



Preliminary results for the year ended 30 September 2009

October 30, 2009

HIRCO REPORTS FULL YEAR RESULTS

Full year results reveal strong turnaround from first half at Hirco; Second half profit of £13.2 million versus first half loss of £30.9 million; Net Asset Value increases from £6.72 as last reported to £6.89 per share; and continued steady progress in construction and strong increase in sales.

LONDON – Hirco PLC (AIM:HRCO), an investment vehicle for Hiranandani, India's largest developer of mixed-use townships and the country's largest residential builder, today announced its audited fiscal 2009 year-end financial results for the full year ended 30 September 2009.

Fiscal 2009 Highlights

- As of 30 September 2009, Hirco's Net Asset Value (NAV) was £6.89 per share, which represents an increase of 2.5% from a NAV of £6.72 per share as of 31 March 2009, and a decrease of 3.2% from £7.12 per share as of 30 September 2008. Hirco's NAV as of 30 September 2009 represents a cumulative increase of 45% from an NAV of £4.74 per share at the time of the IPO on the London Stock Exchange's Alternative Investment Market (AIM) on 13 December 2006.
- For the second half of the year, Hirco reported a gain after tax of £13.2 million. For the first half of the year, Hirco reported a loss after tax of £30.9 million resulting in a loss after tax of for the full year ended 30 September 2009 of £17.7 million. This represents a loss per share for the full year of 23 pence based on 76,526,984 shares outstanding.
- As of 30 September 2009, the value of Hirco's investments in these projects was £414.6 million. The new valuation represents an 18% increase from the total acquisition cost of approximately £350.8 million but a decrease of £58.1 million from the valuation at 30 September 2008.

Recent Developments

- **Chennai:** As of 30 September 2009, sales consideration for the Chennai residential township had been accepted on approximately 2.1 million square feet of buildable area at an average price of INR 4,214 (£55) per square foot. The value of sales contracts in the Chennai township was £114.6 million.
- **Panvel:** As of 30 September 2009, sales consideration for the Panvel residential township had been accepted on approximately 2.0 million square feet of buildable area at an average price of INR 4,384 (£57) per square foot. The value of sales contracts in the Panvel township was £115.1 million.

Niranjan Hiranandani, Chairman of Hirco PLC, said:

“The severity and speed of the global downturn during the first half of our 2009 reporting year (October 2008 to March 2009) was even more dramatic than most people had anticipated, although this has been countered to some extent by the improvements seen in the second half of the reporting year (April to September 2009), resulting in two very different operating climates.

“Within this challenging and dynamic environment for most of the year, the Company’s operating performance has been very creditable. I am pleased to report a year of continued advancement towards our core objective of creating long-term value for our shareholders.

“The rising confidence in the second half of the year that the worst was over for the Indian economy translated into strong increases in both sales and sales enquiries in the last quarter. We also continued to make steady progress in the construction of phase 1 of our developments, with the first residential buildings in the Chennai township expected to be ready for delivery in the next several months.

“The operating companies’ prudent strategy of maintaining a strong balance sheet has allowed us to maintain our focus on growth and not be diverted by the pressures of raising equity or servicing debt as has befallen some of our competitors. This fiscal discipline has left us well placed to benefit from the recovery in the broader market.

“The last three months of trading in our 2009 reporting year have given us reason to be cautiously optimistic that India will emerge from the global financial crisis more quickly than other major economies.

“We believe Hirco is still unmatched in its ability to create townships of such high quality and at an affordable price. Its strategy of staying focused on its area of expertise – managing its costs and trusting its market experience – has served it well this year, and it has emerged from the economic downturn in a strong financial position and reinforced its status as a trusted brand.”

This preliminary announcement was approved by the board on 29 October 2009.

About Hirco

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

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

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

To view construction progress at the company's Chennai project please visit www.youtube.com/watch?v=VK5s9j6WFuU

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Chairman's Statement

Dear Fellow Shareholders,

I am pleased to report a year of continued advancement towards our core objective of creating long-term value for our shareholders.

In my letter last year, I reported solid progress against a background of an increasingly turbulent global market. The severity and speed of the global downturn during the first half of our 2009 reporting year (October 2008 to March 2009) was even more dramatic than most people had anticipated, although this has been countered to some extent by the improvements seen in the second half of the reporting year (April to September 2009), resulting in two very different operating climates.

India's real estate sector, which had been experiencing tremendous growth prior to the global downturn, was hit much harder this year than the overall reduction in the country's GDP growth would suggest. This reflects a sudden loss of confidence at the consumer level, which had an immediate negative impact on large purchases such as housing and automobiles.

