HIRCO PLC
("HIRCO" or "THE COMPANY")
INTERIM RESULTS
FOR THE PERIOD ENDED 31 MARCH 2012

Chairman's statement

Dear Fellow Shareholders,

The results for the half year ended 31 March 2012 show a further decline in net assets to £223.6m (30 September 2011: £251.4).

This is disappointing and is primarily due to two factors:

- the continuing deterioration in the Indian economic outlook which has led to considerable weakening of the Indian Rupee against the Pound (from 77.5 to 81.5 Rupees to the Pound). The restating of the September 2011 project valuation figures at March 2012 exchange rates has reduced the net assets by £16.8m.

- the continued slow progress in terms of sales at the projects and with construction timelines for completion of some residential blocks being delivered up to six months later than planned. The project companies' net asset positions per the unaudited quarterly information packs provided by Hirco Developments Private Limited (HDPL) have declined by £13.5m from 30 September 2011.

In addition the preference dividend accruing for the half year which amounts to £33.3m has had to be provided against in the amount of £25.8m as the investment in the projects, as measured under the waterfall calculation in note 11, is insufficient to cover the full amount of this obligation. At the year end the accounting basis of the investment will be subject to a full review to determine whether the current method of accounting is still appropriate.

Whilst valuations of the projects were not carried out at the half year, our advisers, CBRE, have confirmed that there are no reasons to revise any of their valuation assumptions from those on which their September 2011 valuation was based.

The factors cited above are reflective of the disappointing performance of the Indian economy where growth rates have sharply declined, and the general lack of business confidence in Government policy and actions. A return to the growth rates of more recent years with real progress on investments in key areas of infrastructure will be critical to the success of those projects in which we are invested. Progress over this half year has been modest and we understand that no commitments have yet been made to launch the next phase of development at either site.

We remain open to discussions with our partners that fundamentally address the concerns we have and have been in intermittent dialogue with them; however there appears to be little immediate prospect of any substantial discussion. This may change when the family arbitration is settled, but we continue to have no visibility on the timing of a settlement and how it will translate into an appropriate restructuring of the Company in accordance with each party's economic interests.

About a year ago we completed a capital raise. Our objective in raising those funds was to have the wherewithal to protect our shareholders' interests and recover value in Hirco. We have now begun deploying those funds by retaining appropriate advisors and together devising a strategy that we intend will achieve our joint goals. We would expect to report more fully in the board reports on the full year results.

We are cognisant of the trust you have placed in the Board in contributing additional capital to this so far disappointing enterprise. We have undertaken substantial efforts to conserve this capital by cutting costs with recurring operating expenditures for the last six months less than £0.5m (2011: £2.4m) so well within the estimates previously given. Undoubtedly overall costs will increase as we implement our strategy, but we believe that our running costs are now appropriate.

Project Progress

Consistent with the year end report, progress continues to be modest. The following figures are extracted from the latest information packs that we have received from the developers.

	Total No. of units	Sales at September 2011	Sales at March 2012	Sales at April 2012	% sold at April 2012	Average Price/sqft at April 2012
Chennai	2,665	1,570	1,620	1,642	62%	4,295 rupees
Panvel	2,956	2,414	2,503	2,527	85%	5,053 rupees

In the six month reporting period a total of 50 units were sold at Chennai (72 units to April 2012) and 89 units were sold at Panvel (113 units to April 2012).

Projected completion of Chennai phase 1 Residential has slipped six months to March 2015. Similarly at Panvel overall residential completion is now projected for May 2015.

The two office buildings at Panvel totalling 1.9m sqft gross continue are still projected to be completed in February and May 2013. No tenants have been secured for these buildings as yet.

Further to the comment made in last year's Report and Accounts, HDPL has not provided any meaningful comment on our estimates of the surplus likely to result at the end of the first phase of development now scheduled for 2015.

The Board will undertake a detailed site visit and review of progress on all aspects of the scheme at the end of September 2012.

I look forward to keeping you updated on developments over the coming months.

David Burton
Chairman of Hirco PLC

Review report by KPMG Audit LLC to Hirco plc
Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2012, which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

The condensed sets of financial statements included in this half yearly report have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 March 2012 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

Emphasis of matter – carrying value of investments
In forming our conclusion on the condensed set of financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 11 to the condensed set of 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

Emphasis of matter – carrying value of investments (continued)

underlying property development projects. As detailed in note 11, 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 exercised 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.

