

IRSA INVESTMENTS & REPRESENTATIONS INC  
Form 6-K  
June 03, 2013

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 6-K

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REPORT OF FOREIGN ISSUER  
PURSUANT TO RULE 13a-16 OR 15b-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of June, 2013

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IRSA Inversiones y Representaciones Sociedad Anónima  
(Exact name of Registrant as specified in its charter)

IRSA Investments and Representations Inc.  
(Translation of registrant's name into English)

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Republic of Argentina  
(Jurisdiction of incorporation or organization)

Bolívar 108  
(C1066AAB)  
Buenos Aires, Argentina  
(Address of principal executive offices)

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Form 20-F       Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes       No

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements  
as of March 31, 2013 and for the nine-month periods  
ended March 31, 2013 and 2012

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Legal information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.  
Legal address: Bolívar 108, 1st floor, Buenos Aires, Argentina.  
Company activity: Real estate investment and development.  
Fiscal year No.: 70, beginning on July 1, 2012.  
Date of registration of the By-laws in the Public Registry of Commerce: June 23, 1943.  
Date of registration of last amendment of the by-laws in the Public Registry of Commerce: February 12, 2008.  
Registration number with the Superintendence: 213,036.  
Expiration of the Company's by-laws: April 5, 2043.  
Common Stock subscribed, issued and paid up 578,676,460

Parent Company: Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria (Cresud S.A.C.I.F. y A.)  
Legal Address: Moreno 877, 23rd. floor, Buenos Aires, Argentina  
Main activity: Agricultural, livestock, and real estate  
Percentage of votes of the Parent Company on the equity: 65.19%  
Interest of the Parent Company on the capital stock: 377,253,404 common shares.

CAPITAL STATUS

| Type of stock   | Authorized for Public Offer of Shares (*) | Subscribed, Issued and Paid up (In thousands of Pesos) |
|---|---|--|
| Common stock with a face value of Ps. 1 per share and entitled to 1 vote each | 578,676,460                               | 578,676  |

(\*) Company not included in the Optional Statutory System of Public Offer of Compulsory Acquisition.

## Unaudited Condensed Interim Consolidated Statements of Financial Position

as of March 31, 2013, June 30, 2012 and July 1st, 2011

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for the publication in Argentina

|   | Note | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|---|------|------------|------------|------------|
| <b>ASSETS</b>   |      |            |            |            |
| Non- Current Assets   |      |            |            |            |
| Investment properties, net  | 9    | 3,984,770  | 3,275,226  | 3,340,081  |
| Property, plant and equipment, net                                      | 10   | 211,835    | 228,033    | 235,245    |
| Trading properties  | 11   | 185,563    | 167,109    | 155,876    |
| Intangible assets, net  | 12   | 77,167     | 29,389     | 31,900     |
| Investments in associates and joint ventures                            | 7, 8 | 1,430,688  | 1,445,815  | 1,373,215  |
| Deferred income tax assets  | 22   | 74,413     | 34,255     | 17,903     |
| Restricted assets   | 3    | 11,406     | -          | -          |
| Trade and other receivables, net  | 14   | 229,097    | 196,372    | 165,009    |
| Investments in financial assets   | 15   | 639,247    | 655,660    | 432,676    |
| Derivative financial instruments  | 16   | 23,824     | 18,434     | 60,442     |
| Total Non-Current Assets  |      | 6,868,010  | 6,050,293  | 5,812,347  |
| Current Assets  |      |            |            |            |
| Trading properties  | 11   | 6,528      | 9,714      | 26,115     |
| Inventories   | 13   | 16,531     | 15,659     | 6,820      |
| Restricted assets   | 3    | 1,136      | -          | -          |
| Trade and other receivables, net  | 14   | 540,231    | 475,877    | 419,995    |
| Investments in financial assets   | 15   | 279,139    | 78,909     | 65,076     |
| Cash and cash equivalents   | 17   | 399,276    | 259,169    | 301,559    |
| Total Current Assets  |      | 1,242,841  | 839,328    | 819,565    |
| TOTAL ASSETS  |      | 8,110,851  | 6,889,621  | 6,631,912  |
| <b>SHAREHOLDERS' EQUITY</b>   |      |            |            |            |
| Capital and reserves attributable to equity holders of the parent       |      |            |            |            |
| Share capital   |      | 578,676    | 578,676    | 578,676    |
| Inflation adjustment of share capital                                   |      | 123,329    | 274,387    | 274,387    |
| Share premium   |      | 793,123    | 793,123    | 793,123    |
| Acquisition of additional interest in subsidiaries                      |      | (17,254 )  | (15,714 )  | -          |
| Cumulative translation adjustment                                       |      | 38,500     | 14,502     | -          |
| Reserve for share-based compensation                                    |      | 8,321      | 2,595      | -          |
| Legal reserve   |      | 85,140     | 71,136     | 57,031     |
| Other reserves  |      | 492,441    | 419,783    | 391,262    |
| Retained earnings   |      | 716,478    | 510,853    | 656,525    |
| Total capital and reserves attributable to equity holders of the parent |      | 2,818,754  | 2,649,341  | 2,751,004  |
| Non-controlling interest  |      | 505,460    | 390,428    | 331,609    |
| TOTAL SHAREHOLDERS' EQUITY  |      | 3,324,214  | 3,039,769  | 3,082,613  |
| <b>LIABILITIES</b>  |      |            |            |            |
| Non-Current Liabilities   |      |            |            |            |
| Trade and other payables  | 18   | 196,920    | 166,656    | 149,355    |

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|   |    |                  |                  |                  |
|---|----|------------------|------------------|------------------|
| Borrowings  | 21 | 2,618,989        | 2,048,397        | 1,725,272        |
| Deferred income tax liabilities                   | 22 | 396,441          | 411,232          | 485,032          |
| Provisions  | 20 | 46,556           | 17,823           | 12,881           |
| <b>Total Non-Current Liabilities</b>              |    | <b>3,258,906</b> | <b>2,644,108</b> | <b>2,372,540</b> |
| Current Liabilities                               |    |                  |                  |                  |
| Trade and other payables                          | 18 | 594,652          | 500,926          | 414,186          |
| Income tax liabilities                            |    | 71,715           | 104,869          | 57,791           |
| Salaries and social security liabilities          | 19 | 41,504           | 39,607           | 34,089           |
| Borrowings.....                                   | 21 | 806,724          | 557,896          | 667,587          |
| Provisions  | 20 | 13,136           | 2,446            | 3,106            |
| <b>Total Current Liabilities</b>                  |    | <b>1,527,731</b> | <b>1,205,744</b> | <b>1,176,759</b> |
| <b>TOTAL LIABILITIES</b>                          |    | <b>4,786,637</b> | <b>3,849,852</b> | <b>3,549,299</b> |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> |    | <b>8,110,851</b> | <b>6,889,621</b> | <b>6,631,912</b> |