At the outset of our reporting year, all indicators suggested a challenging environment ahead, with inflation reaching 12%, high and rising unemployment, and tighter credit market conditions for the real estate sector as a whole. Some customers were delaying decisions to buy new homes and, consequently, the pace of sales slowed. We in turn modified our construction timescales to accommodate the economic conditions prevailing at the time.

During the second half of our reporting year, an improvement in the overall economic outlook, the recovery in India's equity markets, the easing of credit markets, an increase in mortgage lending and a clear mandate for the government all helped to boost confidence. The recovery in sentiment was particularly evidenced in the equity markets, where year to date in 2009 real estate companies have raised over US\$2 billion and registered eight IPO filings with the Securities and Exchange Board of India.

Within this challenging and dynamic environment for most of the year, the Company's operating performance has been very creditable.

At our Hiranandani Palace Gardens townships in Chennai in southeast India and Panvel, a suburb of Mumbai, we saw increased quarterly sales at a slightly higher average price per square foot. The rising confidence in the second half of the year that the worst was over for the Indian economy translated into strong increases in both sales and sales enquiries in the last quarter. We also continued to make steady progress in the construction of phase 1 of our developments, with the first residential buildings in the Chennai township expected to be ready for delivery in the next several months.

Several factors enabled us to sustain our growth in a competitive market, including:

- our partnership with Hiranandani;
- the high quality of our township developments and their strategic locations;
- adjusting our product to meet customer demands; and
- the operating companies' prudent strategy of maintaining a strong balance sheet, which has allowed us to maintain our focus on growth and not be diverted by the pressures of raising equity or servicing debt as has befallen some of our competitors. This fiscal discipline has left us well placed to benefit from the recovery in the broader market.

While we continue to monitor market conditions closely, we have the flexibility to mobilise development resources as opportunities arise and fully benefit from the upturn in the Indian economy.

The Mumbai region may see a contraction in supply in the coming months due to a general slowdown in construction activity and the re-phasing of developments by various developers. We see this as positive for our business, as we release more buildings for pre-sale, and look to accelerating timelines.

In Chennai, we have recently seen a revival in appetite for, and increased volumes of transactions in newly launched projects and those under construction, such as ours. Customers continue to be price sensitive.

Whilst our current focus remains strongly on residential development in both townships, we plan to start pre-selling commercial buildings in 2010.

Results to 30 September 2009

During the full year ended 30 September 2009, Hirco PLC had net investment income of £48.9 million, compared with £44.2 million for the previous year ended 30 September 2008. Investment income is mainly dividend accrued on participating preference shares in Burke companies at a 12% compounded annual rate.

For the first half of the year ended 30 September 2009, Hirco PLC reported a loss of £30.9 million. For the second half of the year, Hirco PLC reported a gain of £13.2 million, which results in a full year loss of £17.7 million. The fair value loss on investment was £58.1 million, administrative expenses were £8.4 million and loss after tax was £17.7 million, representing a loss per share of 23 pence. NAV increased 17 pence over the figure of 672 pence that we reported with our half-year results in April 2009; and in less than three years our NAV has risen by 45% from 474 pence when Hirco shares were issued to its current 689 pence.

As at 30 September 2009, Hirco had invested approximately £350.8 million or 97% of the net proceeds of the Company's IPO on the London Stock Exchange's AIM in December 2006, and had a net asset value (NAV) of £527.1 million, representing 689 pence per share, compared with a NAV of £544.8 million or 712 pence per share as of 30 September 2008.

The decrease in value over the full year ended 30 September 2009 is primarily attributable to a decline in value of the underlying projects in which Hirco PLC has invested, caused mainly by difficult conditions in India's real estate market and slowed pre-sales volume during the first half of this year. Although the value of the underlying projects has declined with respect to last year, we are heartened that the rate of decrease reduced sharply in the second half of the year. This improving situation is a reflection of better market conditions, our ability to consistently maintain price, and improvement in pre-sales volume and has resulted in the total net assets of the Group increasing during the second half of the year.

Administrative expenses of approximately £8.4 million include the ongoing costs of the PLC board and professional costs in relation to the aborted merger and debt transactions, as detailed at the half year.

Net Valuation of Projects

The Board instructed Jones Lang LaSalle Meghraj Property Consultants, Pvt. Ltd. (JLL) to carry out a valuation as at 30 September 2009 of the total of four projects in which Hirco had invested in Chennai and Panvel.