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

13 June 2012

Hirco Plc

Consolidated statement of comprehensive income

for the 6 months ended 31 March 2012

Amount in £000

	Note	Unaudited 6 months ended 31 March 2012	Unaudited 6 months ended 31 March 2011
Investment income	7	7,632	29,668
Foreign exchange loss		(2)	(24)
Net investment income		**7,630**	**29,644**
Impairment loss on debt instruments	11	(34,930)	-
Administrative expenses	8	(442)	(2,402)
(Loss)/profit before taxation		**(27,742)**	**27,242**
Income tax expense		-	(5)
(Loss)/profit for the period		**(27,742)**	**27,237**
Other comprehensive income			
Exchange difference on translation of foreign operations		(1)	(3)
Total comprehensive (loss)/income for the period		**(27,743)**	**27,234**
Weighted average number of ordinary shares		100,526,984	76,526,984
(Loss)/earnings per share (pence), basic and fully diluted	9	(28)	36

Hirco Plc

Consolidated statement of financial position

as at 31 March 2012

Amount in £000

ASSETS	Note	Unaudited 31 March 2012	Audited 30 September 2011
NON-CURRENT ASSETS			
Investments	11	18,927	53,857
Accrued income		192,616	185,054
		211,543	238,911
CURRENT ASSETS			
Other debtors and prepaid expenses		64	131
Other current assets		57	57
Cash and cash equivalents		12,838	13,321
		12,959	13,509
Total assets		**224,502**	**252,420**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		875	1,050
Total liabilities		**875**	**1,050**
Net assets		**223,627**	**251,370**
EQUITY			
Share capital		1,005	1,005
Share premium		372,833	372,833
Foreign currency translation reserve		21	22
Retained loss		(150,232)	(122,490)
Total equity		**223,627**	**251,370**
Number of ordinary shares	10	100,526,984	100,526,984
Net Assets Value per share (Pence)	10	222	250

Hirco Plc

Consolidated statement of changes in equity

for the 6 months ended 31 March 2012

Amount in £000

	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Total
Balance at 1 October 2010	765	361,871	30	150,863	513,529
Total comprehensive income					
Loss for the period	-	-	-	27,237	27,237
Other comprehensive income	-	-	(3)	-	(3)
Total comprehensive income for the period	**-**	**-**	**(3)**	**27,237**	**27,234**
Balance at 31 March 2011 (unaudited)	**765**	**361,871**	**27**	**178,100**	**540,763**

	Share Capital	Share Premium	Currency Translation Reserve	Retained Earnings	Total
Balance at 1 October 2011	1,005	372,833	22	(122,490)	251,370
Total comprehensive income					
Loss for the period	-	-	-	(27,742)	(27,742)
Other comprehensive income	-	-	(1)	-	(1)
Total comprehensive income for the period	**-**	**-**	**(1)**	**(27,742)**	**(27,743)**
As at 31 March 2012 (unaudited)	**1,005**	**372,833**	**21**	**(150,232)**	**223,627**

Hirco Plc

Consolidated statement of cash flows

for the 6 months ended 31 March 2012

Amount in £000

	Unaudited 6 months ended 31 March 2012	Unaudited 6 months ended 31 March 2011
Cash flows from operating activities		
(Loss)/profit before taxation :	(27,742)	27,242
Adjustment for:		
Impairment loss on debt instruments	34,930	-
Depreciation	-	4
Bank interest income	(70)	(5)
Foreign exchange gain	2	24
Operating (loss)/profit before working capital changes	**7,120**	**27,265**
Change in debtors and prepayments	(7,495)	(29,648)
Change in creditors and other accruals	(175)	857
	(550)	(1,526)
Bank interest received	70	5
Tax paid	-	(3)
Net cash used in operating activities	(480)	(1,524)

Decrease in cash and cash equivalents	(480)	(1,524)
Effect of exchange rate fluctuations on cash balances	(3)	(23)
Cash and cash equivalents at the beginning of the period	13,321	4,860
Cash and cash equivalents at the end of the period	12,838	3,313

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 interim consolidated financial statements of Hirco PLC comprise the Company and its subsidiaries (together referred to as the "Group").

The principal activities of the Group include investment in FDI compliant Indian real estate projects for developments of large-scale and mixed-use township communities, which could include special economic zones ("SEZs") in India.