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

Unaudited Condensed Interim Consolidated Statements of Income  
for the nine and three-month periods beginning on July 1st, 2012 and 2011  
and January 1st, 2013 and 2012, respectively and ended March 31, 2013 and 2012  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

|  | Note | Nine months |            | Three months |            |
|--|------|-------------|------------|--------------|------------|
|  |      | 03.31.2013  | 03.31.2012 | 03.31.2013   | 03.31.2012 |
| Revenues   | 24   | 1,604,059   | 1,328,523  | 518,018      | 415,604    |
| Costs  | 25   | (801,198 )  | (637,257 ) | (260,481 )   | (196,821 ) |
| Gross Profit   |      | 802,861     | 691,266    | 257,537      | 218,783    |
| Gain from disposal of investment properties                                      | 9    | 64,019      | 42,737     | 8,060        | 18,010     |
| General and administrative expenses  | 26   | (151,130 )  | (125,055 ) | (42,144 )    | (43,071 )  |
| Selling expenses   | 26   | (73,244 )   | (56,257 )  | (24,712 )    | (21,763 )  |
| Other operating results, net   | 28   | 107,173     | (11,998 )  | (7,936 )     | (3,537 )   |
| Profit from operations   |      | 749,679     | 540,693    | 190,805      | 168,422    |
| Share of profit /(loss) of associates and joint ventures                         | 7,8  | 15,112      | 15,922     | 728          | (302 )     |
| Profit before financial results and income tax                                   |      | 764,791     | 556,615    | 191,533      | 168,120    |
| Finance income   | 29   | 267,300     | 114,325    | 145,714      | 64,292     |
| Finance cost   | 29   | (571,737 )  | (384,173 ) | (192,856 )   | (78,513 )  |
| Financial results, net   | 29   | (304,437 )  | (269,848 ) | (47,142 )    | (14,221 )  |
| Profit before income tax   |      | 460,354     | 286,767    | 144,391      | 153,899    |
| Income tax   | 22   | (81,093 )   | (91,296 )  | (11,009 )    | (37,812 )  |
| Profit for the period  |      | 379,261     | 195,471    | 133,382      | 116,087    |
| Attributable to:   |      |             |            |              |            |
| Equity holders of the parent   |      | 320,638     | 176,622    | 96,856       | 95,071     |
| Non-controlling interest   |      | 58,623      | 18,849     | 36,526       | 21,016     |
| Profit per share attributable to equity holders of the parent during the period: |      |             |            |              |            |
| Basic  |      | 0.554       | 0.305      | 0.167        | 0.164      |
| Diluted  |      | 0.554       | 0.305      | 0.167        | 0.164      |

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

Unaudited Condensed Interim Consolidated Statements of Comprehensive Income  
for the nine and three-month periods beginning on July 1st, 2012 and 2011  
and January 1st, 2013 and 2012, respectively and ended March 31, 2013 and 2012  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

|  | Nine months |            | Three months |            |
|--|-------------|------------|--------------|------------|
|  | 03.31.2013  | 03.31.2012 | 03.31.2013   | 03.31.2012 |
| Profit for the period  | 379,261     | 195,471    | 133,382      | 116,087    |
| Other comprehensive income:                                    |             |            |              |            |
| Items that may be reclassified subsequently to profit or loss: |             |            |              |            |
| Currency translation adjustment                                | 40,306      | 10,955     | 16,573       | 2,074      |
| Other comprehensive income for the period, net of tax (i)      | 40,306      | 10,955     | 16,573       | 2,074      |
| Total comprehensive income for the period                      | 419,567     | 206,426    | 149,955      | 118,161    |
| Attributable to:   |             |            |              |            |
| Equity holders of the parent                                   | 357,551     | 188,700    | 110,348      | 98,365     |
| Non-controlling interest                                       | 62,016      | 17,726     | 39,607       | 19,796     |

(i) Components of other comprehensive income have no impact on income tax.

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
for the nine-month periods ended March 31, 2013 and 2012

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for the publication in Argentina

|  | Share<br>capital | Inflation<br>adjustment<br>of share<br>capital | Share<br>Premium | Attributable to equity holders of the parent<br>Acquisition<br>of<br>additional<br>interest<br>in<br>subsidiaries | Cumulative<br>translation<br>adjustment | Reserve<br>for<br>share-based<br>compensation | Legal<br>reserve | Other<br>reserves | Retained<br>earnings | Subtotal   | Non |
|--|------------------|--|------------------|---|---|---|------------------|-------------------|----------------------|------------|-----|
| Balance at July<br>1st, 2012   | 578,676          | 274,387  | 793,123          | (15,714)  | 14,502                                  | 2,595   | 71,136           | 419,783           | 510,853              | 2,649,341  |     |
| Profit for the<br>period   | -                | -  | -                | -   | -                                       | -   | -                | -                 | 320,638              | 320,638    |     |
| Others<br>comprehensive<br>income for the<br>period  | -                | -  | -                | -   | 36,913                                  | -   | -                | -                 | -                    | 36,913     |     |
| Total<br>comprehensive<br>income for the<br>period   | -                | -  | -                | -   | 36,913                                  | -   | -                | -                 | 320,638              | 357,551    |     |
| Appropriation<br>of retained<br>earnings<br>approved by<br>Shareholders'<br>meeting held<br>10.31.12               | -                | -  | -                | -   | -                                       | -   | 14,004           | 72,658            | (86,662 )            | -          |     |
| Reclassification<br>of the deferred<br>tax liability –<br>Approved by<br>Shareholders'<br>meeting held<br>10.31.12 | -                | (151,058)                                      | -                | -   | -                                       | -   | -                | -                 | 151,058              | -          |     |
| Dividends<br>distribution –<br>approved by<br>Shareholders<br>meeting held<br>10.31.12                             | -                | -  | -                | -   | -                                       | -   | -                | -                 | (180,000)            | (180,000 ) |     |
| Acquisition of<br>subsidiary<br>(Note 3)   | -                | -  | -                | -   | (12,915)                                | -   | -                | -                 | -                    | (12,915 )  |     |



|  |         |         |         |          |        |       |        |         |         |           |
|--|---------|---------|---------|----------|--------|-------|--------|---------|---------|-----------|
| Cumulative translation adjustment for interest held before business combination (Note 3) |         |         |         |          |        |       |        |         |         |           |
| Distribution of share capital  | -       | -       | -       | -        | -      | -     | -      | -       | -       | -         |
| Reserve for share-based compensation (Notes 27 y 30)                                     | -       | -       | -       | -        | -      | 5,726 | -      | -       | -       | 5,726     |
| Conversion of corporate notes  | -       | -       | -       | -        | -      | -     | -      | -       | -       | -         |
| Capital contribution of non-controlling interest   | -       | -       | -       | -        | -      | -     | -      | -       | -       | -         |
| Acquisition of non-controlling interest  | -       | -       | -       | (1,540 ) | -      | -     | -      | -       | -       | (1,540 )  |
| Reimbursement of expired dividends   | -       | -       | -       | -        | -      | -     | -      | -       | 591     | 591       |
| Balance as of March 31, 2013   | 578,676 | 123,329 | 793,123 | (17,254) | 38,500 | 8,321 | 85,140 | 492,441 | 716,478 | 2,818,754 |

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
for the nine-month periods ended March 31, 2013 and 2012