As at 30 September 2009, the value of Hirco's interest in these four projects, excluding the accrued preference dividend, was £414.6 million. This value represents an approximate increase of £63.8 million or 18% from the total acquisition cost of approximately £350.8 million, but an approximate decrease of £58.1 million from the valuation at 30 September 2008, and a decrease of approximately £10.0 million from the valuation at 31 March 2009, which reflects the impact of foreign exchange movements and accrued preference dividends.

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

To reach a comprehensive valuation, JLL takes the mid-point of the range derived from both a Direct Comparison Approach and a Residual Approach.

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

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

Project Progress

Significant progress has been made at our two major projects at Chennai and Panvel.

Chennai

Pre-sales of residential units in Hiranandani Palace Gardens Chennai began in May 2007. We are pleased to announce that as at 30 September 2009, sales consideration had been accepted on approximately 2.1 million square feet of buildable area at an average price of INR 4,214 (£55) per square foot.

The value of sales contracts in the Chennai township was £114.6 million.

Sales progressed throughout the reporting year, but the rate has improved significantly in the last few months. Approximately 70% of the units available for sale in phase 1 of the project have been pre-sold, and we will consider releasing more buildings for pre-sale in the first quarter of 2010.

We have a total of 17 low- and high-rise buildings under construction and the first of these is expected to be delivered in the next several months, with others following over the course of 2010 and 2011 as the community begins to take shape

In the background, but fundamental to the success of the project, we are building the water treatment plant, the sewage treatment plant and the roads that provide entry to the site and transport within the township. These are progressing smoothly and in line with our plans.

Panvel

Pre-sales of residential units in Hiranandani Palace Gardens Panvel commenced in March 2008. As at 30 September 2009, sales consideration had been accepted on approximately 2.0 million square feet of buildable area at an average price of INR 4,384 (£57) per square foot.

The value of sales in the Panvel township was £115.1 million.

The Panvel township has seen an even more significant upturn in sales than the Chennai township in the most recent months and 68% of the units released for sale in phase 1 of the project have been pre-sold.

Construction has begun on-site, with major excavation and road construction completed for some parts of the development. We have also created a nursery in which 34,000 trees and plants are growing in preparation for re-planting in the gardens as required.

Construction of the show flat complex is under way and is expected to be completed in the next few months.

Review of Critical Events

Merger proposal

On 18 December 2008, the Board announced the proposal to transform the Group through a merger with Hirco Developments and the Investment Companies. It became apparent, following meetings with a number of shareholders, that there was a variety of views about the proposed merger and how to address Hirco's significant share price discount at the time. The Board, therefore, considered it essential that more time was given for the alternate views to be considered and the planned general meeting was adjourned.

The Board remains of the view that a merger represents a compelling proposition for shareholders and, in consultation with outside advisors, has commissioned a detailed strategic review, which is currently under way.

Requisitioned EGM

On 20 February 2009, the Company received a requisition to convene an Extraordinary General Meeting from Credit Suisse, acting as custodian to Laxey Partners Limited and holding approximately 10.05% of the Company's shares.

The resolutions proposed the removal of myself as your chairman and two Independent Non-Executive Directors, the appointment of four new directors, and that we should consider appointing a Director of the Company who is independent of the Hiranandani family to act as chairman.

We were pleased to report that at the EGM on 6 May 2009, shareholders rejected all resolutions by a substantial majority.

The Board has committed to undertake a programme to seek a further experienced director to act as an independent Non-Executive Director. This process is under way.

Dividend

In light of the results of the year and some of the uncertainties that prevail, the Board has decided not to declare a dividend this year. The Company is committed to pay dividends to shareholders from any free cash flow received from the Special Purpose Vehicles (Burke companies 1,2,3 and 4) as soon as reasonably practical following receipt. We fully recognize the importance of this aspect to our shareholders.

Corporate Social Responsibility

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

Far from being an add-on to what we do, we believe Corporate Social Responsibility is a vital part of our core business and delivers tangible benefits.

Outlook

In its July forecast, the IMF has predicted India's GDP growth for 2009 will be 5.4%, up from an earlier prediction of 4.5%. Although this compares poorly with the 9% achieved in recent years, our national economy remains one of the fastest growing in the world, second only to China's.

Our four investments continue to perform in line with management expectations and the last three months of trading in our 2009 reporting year have given us reason to be cautiously optimistic that India will emerge from the global financial crisis more quickly than other major economies.