The audited consolidated financial statements of the Group for the year ended 30 September 2011 are available at www.hircoplc.co.im.

2 STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 September 2011.

These condensed consolidated interim financial statements were approved by the Board of Directors on 13 June 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2011.

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statments as at and for the year ended 30 September 2011.

5 FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2011.

6 SEGMENT REPORTING

The Group has only one busines and geographic segment, being the investment in real estate in India and hence no separate segment report has been presented.

7 INVESTMENT INCOME

	Unaudited 6 months ended 31 Mar 2012 £000	Unaudited 6 months ended 31 Mar 2011 £000
Preference dividend accrued	33,316	29,633
Impairment provision(see note 11)	(25,754)	-
Bank interest	70	5
	7,632	**29,668**

8 ADMINISTRATIVE EXPENSES

	Unaudited 6 months ended 31 Mar 2012 £000	Unaudited 6 months ended 31 Mar 2011 £000
Employee costs	-	421
Occupancy cost	-	74
Professional fees	217	1,247
Directors' fees	168	216
Other administration costs	57	440
Depreciation	-	4
	442	**2,402**

9 LOSS PER SHARE

Basic loss per share for the unaudited six months ended 31 March 2012 is based on the loss attributable to equity holders of the Company of £27,741,871 (Unaudited 6 months ended 31 Mar 2011: profit of £27,236,983) and the weighted average number of ordinary shares outstanding during the six months ended 31 March 2012 of 100,526,984 (six months ended 31 March 2011: 76,526,984).

	Unaudited 6 months ended 31 Mar 2012	Unaudited 6 months ended 30 Mar 2011
(Loss)/profit attributable to equity holders of the parent (£)	(27,741,871)	27,236,983
Weighted average number of ordinary shares	100,526,984	76,526,984

(LOSS)/EARNINGS PER SHARE

	Pence	Pence
Basic (loss)/earnings per share	(28)	36
Diluted (loss)/earnings per share	(28)	36

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 £223,627,433 (30 September 2011: £251,369,304) by the number of ordinary shares as at 31 March 2012 of 100,526,984 (30 September 2011: 100,526,984).

	31-Mar-12	30-Sep-11
Net assets attributable to equity holders of the parent (£)	223,627,433	251,369,304
Number of ordinary shares	100,526,984	100,526,984

	Pence	Pence
Net asset value per share	222	250

11 GROUP INVESTMENTS

Company	Project	Date of Investment	Book Value As at 30-Sep-11 £000	Book Value Loss for the period £000	Book Value As at 31-Mar-12 £000	Cost of Acquisition £000
Investment in participating preference shares of:						
Burke 1	Chennai township	13-Feb-2007	-	-	-	77,847
Burke 2	Chennai commercial	23-Mar-2007	-	-	-	47,889
Burkes 3&4	Panvel	19-Jul & 25 Oct 2007	53,857	(34,930)	18,927	225,074
			53,857	(34,930)	18,927	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 £350.81m 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 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 an impairment provision against the investments of £331.9m and against the preference dividends of £59.9m. Of these amounts, £297.0m and £34.1m were recognised in the results for the year ended 30 September 2011.

The Burke Companies' net assets as at 31 March 2012, as reported in the unaudited information pack for the quarter then ended as provided by Hirco Developments Private Limited, 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 was performed as at 30 September 2011 and has been adjusted for current exchange rates. The valuation 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.

11 GROUP INVESTMENTS - continued

	Burke 1 Limited £000	Burke 2 Limited £000	Burke 3 & Burke 4 Limited £000	Total £000
Net worth post valuation as on 31 March 2012 before charging Preference dividend	21,764	16,702	173,077	211,543
DISTRIBUTION IN THE ORDER OF CONTRACTUAL PREFERENCE:				
Preference Dividend	21,764	16,702	154,150	192,616
Repayment of the Group's participating preference shares	-	-	18,927	18,927
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	**21,764**	**16,702**	**173,077**	**211,543**

In total as at 31 March 2012 the Burke companies have credit lines available of Rs16,750m (£191m), have drawn down approximately Rs10,900m (£124m) and have made repayments of approximately Rs1,920m (£21.9m).

The above figures have been extracted from the Burke Companies' statements of financial position as at 31 March 2012 as per the unaudited quarterly information packs provided by HDPL.

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' Quarterly Accounting Information 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 per cent of the projects are under construction and completion may take another ten years or more.
- 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.