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

|   | Share<br>capital | Inflation<br>adjustment<br>of share<br>capital | Share<br>premium | Attributable to equity holders of the parent<br>Acquisition<br>of<br>additional<br>interest<br>in<br>subsidiaries | Cumulative<br>translation<br>adjustment | Reserve<br>for<br>share-based<br>compensation | Legal<br>reserve | Other<br>reserves | Retained<br>earnings | Subtotal   | Non-<br>controlling<br>interest |
|---|------------------|--|------------------|---|---|---|------------------|-------------------|----------------------|------------|---------------------------------|
| Balance at July 1st, 2011   | 578,676          | 274,387  | 793,123          | -   | -                                       | -   | 57,031           | 391,262           | 656,525              | 2,751,004  | 33,000                          |
| Profit for the period   | -                | -  | -                | -   | -                                       | -   | -                | -                 | 176,622              | 176,622    | 18,000                          |
| Other comprehensive income for the period   | -                | -  | -                | -   | 12,078                                  | -   | -                | -                 | -                    | 12,078     | (1,000)                         |
| Total comprehensive income for the period   | -                | -  | -                | -   | 12,078                                  | -   | -                | -                 | 176,622              | 188,700    | 17,000                          |
| Appropriation of retained earnings approved by Shareholders meeting held 10.31.11 | -                | -  | -                | -   | -                                       | -   | 14,105           | 56,421            | (70,526 )            | -          | -                               |
| Dividends distribution – Approved by Shareholders meeting held 10.31.11           | -                | -  | -                | -   | -                                       | -   | -                | -                 | (211,575 )           | (211,575 ) | (1,000)                         |
| Reimbursement of expired dividends  | -                | -  | -                | -   | -                                       | -   | -                | -                 | 3,640                | 3,640      | 16,000                          |
| Capital contribution of non-controlling interest                                  | -                | -  | -                | -   | -                                       | -   | -                | -                 | -                    | -          | 4,000                           |
| Acquisition of non-controlling interest   | -                | -  | -                | (15,311)  | -                                       | -   | -                | -                 | -                    | (15,311 )  | (9,000)                         |
| Reserve for share-based compensation  | -                | -  | -                | -   | -                                       | 2,698   | -                | -                 | -                    | 2,698      | 97,000                          |

(Notes 27 y 30)

Balance as of

|                |         |         |         |          |        |       |        |         |         |           |    |
|----------------|---------|---------|---------|----------|--------|-------|--------|---------|---------|-----------|----|
| March 31, 2012 | 578,676 | 274,387 | 793,123 | (15,311) | 12,078 | 2,698 | 71,136 | 447,683 | 554,686 | 2,719,156 | 39 |
|----------------|---------|---------|---------|----------|--------|-------|--------|---------|---------|-----------|----|

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Eslztain  
Eduardo S. Eslztain  
President

Unaudited Condensed Interim Consolidated Statements of Cash Flows  
for the nine-month periods ended March 31, 2013 and 2012

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

|   | Note | 03.31.2013 | 03.31.2012 |
|---|------|------------|------------|
| <b>Operating activities:</b>  |      |            |            |
| Cash generated by operations  | 17   | 765,248    | 637,567    |
| Income tax paid   |      | (192,890 ) | (122,352 ) |
| Net cash generated by operating activities:   |      | 572,358    | 515,215    |
| <b>Investing activities:</b>  |      |            |            |
| Capital contributions in associates and joint ventures  | 7, 8 | (39,925 )  | -          |
| Purchases of associates and joint ventures  | 3, 7 | (32,024 )  | (148,328 ) |
| Purchases of investment properties, net   | 9    | (157,324 ) | (42,709 )  |
| Proceeds from sale of investment properties, net  | 9    | 91,456     | 52,827     |
| Purchases of property, plant and equipment, net   | 10   | (4,445 )   | (9,787 )   |
| Purchases of intangible assets, net   | 12   | (614 )     | (1,363 )   |
| Purchases of investments in financial assets  |      | (157,881 ) | (76,759 )  |
| Proceeds from sale of investments in financial assets   |      | 153,117    | -          |
| Advanced payments for purchases of investment properties and property, plant and equipment, net |      | (39,554 )  | (9,130 )   |
| Acquisition of subsidiaries, net of cash acquired   | 3    | (117,874 ) | (6,644 )   |
| Interest received   |      | 5,300      | -          |
| Loans granted to associates and joint ventures  |      | (813 )     | (131,349 ) |
| Dividends received  |      | 49,602     | 5,819      |
| Loans repayments received from associates and joint ventures                                    |      | -          | 119,831    |
| Net cash used in investing activities   |      | (250,979 ) | (247,592 ) |
| <b>Financing activities:</b>  |      |            |            |
| Issuance of non-convertible notes   |      | -          | 295,035    |
| Proceeds from borrowings  |      | 456,535    | 124,644    |
| Repayments of borrowings  |      | (239,187 ) | (342,482 ) |
| Payment of seller financing   |      | (6,420 )   | (19,879 )  |
| Acquisition of non-controlling interest in subsidiaries   |      | (2,364 )   | (7,364 )   |
| Dividends paid  |      | (180,260 ) | (211,077 ) |
| Capital contribution of non-controlling interest  |      | 6,092      | 44,082     |
| Interest paid   |      | (221,152 ) | (204,895 ) |

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|   |    |            |            |
|---|----|------------|------------|
| Payment for acquisition of non-controlling interest         |    | (4,460 )   | (9,730 )   |
| Capital reduction of subsidiaries                           |    | (39,654 )  | -          |
| Loans from associates and joint ventures, net               |    | 59,147     | (1,535 )   |
| Reimbursement of dividends                                  |    | -          | 6,937      |
| Net cash used in financing activities                       |    | (171,723 ) | (326,264 ) |
| Net increase / (decrease) in cash and cash equivalents      |    | 149,656    | (58,641 )  |
| Cash and cash equivalents at beginning of period            | 17 | 259,169    | 301,559    |
| Foreign exchange (loss) / gain on cash and cash equivalents |    | (9,549 )   | 11,840     |
| Cash and cash equivalents at end of period                  |    | 399,276    | 254,758    |

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

IRSA Inversiones y Representaciones Sociedad Anónima  
Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for publication in Argentina

1. The Group's business and general information

IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA", "the Company" / "Us" or "the Society") was founded in 1943 and is engaged in a diversified range of real estate activities in Argentina since 1991.

IRSA and its subsidiaries are collectively referred to hereinafter as "the Group".

As of March 31, 2013, the Group operates in six business segments. See Note 5 for a description of such segments.

Group's real estate business operations are conducted primarily through IRSA and IRSA's principal subsidiary, Alto Palermo S.A. ("APSA"). Through APSA, the Group primarily owns, manages and develops shopping centers across Argentina. The Group primarily owns, manages and develops a portfolio of office and other rental properties in the Autonomous City of Buenos Aires, and it entered the US real estate market in 2009, mainly through the acquisition of non-controlling interests in office buildings and hotels (see Note 3). Through IRSA or APSA, the Group also develops residential properties for sale. The Group, through IRSA, is also involved in the operation of branded hotels. The Group uses the term "real estate" indistinctively in these consolidated financial statements to denote investment, development and/or trading properties activities.

The activities of the Group's segment "Financial operations and others" is carried out mainly through Banco Hipotecario S.A. ("BHSA"), where IRSA has a 29.77% interest (without considering treasury shares of our own). BHSA is a commercial bank offering a wide variety of banking activities and related financial services to individuals, small and medium-sized companies and large corporations, including the provision of mortgaged loans. BHSA's shares are listed on the Buenos Aires Stock Exchange ("BASE"). Besides that, the Group has a 42.95% interest in Tarshop S.A. ("Tarshop") which main activities are credit card and loan origination transactions.

IRSA's shares are listed and traded on both the BASE and the New York Stock Exchange ("NYSE"). APSA's shares are listed and traded on both the BASE and the NASDAQ of USA.

Cresud is the ultimate parent company and is a corporation incorporated and domiciled in Argentina. The address of its registered office is Moreno 877, Floor 23, Autonomous City of Buenos Aires, Argentina.

These Unaudited Condensed Interim Consolidated Financial Statements have been approved for issuance by the Board of Directors on May 17, 2013.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”)

2.1 Basis of preparation and transition to IFRS

The National Securities Commission, (“CNV”, as per its Spanish acronym), through General Resolutions No. 562/09 and 576/10, has provided for the application of Technical Resolutions No. 26 and 29 of the Argentine Federation of Professional Councils of Economic Sciences (as per its Spanish acronym “FACPCE”), which adopt the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”), for companies subject to the public offering regime ruled by Law 17,811, due to the listing of their shares or corporate notes, and for entities that have applied for authorization to be listed under the mentioned regime.

