available of Rs15,000m (£200m), have drawn down approximately Rs7,450m (£99m) and made repayments of approximately Rs660m (£9m).

The above figures have been extracted from the Burke Companies' statements of financial position as at 30 September 2011 as per the unaudited Group Reporting Packs provided by HDPL.

Audits of the Burke Companies and the underlying Indian SPVs are carried out by KPMG Mauritius and KPMG India. The last such audits to be signed off were as at 31 March 2010. The figures for 30 September 2011 disclosed above have been subjected to limited review procedures but are unaudited.

There are a number of key uncertainties regarding the methodology to assess the carrying value of the Group's investment in preference shares (and accrued preference dividend):

- The Burke Companies' group reporting packs, used for the net asset value calculation, are unaudited.
- The project valuations are highly sensitive to key assumptions, including discount rates, project timelines, cost and revenues.
- Only approximately 8 percent of the projects are under construction and completion may take another ten years.
- Significant external finance will be required to complete the projects, with the inevitable uncertainties regarding availability and terms thereof.
- The Group does not have control over the timing and amounts of distributions from the projects.

13 ACCRUED INCOME

	2011 £000	2010 £000
Non-current assets		
Participating preference shares dividends due	185,054	158,129
Current assets		
Participating preference shares dividends due	-	-
Total	**185,054**	**158,129**

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 includes an impairment provision of £34.1m (2010: £nil).

14 INVESTMENT IN SUBSIDIARY

	£
Balance at 30 September 2010	51
Balance as at 30 September 2011	**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

		Group		Company
	2011 £000	2010 £000	2011 £000	2010 £000
Cash at bank and in hand	3,315	2,027	3,113	1,589
Short-term deposits	10,006	2,833	10,006	2,809
Total	**13,321**	**4,860**	**13,119**	**4,398**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, 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 approximately 1% per annum. The fair value of cash and short-term deposits is equivalent to cost.

As at 30 September 2011, there is no cash held in blocked accounts.

16 TRADE AND OTHER PAYABLES

		Group		Company
	2011 £000	2010 £000	2011 £000	2010 £000
Trade and other payables	174	226	123	89
Accrued expenses	876	331	768	237
Total	**1,050**	**557**	**891**	**326**

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, recognised monetary assets and liabilities and investments in foreign companies. The principal foreign exchange risk relates to the 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 assessed for impairment at each reporting period based on the net asset value of the Burke companies, which are dependant on the underlying Rupee denominated property assets.

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

	2011 £000	2010 £000
British pounds	12,370	513,350
US dollars	89	155
Indian rupees	238,911	24
Net Assets	**251,370**	**513,529**

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 £14.2m (2010: £12.9m).

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 £5,000 (2010: £1.3m).

(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 £nil (2010: £nil) given the equity interest currently has no value.

(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.

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

30 September 2011	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	5 years £000	Over 5 years £000	Non-interest bearing £000	Total £000
FINANCIAL ASSETS							
Investments	-	-	-	-	53,857	-	53,857
Accrued income	-	-	-	185,054	-	-	185,054
Other debtors and prepaid expenses	-	-	-	-	-	131	131
Other current assets	-	-	-	-	-	57	57
Cash and cash equivalents	13,321	-	-	-	-	-	13,321
Total financial assets	**13,321**	**-**	**-**	**185,054**	**53,857**	**188**	**252,420**
FINANCIAL LIABILITIES							
Trade and other payables	-	-	-	-	-	1,050	1,050
Total financial liabilities	-	-	-	-	-	1,050	1,050
Total interest rate sensitivity gap	**13,321**	**-**	**-**	**185,054**	**53,857**		

30 September 2010	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	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**		

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(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:

	2011 £000	2010 £000
Investments	53,857	350,810
Accrued income	185,054	158,129
Other debtors and prepaid expenses	131	80
Other current assets	57	188
Cash and cash equivalents	13,321	4,860
	252,420	**514,067**

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 2011	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	5 years £000	Over 5 years £000	Non-interest bearing £000	Total £000
FINANCIAL ASSETS							
Trade and other payables	1,050	-	-	-	-	-	
	1,050	-	-	-	-	-	

30 September 2010	Less than 1 month £000	1-3 months £000	3 months to 1 year £000	5 years £000	Over 5 years £000	Non-interest bearing £000	Total £000
FINANCIAL ASSETS							
Trade and other payables	557	-	-	-	-	-	
	557	-	-	-	-	-	

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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.

	2011 Carrying amount £000	Fair value £000	2010 Carrying amount £000	Fair value £000
Group				
FINANCIAL ASSETS				
Cash	13,321	13,321	4,860	4,860
Investment in preference shares - debt	53,857	53,857	350,810	350,810
Investment in preference shares - equity	-	-	-	-

	2011 Carrying amount £000	Fair value £000	2010 Carrying amount £000	Fair value £000
Company				
FINANCIAL ASSETS				
Cash	13,119	13,119	4,398	4,398
INVESTMENTS				
Investment in Subsidiary	0*	0*	0*	0*

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

18 ISSUED CAPITAL

AUTHORISED	Number of shares	Share capital £
As at 30 September 2010	100,000,000	1,000,000
Increase during the year	526,984	5,270
As at 30 September 2011	100,526,984	1,005,270
Issued and fully paid		
As at 30 September 2010	76,526,984	765,270
Issued during the year	24,000,000	240,000
As at 30 September 2011	100,526,984	1,005,270

On 28 June 2011 the Company issued 24,000,000 new ordinary shares of £0.01 at a price of £0.50.

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 (2010: £352,000,000), which is repayable on demand and is interest-bearing at 12 percent per annum and loan amount of £5,996,615 (2010: £5,476,436), which is an interest free advance. Loan advance to Hirco Inc £5,225 (2010: £4,985).

KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2011 £000	2010 £000
Directors' fees	459	785
Salaries	200	200

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 2011 have not been disclosed (2010: £2,315,399).
- 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 2011 have not been disclosed (2010: £837,390).

21 CONTINGENT LIABILITIES AND COMMITMENTS

The Company has no contingent liabilities or commitments as on 30 September 2011.

22 SUBSEQUENT EVENTS

There are no events subsequent to the year end which have an effect on the financial statements for the year ended 30 September 2011.

Shareholder Information

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

Transfer Agents
Capita Registrars
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel 0871 664 0330
(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

Nominated Advisor
Singer Capital Markets Ltd
1 Hanover Street
London W1S 1YZ

Registered Office
Hirco PLC
14-16 Peel Road
Douglas
Isle of Man IM1 4LR

Tel +44 (0)1624 647060
Fax +44 (0)1624 672334
Email info@hircoplc.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 HIRCO.

No. of ordinary shares issued: 100,526,984

% of AIM ordinary shares not in public hands: 3.33%

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

James Waterlow
Singer Capital Markets Ltd
1 Hanover Street
London W1S 1YZ
Tel +44 (0)20 3205 7500

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. Hircox 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.

Electronic copies
Hirco PLC's Annual Report and Accounts 2011 is available on the internet at **www.hircoplc.im**