The Indian property market is recovering and will continue to recover. We believe Hiranandani Group is still unmatched in its ability to create townships of such high quality and at an affordable price. Its strategy of staying focused on its area of expertise – managing its costs and trusting its market experience – has served it well this year, and it has emerged from the economic downturn in a strong financial position and reinforced its status as a trusted brand.

Our share price has recovered from its historic low earlier this year, but still stands at a significant discount to net asset value. We believe that the market capitalisation materially undervalues the Company and its prospects. The Board continues to keep this situation under constant review with the objective of redressing this imbalance.

Although the past year has been challenging, we can take pride in this year's achievements. I would like to take this opportunity to thank everyone for their individual contribution to the progress we have made. We are very fortunate to have such a strong Board and an experienced management team.

I look forward to next year with growing confidence.

Niranjan Hiranandani
Chairman

Hirco Plc

Consolidated Income Statement

for the year ended 30 September 2009

Amount in £000

	Note	2009	2008
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.

Hirco Plc

Balance Sheets

as at 30 September 2009

Amount in £000

ASSETS	Notes	Group		Company	
		2009	2008	2009	2008
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
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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

Hirco Plc

Consolidated Statement of Changes in Equity

for the year ended 30 September 2009

Amount in £000

GROUP	Share capital	Share premium	Currency translation reserve	Retained earnings	Total
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	Share capital	Share premium	Currency translation reserve	Retained earnings	Total
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

Hirco Plc

Consolidated Cash Flow Statement

for the year ended 30 September 2009

Amount in £000

CASH FLOWS FROM OPERATING ACTIVITIES	2009	2008
(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

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Hirco PLC (the "Company") is a public limited company incorporated in the Isle of Man on 2 November 2006. It was admitted to AIM on 13 December 2006.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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, 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.

Notes to the Consolidated Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 Jones Lang LaSalle, 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.

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.

Notes to the Consolidated Financial Statements

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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

Notes to the Consolidated Financial Statements

(O) FUTURE CHANGES IN ACCOUNTING STANDARDS (CONTINUED)

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

IFRIC13 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

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.

Notes to the Consolidated Financial Statements

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 Jones Lang LaSalle Property Consultants, Pvt. Ltd. ("Jones Lang LaSalle"), an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors.

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

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.

Notes to the Consolidated Financial Statements

7 INCOME TAX (CONTINUED)

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:

	2009	2008
	£000	£000
Fees paid as		
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

(LOSS)/EARNINGS PER SHARE

	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 Jones Lang LaSalle Meghraj, an independent valuer, using the valuation standard prescribed by the Royal Institute of Chartered Surveyors. The valuation done by Jones Lang LaSalle Meghraj is based on the details of pre-sales achieved, project progress, expected revenue and anticipated cost of construction as on the valuation date. The valuers have also made reference to market evidence of transaction prices for similar projects.

The fair value 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

12 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

	Group		Company	
	2009 £000	2008 £000	2009 £000	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

	Group		Company	
	2009 £000	2008 £000	2009 £000	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).

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(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.

(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 1month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	Over 5 years £000	Non-interest bearing £000	Total £000
FINANCIAL ASSETS							
Investments	-	-	-	-	350,810	63,801	414,611
Accrued income	-	-	-	103,600	-	1	103,601
Other debtors and prepaid expenses	-	-	-	-	-	240	240
Other current assets	-	-	-	-	-	185	185
Cash and cash equivalents	6,277	2,821	-	-	-	-	9,098
Total financial assets	6,277	2,821	-	103,600	350,810	64,227	527,735
FINANCIAL LIABILITIES							
Trade and other payable:	-	-	-	-	-	672	672
Total financial liabilities	-	-	-	-	-	672	672
Total interest rate sensitivity gap	6,277	2,821	-	103,600	350,810		
30 September 2008	Less than 1month £000	1-3 months £000	3 months to 1 year £000	1-5 years £000	Over 5 years £000	Non-interest bearing £000	Total £000
FINANCIAL ASSETS							
Investments	-	-	-	-	350,810	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	-	-	-	-	17,060
Total financial assets	991	16,069	8,954	45,958	350,810	124,052	546,834
FINANCIAL LIABILITIES							
Trade and other payable:	-	-	-	-	-	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.

Notes to the Consolidated Financial Statements

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:

	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	2009		2008	
	Carrying amount £000	Fair value £000	Carrying amount £000	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

Hirco Plc

Notes to the Consolidated Financial Statements

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Company	2009		2008	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
FINANCIAL ASSETS				
Cash	8,571	8,571	16,579	16,579
INVESTMENTS				
Investment in Subsidiary	0*	0*	0*	0*

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

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	2008
	£000	£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.