The Group is required to adopt IFRS as from the fiscal year beginning July 1st, 2012, being these financial statements the first interim financial statements for the nine-month periods prepared under those standards. Consequently, the Group’s transition date for the adoption of IFRS is July 1st, 2011.

The Unaudited Condensed Interim Consolidated Financial Statements of the Group for the nine-month periods ended March 31, 2013 and 2012 have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” and IFRS 1. The Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with the accounting policies that the Group expects to adopt in its first annual consolidated financial statements for the fiscal year ended June 30, 2013 in accordance with IFRS. The accounting policies are based on IFRS issued by the IASB and the interpretations issued by the IFRS Interpretation Committee (“IFRIC”) that the Group expects to become applicable on such date.

The consolidated financial statements of the Group were prepared in accordance with the Argentine accounting standards (“Argentine GAAP”) in force, which differ from IFRS in some significant aspects. To prepare these Unaudited Condensed Interim Consolidated Financial Statements, the Management of the Company has modified certain valuation and presentation accounting policies that were previously applied under Argentine GAAP in order to comply with the IFRS.

Comparative figures and figures as of the transition date (July 1st, 2011) have been modified to reflect such adjustments. The notes below include a reconciliation of shareholders’ equity figures of consolidated financial statements prepared in accordance with the Argentine GAAP on the transition date (July 1st, 2011), on the adoption date (June 30, 2012) and on the closing date of the comparative period (March 31, 2012) and the statements of income and other comprehensive income figures for the fiscal year ended June 30, 2012 and for the nine and three-month periods ended March 31, 2012, and those presented in accordance with the IFRS in these condensed consolidated interim financial statements, as well as the effects of the adjustments to cash flows.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

These Unaudited Condensed Interim Consolidated Financial Statements should be read together with the annual financial statements of the Group as of June 30, 2012 prepared in accordance with Argentine GAAP and with the Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012, which include an Exhibit (“Exhibit I”) which presents additional information as of June 30, 2012 and July 1st, 2011 under IFRS which is considered necessary to understand these condensed interim consolidated financial statements. The figures corresponding to the Unaudited statement of financial position, the statement of income, the statement of changes in shareholders’ equity, and the statement of cash flows under IFRS for the fiscal year ended June 30, 2012, for the nine and three-month periods ended March 31, 2012 and the figures of the statement of financial position as of July 1st, 2011 are detailed in Note 2.3 to these Unaudited Condensed Interim Consolidated Financial Statements. The Unaudited Condensed Interim Consolidated Financial Statements are presented in thousands of Argentine Pesos.

Unaudited Condensed Interim Consolidated Financial Statements corresponding to the nine and three-month periods ended March 31, 2013 and 2012 have not been audited. The management believes they include all necessary adjustments to fairly present the results of each period. The Company’s nine and three-month periods ended March 31, 2013 and 2012 results do not necessarily reflect the proportion of the Group’s full-year results.

The format of the primary financial statements under Argentine GAAP is governed by Technical Resolutions No. 8 and 9 of the Argentine Federation of Professional Councils of Economic Science (as per its Spanish acronym “FACPCE”) and Resolutions of the CNV. IAS 1 “Presentation of Financial Statements” requires certain disclosures to be made on the face of the primary statements and other required disclosures may be made in the notes or on the face of the financial statements, unless another standard specifies otherwise. The transition to IFRS has resulted in the Group changing the format of its statement of income, statement of financial position and statement of cash flows, as well as the disclosure of certain line items not prescribed by Argentine GAAP.

2.2 Initial elections upon adoption of IFRS

IFRS exemption options

As a general rule, the Group is required to establish its IFRS accounting policies for the year ended June 30, 2013 and apply these retrospectively. However, advantage has been taken of certain exemptions afforded by IFRS 1 as further described below:

Exemption for business combinations

IFRS 1 provides the option to apply IFRS 3, “Business combinations”, prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply IFRS 3 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.



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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

The business combination exemption applies equally to acquisitions of investments in associates or joint ventures. The Group elected not to restate the acquisitions of investments in associates or joint ventures prior to transition date.

Exemption for deemed cost

IFRS 1 allows previous GAAP revaluations to be used as deemed cost under IFRS if those valuations were, at the time of the valuation, equivalent to fair value or depreciated cost adjusted to reflect changes in a price index. The Group elected to measure certain items of property, plant and equipment and investment properties at price-adjusted historical values as of July 1st, 2011.

In addition, IFRS 1 allows the carrying values of the assets and liabilities immediately following a business combination to be deemed cost for any cost-based measurement going forward from the date of the combination. The Group adopted a cost-based policy for all of its assets. As such, the Group used the previous fair values recognized in past business combinations (not restated as per the business combination exemption above) for certain items of investment properties and property, plant and equipment (primarily shopping centers, office buildings and hotels) as deemed cost at the date of transition. All depreciation methods were already in compliance with those required by IAS 16, “Property, plant and equipment”.

Exemption for accumulated exchange differences

The IFRS 1 allows accumulated exchange differences to be reset to zero on the transition date, thus avoiding the determination of accumulated exchange differences pursuant to IAS 21 “Effects of changes in foreign exchange rates” from the moment a subsidiary or associate was created or acquired. The Group chose to reset all accumulated exchange differences to zero on the transition date.

Exemption for compound financial instruments

IFRS 1 provides that if the liability component of a financial instrument is no longer outstanding at the date of transition to IFRS, first-time adopters do not have to separate it from the equity component. The Group elected not to restate convertible debt instruments that were not outstanding at the date of transition.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

Exemption for borrowing costs

IFRS 1 has been amended to permit first-time adopters not to restate borrowing costs capitalized at transition date under previous GAAP. The Group elected to apply the provisions of IAS 23 “Borrowing costs” prospectively from the date of transition.

Exemption for assets and liabilities of subsidiaries

In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary, associate or joint venture adopting IFRS, the assets and liabilities of the subsidiary, associate or joint venture are to be included in the consolidated financial statements at the same carrying amounts as in the financial statements of the subsidiary, associate or joint venture, adjusted to reflect changes for the Group’s accounting policies upon consolidation, as applicable. The Group’s associates, Tarshop S.A. and Banco Hipotecario S.A., adopted IFRS in December 31, 2011.

The group has not used other optional exemptions of IFRS 1.

IFRS mandatory exceptions

Set out below are the applicable mandatory exceptions in IFRS 1 applied in the conversion from Argentine GAAP to IFRS.

Exception for estimates

IFRS estimates as of July 1st, 2011 are consistent with the estimates as at the same date made in conformity with Argentine GAAP. Therefore the estimates made by the Group under previous GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Exception for non-controlling interests

IFRS 1 establishes that an entity must apply the requirements IFRS 10 “Consolidated financial statements” for accounting for changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control prospectively. Under Argentine GAAP, the Group accounted for acquisitions of non-controlling interests that did not result in change of control as business combinations. Furthermore, under Argentine GAAP, the Group accounted for disposals of non-controlling interests based on its carrying value at the date of disposal, recognizing any difference between the carrying value of the non-controlling interest and the consideration received in the statement of income. The Group did not restate these acquisitions prior to transition date.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

IFRS 1 establishes that an entity must apply the requirements of IFRS 10 for accounting for a loss of control over a subsidiary prospectively. Under Argentine GAAP, the Group recognized any non-controlling equity investment retained under the equity method at the date control was lost.

The other compulsory exceptions of IFRS 1 have not been applied, as these are not relevant to the Group.

2.3 Reconciliations of Argentine GAAP to IFRS

In accordance with the requirements of Technical Resolution No. 26 and 29 of the FACPCE, set out below are the reconciliations of shareholders’ equity from Argentine GAAP to IFRS as of June 30, 2012, at March 31, 2012 and July 1st, 2011, and the reconciliations of income and comprehensive income for the nine and three-month periods ended March 31, 2012 and for the year ended June 30, 2012 and cash flows for the nine-month period ended March 31, 2012 and for the year ended June 30, 2012. The reconciliations included below were prepared based on the IFRS standards that are estimated to be applicable for the Group for the financial statements as of and for the year ended June 30, 2013. The items and amounts in the reconciliations included below are subject to change and should only be deemed final when the annual financial statements prepared under IFRS for the first time are issued.

The items and amounts included in the reconciliations could be modified to the extent that, when preparing financial statements as of and for the year ended June 30, 2013, applicable standards are different.

The first reconciliation provides an overview of the impact on equity of the transition as of July 1st, 2011, as of March 31, 2012 and June 30, 2012 (Note 2.3.1). The second reconciliation provides details of the impact on income for the nine and three-month periods ended March 31, 2012 and for the year ended June 30, 2012 (Note 2.3.1). The third reconciliation provides details of the impact on other comprehensive income for the nine and three-month periods ended March 31, 2012 and for the year ended June 30, 2012 (Note 2.3.1). The following reconciliations provide details of the impact of the transition on:

- Statement of financial position as of July 1st, 2011 (Note 2.3.2)
- Statement of financial position as of March 31, 2012 (Note 2.3.3)
- Statement of financial position as of June 30, 2012 (Note 2.3.4)
- Statement of income for the nine-month periods ended March 31, 2012 (Note 2.3.5)
- Statement of income for the three-month periods ended March 31, 2012 (Note 2.3.6)

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

- Statement of income for the fiscal year ended June 30, 2012 (Note 2.3.7)
- Statement of comprehensive income for the nine-month period ended March 31, 2012 (Note 2.3.8)
- Statement of comprehensive income for the three-month period ended March 31, 2012 (Note 2.3.9)
  - Statement of comprehensive income for the fiscal year ended June 30, 2012 (Note 2.3.10)
- Statement of cash flows for the nine-month period ended March 31, 2012 and for the fiscal year ended June 30, 2012 (Note 2.3.11)

## 2.3.1. Summary of equity

|  |       | 07.01.11  | 03.31.12   | 06.30.12   |
|--|-------|-----------|------------|------------|
| Total shareholders’ equity under Argentine GAAP attributable to IRSA |       | 2,313,687 | 2,365,292  | 2,335,279  |
| Revenue recognition – “scheduled rent increases”                     | (B)   | 51,991    | 71,857     | 78,479     |
| Revenue recognition – “letting fees”                                 | (C)   | (35,447 ) | (42,306 )  | (44,446 )  |
| Trading property   | (D)   | (29,315 ) | (17,542 )  | (18,946 )  |
| Pre-operating and organization expenses                              | (E)   | (22,002 ) | (18,308 )  | (22,083 )  |
| Goodwill   | (F,G) | 425,839   | 411,332    | 406,526    |
| Non-current investments – financial assets                           | (H)   | 151,411   | 156,526    | 138,204    |
| Initial direct costs on operating leases                             | (I)   | 698       | 979        | 946        |
| Tenant deposits  | (J)   | 114       | 259        | 329        |
| Impairment of financial assets                                       | (K)   | (2,088 )  | (1,378 )   | (519 )     |
| Present value accounting – tax credits                               | (L)   | 11,231    | 7,478      | 5,917      |
| Investments in associates  | (N)   | (56,224 ) | (130,301 ) | (152,163 ) |
| Investments in joint ventures  | (O)   | (16,716 ) | (15,626 )  | (11,219 )  |
| Acquisition of non-controlling interest                              | (P)   | -         | (14,774 )  | (15,178 )  |
| Amortization of borrowing costs                                      | (Q)   | 110       | 487        | 123        |
| Deferred income tax  | (S)   | (15,748 ) | (28,035 )  | (24,409 )  |
| Non-controlling interest on adjustments above                        | (T)   | (26,537 ) | (26,784 )  | (27,499 )  |
| Subtotal shareholders’ equity under IFRS attributable to IRSA        |       | 2,751,004 | 2,719,156  | 2,649,341  |
| Non-controlling interest   |       | 331,609   | 391,679    | 390,428    |
| Total shareholders’ equity under IFRS                                |       | 3,082,613 | 3,110,835  | 3,039,769  |

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.1. Summary of profit

|  |       | Nine months |           | Three months |
|--|-------|-------------|-----------|--------------|
|  |       | 03.31.12    | 06.30.12  | 03.31.12     |
| Profit under Argentine GAAP attributable to IRSA |       | 227,954     | 280,081   | 86,770       |
| Revenue recognition – “scheduled rent increases” | (B)   | 19,866      | 26,488    | 6,622        |
| Revenue recognition – “letting fees”             | (C)   | (6,859 )    | (8,999 )  | (2,782 )     |
| Trading properties                               | (D)   | 11,772      | 10,369    | 3,296        |
| Pre-operating and organization expenses          | (E)   | 3,717       | (81 )     | 1,875        |
| Goodwill   | (F,G) | (14,474 )   | (19,398 ) | (3,639 )     |
| Non-current investments – financial assets       | (H)   | 5,115       | (13,207 ) | 42,855       |
| Initial direct costs on operating leases         | (I)   | 281         | 248       | 88           |
| Tenant deposits                                  | (J)   | 145         | 215       | 42           |
| Impairment of financial assets                   | (K)   | 710         | 1,569     | 947          |
| Present value accounting – tax credits           | (L)   | (3,753 )    | (5,314 )  | (1,920 )     |
| Investment properties                            | (M)   | -           | -         | 16,595       |
| Investments in associates                        | (N)   | (70,868 )   | (89,837 ) | (36,011 )    |
| Investments in joint ventures                    | (O)   | 1,092       | 5,497     | (1,342 )     |
| Amortization of borrowing costs                  | (Q)   | 377         | 13        | (194 )       |
| Currency translation adjustment                  | (R)   | 18,808      | 32,518    | 6,107        |
| Deferred income tax                              | (S)   | (12,850 )   | (9,206 )  | (15,450 )    |
| Non-controlling interest on adjustments above    | (T)   | (4,411 )    | (7,065 )  | (8,788 )     |
| Profit under IFRS attributable to IRSA           |       | 176,622     | 203,891   | 95,071       |
| Non-controlling interest                         |       | 18,849      | 20,785    | 21,016       |
| Profit under IFRS                                |       | 195,471     | 224,676   | 116,087      |

2.3.1. Summary of other comprehensive income

|  |       | Nine months |           | Three months |
|--|-------|-------------|-----------|--------------|
|  |       | 03.31.12    | 06.30.12  | 03.31.12     |
| Other comprehensive income under Argentine GAAP attributable to IRSA |       | 28,888      | 45,851    | 8,827        |
| Goodwill   | (F,G) | (33 )       | 85        | 36           |
| Investments in associates  | (N)   | (3,208 )    | (6,082 )  | (1,195 )     |
| Currency translation adjustment                                      | (R)   | (18,808 )   | (32,518 ) | (6,107 )     |
| Deferred income tax  | (S)   | 568         | 544       | 144          |
| Non-controlling interest on adjustments above                        | (T)   | 4,671       | 6,622     | 1,589        |
| Other comprehensive income under IFRS attributable to IRSA           |       | 12,078      | 14,502    | 3,294        |
| Other comprehensive income attributable to non-controlling interest  |       | (1,123 )    | 180       | (1,220 )     |
| Other comprehensive income under IFRS                                |       | 10,955      | 14,682    | 2,074        |



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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.2. Reconciliation of the statement of financial position as of July 1st, 2011

|  | Balances<br>under<br>Argentine<br>GAAP I | Ref<br>2.3.12.1 | Deconsolidation<br>of joint<br>ventures II | Ref<br>2.3.12.2 | Reclassifications<br>III | Ref<br>2.3.12.3 | Measurement<br>adjustments<br>IV | IFRS<br>balances V |
|--|--|-----------------|--|-----------------|--------------------------|-----------------|----------------------------------|--------------------|
| <b>ASSETS</b>                                |  |                 |  |                 |                          |                 |                                  |                    |
| Non-current Assets                           |  |                 |  |                 |                          |                 |                                  |                    |
| Investment properties                        | -  |                 | -  | a               | 3,339,383                | I,M             | 698                              | 3,340,081          |
| Property, plant and equipment, net           | 3,405,980                                |                 | (70,068 )                                  | a,b,f,g         | (3,100,667)              |                 | -                                | 235,245            |
| Trading properties, net                      | -  |                 | -  | a,b,c           | 164,091                  | D               | (8,215 )                         | 155,876            |
| Intangible assets, net                       | 51,147                                   |                 | (73 )                                      | g               | 1,924                    | E,F             | (21,098 )                        | 31,900             |
| Inventories                                  | 89,441                                   |                 | (59 )                                      | b,c             | (89,382 )                |                 | -                                | -                  |
| Investments in associates and joint ventures | 1,209,808                                |                 | 210,393                                    | f               | (1,797 )                 | G,N,O           | (45,189 )                        | 1,373,215          |
| Other investments                            | 675,756                                  |                 | (64,608 )                                  | a,b,d,f         | (611,148 )               |                 | -                                | -                  |
| Deferred income tax assets                   | 18,678                                   |                 | (775 )                                     |                 | -                        |                 | -                                | 17,903             |
| Trade and other receivables, net             | 145,248                                  |                 | (18,425 )                                  |                 | -                        | B,L             | 38,186                           | 165,009            |
| Derivative financial instruments             | 60,442                                   |                 | -  |                 | -                        |                 | -                                | 60,442             |
| Investments in financial assets              | -  |                 | -  | d               | 281,265                  | H               | 151,411                          | 432,676            |
| Negative Goodwill                            | (398,075 )                               |                 | -  |                 | -                        | G               | 398,075                          | -                  |
| <b>Total Non-current Assets</b>              | <b>5,258,425</b>                         |                 | <b>56,385</b>                              |                 | <b>(16,331 )</b>         |                 | <b>513,868</b>                   | <b>5,812,347</b>   |
| Current Assets                               |  |                 |  |                 |                          |                 |                                  |                    |
| Trading property                             | -  |                 | -  | b               | 48,120                   | D,E             | (22,005 )                        | 26,115             |
| Inventories, net                             | 262,660                                  |                 | (209,458 )                                 | b,c             | (46,382 )                |                 | -                                | 6,820              |
|  | 404,167                                  |                 | (21,715 )                                  | f               | 14,593                   | B,K             | 22,950                           | 419,995            |

|                                  |           |            |   |          |         |           |
|----------------------------------|-----------|------------|---|----------|---------|-----------|
| Trade and other receivables, net |           |            |   |          |         |           |
| Investments in financial assets  | 62,678    | -          | e | 2,398    | -       | 65,076    |
| Cash and cash equivalents        | 309,659   | (10,717 )  | e | 2,617    | -       | 301,559   |
| O t h e r investments            | 6,016     | (1,001 )   | e | (5,015 ) | -       | -         |
| Total Current Assets             | 1,045,180 | (242,891 ) |   | 16,331   | 945     | 819,565   |
| T O T A L ASSETS                 | 6,303,605 | (186,506 ) |   | -        | 514,813 | 6,631,912 |



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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

|   | Argentine<br>GAAP<br>balances I | Deconsolidation<br>Ref<br>of joint<br>2.3.12.1<br>ventures II | Reclassification<br>Ref<br>2.3.12.2<br>III | Ref<br>2.3.12.3 | Measurement<br>adjustments<br>IV | IFRS<br>balances V |
|---|---------------------------------|---|--|-----------------|----------------------------------|--------------------|
| <b>SHAREHOLDERS' EQUITY</b>   |                                 |   |  |                 |                                  |                    |
| Capital and reserves attributable to equity holders of the parent company       |                                 |   |  |                 |                                  |                    |
| Share capital   | 578,676                         | -   | -  | -               | -                                | 578,676            |
| Inflation adjustment of share capital   | 274,387                         | -   | -  | -               | -                                | 274,387            |
| Share premium   | 793,123                         | -   | -  | -               | -                                | 793,123            |
| Legal reserve   | 57,031                          | -   | -  | -               | -                                | 57,031             |
| Other reserves  | 391,262                         | -   | -  | -               | -                                | 391,262            |
| Cumulative translation adjustment   | 34,124                          | -   | -  | A,R             | (34,124 )                        | -                  |
| Retained earnings   | 185,084                         | -   | -  | -               | 471,441                          | 656,525            |
| Total capital and reserves attributable to equity holders of the parent company | 2,313,687                       | -   | -  | -               | 437,317                          | 2,751,004          |
| Non-controlling interest  | 304,932                         | -   | -  | T               | 26,677                           | 331,609            |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>   | <b>2,618,619</b>                | <b>-</b>  | <b>-</b>                                   |                 | <b>463,994</b>                   | <b>3,082,613</b>   |
| <b>LIABILITIES</b>  |                                 |   |  |                 |                                  |                    |
| <b>Non-current Liabilities</b>  |                                 |   |  |                 |                                  |                    |
| Trade and other payables  |                                 |   |  |                 |                                  |                    |
|   | 132,565                         | (488 )  | -  | C,J             | 17,278                           | 149,355            |
| Borrowings  | 1,756,919                       | (31,647 )   | -  | -               | -                                | 1,725,272          |
| Deferred income tax liabilities   | 476,864                         | (7,580 )  | -  | S               | 15,748                           | 485,032            |
| Provisions  | 12,881                          | -   | -  | -               | -                                | 12,881             |
| Total Non-current Liabilities   | 2,379,229                       | (39,715 )   | -  | -               | 33,026                           | 2,372,540          |
| <b>Current Liabilities</b>  |                                 |   |  |                 |                                  |                    |
| Trade and other payables  |                                 |   |  |                 |                                  |                    |
|   | 525,242                         | (128,959 )  | -  | C,J             | 17,903                           | 414,186            |
| Income tax liabilities  | 57,791                          | -   | -  | -               | -                                | 57,791             |
| Salaries and social security liabilities  | 35,792                          | (1,703 )  | -  | -               | -                                | 34,089             |
| Borrowings  | 683,813                         | (16,116 )   | -  | Q               | (110 )                           | 667,587            |

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|   |           |            |   |         |           |
|---|-----------|------------|---|---------|-----------|
| Provisions  | 3,119     | (13 )      | - | -       | 3,106     |
| Total Current Liabilities                           | 1,305,757 | (146,791 ) | - | 17,793  | 1,176,759 |
| TOTAL LIABILITIES                                   | 3,684,986 | (186,506 ) | - | 50,819  | 3,549,299 |
| TOTAL<br>SHAREHOLDERS'<br>EQUITY AND<br>LIABILITIES | 6,303,605 | (186,506 ) | - | 514,813 | 6,631,912 |

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.3. Reconciliation of statement of financial position as of March 31, 2012

|  | Argentine<br>GAAP<br>balances I | Ref<br>2.3.12.1 | Deconsolidation<br>of joint<br>ventures II | Ref<br>2.3.12.2 | Reclassifications<br>III | Ref<br>2.3.12.3 | Measurement<br>adjustments<br>IV | IFRS<br>balances V |
|--|---------------------------------|-----------------|--|-----------------|--------------------------|-----------------|----------------------------------|--------------------|
| <b>ASSETS</b>                                |                                 |                 |  |                 |                          |                 |                                  |                    |
| Non-current Assets                           |                                 |                 |  |                 |                          |                 |                                  |                    |
| Investment properties, net                   | -                               |                 | -  | a               | 3,265,282                | I               | 979                              | 3,266,261          |
| Property, plant and equipment, net           | 3,350,152                       |                 | (81,783 )                                  | a,b,f,g         | (3,034,477)              |                 | -                                | 233,892            |
| Trading properties                           | -                               |                 | -  | b,c             | 179,091                  | D               | (13,389 )                        | 165,702            |
| Intangible assets, net                       | 69,933                          |                 | (6,991 )                                   | g               | 2,396                    | E,F,P           | (33,411 )                        | 31,927             |
| Investments in associates and joint ventures | 1,317,531                       |                 | 228,529                                    | f               | (277 )                   | G,N,O           | (117,985 )                       | 1,427,798          |
| Other investments                            | 881,324                         |                 | (64,593 )                                  | a,b,d,f         | (816,731 )               |                 | -                                | -                  |
| Deferred income tax assets                   | 44,370                          |                 | (9,205 )                                   |                 | -                        |                 | -                                | 35,165             |
| Investments in financial assets              | -                               |                 | -  | d               | 481,751                  | F               | 156,526                          | 638,277            |
| Trade and other receivables, net             | 162,659                         |                 | (22,583 )                                  |                 | -                        | B,J,K           | 45,310                           | 185,386            |
| Inventories                                  | 97,560                          |                 | (101 )                                     | b,c             | (97,459 )                |                 | -                                | -                  |
| Negative Goodwill                            | (383,720 )                      |                 | -  |                 | -                        | G               | 383,720                          | -                  |
| Total Non-current Assets                     |                                 |                 |  |                 |                          |                 |                                  |                    |
|  | 5,539,809                       |                 | 43,273                                     |                 | (20,424 )                |                 | 421,750                          | 5,984,408          |
| Current Assets                               |                                 |                 |  |                 |                          |                 |                                  |                    |
| Trading properties                           | -                               |                 | -  | b               | 13,286                   | D               | (4,153 )                         | 9,133              |
| Inventories                                  | 184,769                         |                 | (163,290 )                                 | b,c             | (13,537 )                |                 | -                                | 7,942              |
| Trade and other receivables, net             | 427,141                         |                 | (25,380 )                                  | f               | 20,675                   | B,J,K           | 32,757                           | 455,193            |
| Investments in financial assets              | 101,552                         |                 | (2,645 )                                   | e               | 31,168                   |                 | -                                | 130,075            |
|  | 277,526                         |                 | (22,768 )                                  |                 | -                        |                 | -                                | 254,758            |

Cash and cash  
equivalents

|                         |                  |                   |   |           |                |                  |
|-------------------------|------------------|-------------------|---|-----------|----------------|------------------|
| Investments             | 31,168           | -                 | e | (31,168 ) | -              | -                |
| Total Current<br>Assets | 1,022,156        | (214,083 )        |   | 20,424    | 28,604         | 857,101          |
| <b>TOTAL<br/>ASSETS</b> | <b>6,561,965</b> | <b>(170,810 )</b> |   | <b>-</b>  | <b>450,354</b> | <b>6,841,509</b> |

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

## 2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

|  | Argentine<br>GAAP<br>balances I | Ref<br>2.3.12.1 | Deconsolidation<br>of joint<br>ventures II | Reclassification<br>Ref<br>2.3.12.2 | III      | Ref<br>2.3.12.3 | Measurement<br>adjustments<br>IV | IFRS<br>balances V |
|--|---------------------------------|-----------------|--|-------------------------------------|----------|-----------------|----------------------------------|--------------------|
| <b>SHAREHOLDERS'<br/>EQUITY</b>  |                                 |                 |  |                                     |          |                 |                                  |                    |
| Capital and reserves<br>attributable to equity<br>holders of the parent<br>company       |                                 |                 |  |                                     |          |                 |                                  |                    |
| Share capital  | 578,676                         |                 | -  |                                     | -        |                 | -                                | 578,676            |
| Inflation adjustment of<br>share capital   | 274,387                         |                 | -  |                                     | -        |                 | -                                | 274,387            |
| Share premium  | 793,123                         |                 | -  |                                     | -        |                 | -                                | 793,123            |
| Acquisition of<br>non-controlling interest   | -                               |                 | -  |                                     | -        | P               | (15,311 )                        | (15,311 )          |
| Legal reserve  | 71,136                          |                 | -  |                                     | -        |                 | -                                | 71,136             |
| Other reserves   | 447,683                         |                 | -  |                                     | -        |                 | -                                | 447,683            |
| Reserve for share-based<br>compensation  | 2,698                           |                 | -  |                                     | -        |                 | -                                | 2,698              |
| Retained earnings  | 134,577                         |                 | -  |                                     | -        |                 | 420,109                          | 554,686            |
| Cumulative translation<br>adjustment   | 63,012                          |                 | -  |                                     | -        | A,R             | (50,934 )                        | 12,078             |
| Total capital and<br>reserves attributable to<br>equity holders of the<br>parent company | 2,365,292                       |                 | -  |                                     | -        |                 | 353,864                          | 2,719,156          |
| Non-controlling interest   | 364,895                         |                 | -  |                                     | -        | T               | 26,784                           | 391,679            |
| <b>TOTAL<br/>SHAREHOLDERS'<br/>EQUITY</b>  | <b>2,730,187</b>                |                 | <b>-</b>                                   |                                     | <b>-</b> |                 | <b>380,648</b>                   | <b>3,110,835</b>   |
| <b>LIABILITIES</b>   |                                 |                 |  |                                     |          |                 |                                  |                    |
| Non-current liabilities  |                                 |                 |  |                                     |          |                 |                                  |                    |
| Trade and other<br>payables  | 150,093                         |                 | (3,495 )                                   |                                     | -        | C,J             | 21,493                           | 168,091            |
| Derivative financial<br>instruments  | 836                             |                 | -  |                                     | -        |                 | -                                | 836                |
| Borrowings   | 2,122,620                       |                 | (33,718 )                                  |                                     | -        |                 | -                                | 2,088,902          |
| Deferred Income tax  | 421,897                         |                 | (9,792 )                                   |                                     | -        | S               | 28,035                           | 440,140            |
| Provisions   | 12,929                          |                 | (14 )                                      |                                     | -        |                 | -                                | 12,915             |
| Total Non-current<br>Liabilities   | 2,708,375                       |                 | (47,019 )                                  |                                     | -        |                 | 49,528                           | 2,710,884          |
| Current liabilities  | 477,410                         |                 | (102,748 )                                 |                                     | -        | C,J             | 20,665                           | 395,327            |

Trade and other  
payables

|   |           |            |   |          |           |
|---|-----------|------------|---|----------|-----------|
| Income tax liabilities                              | 83,881    | -          | - | -        | 83,881    |
| Borrowings  | 522,976   | (20,029 )  | - | Q (487 ) | 502,460   |
| Salaries and social<br>security liabilities         | 28,310    | (1,014 )   | - | -        | 27,296    |
| Provisions  | 10,826    | -          | - | -        | 10,826    |
| Total Current Liabilities                           | 1,123,403 | (123,791 ) | - | 20,178   | 1,019,790 |
| TOTAL LIABILITIES                                   | 3,831,778 | (170,810 ) | - | 69,706   | 3,730,674 |
| TOTAL<br>SHAREHOLDERS'<br>EQUITY AND<br>LIABILITIES | 6,561,965 | (170,810 ) | - | 450,354  | 6,841,509 |

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.4. Reconciliation of the statement of financial position as of June 30, 2012

|  | Argentine<br>GAAP<br>balances I | Ref<br>2.3.12.1 | Deconsolidation<br>of joint<br>ventures II | Ref<br>2.3.12.2 | Reclassifications<br>III | Ref<br>2.3.12.3 | Measurement<br>adjustments<br>IV | IFRS<br>balances V |
|--|---------------------------------|-----------------|--|-----------------|--------------------------|-----------------|----------------------------------|--------------------|
| <b>ASSETS</b>                                |                                 |                 |  |                 |                          |                 |                                  |                    |
| <b>Non-current assets</b>                    |                                 |                 |  |                 |                          |                 |                                  |                    |
| Investment properties                        | -                               |                 | -  | a               | 3,274,280                | I,M             | 946                              | 3,275,226          |
| Property, plant and equipment, net           | 3,319,798                       |                 | (88,717 )                                  | a,b,f,g         | (3,003,048)              |                 | -                                | 228,033            |
| Trading properties                           | -                               |                 | -  | b,c             | 180,433                  | D               | (13,324 )                        | 167,109            |
| Intangible assets, net                       | 71,157                          |                 | (2,113 )                                   | g               | 2,475                    | E,F             | (42,130 )                        | 29,389             |
| Inventories                                  | 97,221                          |                 | (107 )                                     | b,c             | (97,114 )                |                 | -                                | -                  |
| Investments in associates and joint ventures | 1,342,337                       |                 | 239,177                                    |                 | -                        | N,O             | (135,699 )                       | 1,445,815          |
| Other investments                            | 978,672                         |                 | (64,700 )                                  | a,b,d           | (913,972 )               |                 | -                                | -                  |
| Deferred income tax assets                   | 30,104                          |                 | (12,104 )                                  |                 | -                        | S               | 16,255                           | 34,255             |
| Trade and other receivables, net             | 175,689                         |                 | (28,987 )                                  |                 | -                        | B,L             | 49,670                           | 196,372            |
| Investments                                  | -                               |                 | -  |                 | -                        |                 | -                                | -                  |
| Investments in financial assets              | -                               |                 | -  | d               | 517,456                  | H               | 138,204                          | 655,660            |
| Derivative financial instruments             | -                               |                 | -  | d               | 18,434                   |                 | -                                | 18,434             |
| Negative goodwill                            | (377,463 )                      |                 | -  |                 | -                        | G               | 377,463                          | -                  |
| Total Non-current Assets                     | 5,637,515                       |                 | 42,449                                     |                 | (21,056 )                |                 | 391,385                          | 6,050,293          |
| <b>Current Assets</b>                        |                                 |                 |  |                 |                          |                 |                                  |                    |
| Trading properties                           | -                               |                 | -  | b               | 11,177                   | D               | (1,463 )                         | 9,714              |
| Inventories                                  | 140,018                         |                 | (113,182 )                                 | b               | (11,177 )                |                 | -                                | 15,659             |
| Trade and other receivables, net             | 442,392                         |                 | (22,707 )                                  | f               | 21,056                   | B,L,K           | 35,136                           | 475,877            |
| Investments in financial assets              | 76,546                          |                 | (18,591 )                                  | e               | 20,954                   |                 | -                                | 78,909             |
| Cash and cash equivalents                    | 283,140                         |                 | (23,971 )                                  |                 | -                        |                 | -                                | 259,169            |
| Other investments                            | 20,954                          |                 | -  | e               | (20,954 )                |                 | -                                | -                  |

|                     |                  |                   |          |                |                  |
|---------------------|------------------|-------------------|----------|----------------|------------------|
| Total Current       |                  |                   |          |                |                  |
| Assets              | 963,050          | (178,451 )        | 21,056   | 33,673         | 839,328          |
| <b>TOTAL ASSETS</b> | <b>6,600,565</b> | <b>(136,002 )</b> | <b>-</b> | <b>425,058</b> | <b>6,889,621</b> |

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## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

|   | Argentine<br>GAAP<br>balances I | Deconsolidation<br>Ref<br>of joint<br>ventures II | Reclassification<br>Ref<br>III | Measurement<br>Ref<br>adjustments<br>IV | IFRS<br>balances V |
|---|---------------------------------|---|--------------------------------|---|--------------------|
|   | 2.3.12.1                        | 2.3.12.2  | 2.3.12.3                       |   |                    |
| <b>SHAREHOLDERS' EQUITY</b>   |                                 |   |                                |   |                    |
| Capital and reserves attributable to equity holders of the parent       |                                 |   |                                |   |                    |
| Share capital   | 578,676                         | -   | -                              | -                                       | 578,676            |
| Inflation adjustment of share capital                                   | 274,387                         | -   | -                              | -                                       | 274,387            |
| Share premium   | 793,123                         | -   | -                              | -                                       | 793,123            |
| Cumulative translation adjustment                                       | 79,975                          | -   | -                              | A,R (65,473 )                           | 14,502             |
| Reserve for share-based compensation                                    | 2,595                           | -   | -                              | -                                       | 2,595              |
| Acquisition of non-controlling interest                                 | -                               | -   | -                              | P (15,714 )                             | (15,714 )          |
| Legal reserve   | 71,136                          | -   | -                              | -                                       | 71,136             |
| Other reserves  | 419,783                         | -   | -                              | -                                       | 419,783            |
| Retained earnings   | 115,604                         | -   | -                              | 395,249                                 | 510,853            |
| Total capital and reserves attributable to equity holders of the parent | 2,335,279                       | -   | -                              | 314,062                                 | 2,649,341          |
| Non-controlling interest  | 362,929                         | -   | -                              | T 27,499                                | 390,428            |
| <b>T O T A L SHAREHOLDERS' EQUITY</b>                                   | <b>2,698,208</b>                | <b>-</b>  | <b>-</b>                       | <b>341,561</b>                          | <b>3,039,769</b>   |
| <b>LIABILITIES</b>  |                                 |   |                                |   |                    |
| <b>Non-current Liabilities</b>  |                                 |   |                                |   |                    |
| Trade and other payables  | 149,923                         | (4,576 )  | -                              | C,J 21,309                              | 166,656            |
| Borrowings  | 2,065,826                       | (17,429 )   | -                              | -                                       | 2,048,397          |
| Deferred income tax liabilities   | 388,318                         | (12,880 )   | -                              | S 35,794                                | 411,232            |
| Provisions  | 17,823                          | -   | -                              | -                                       | 17,823             |
| Total Non-Current Liabilities   | 2,621,890                       | (34,885 )   | -                              | 57,103                                  | 2,644,108          |
| Current Liabilities   | 556,775                         | (82,366 )   | -                              | C,J 26,517                              | 500,926            |

Trade and other  
payables

|   |           |            |   |          |           |
|---|-----------|------------|---|----------|-----------|
| Income tax liabilities                              | 104,873   | (4 )       | - | -        | 104,869   |
| Salaries and social<br>security liabilities         | 40,686    | (1,079 )   | - | -        | 39,607    |
| Borrowings  | 575,687   | (17,668 )  | - | Q (123 ) | 557,896   |
| Provisions  | 2,446     | -          | - | -        | 2,446     |
| Total Current Liabilities                           | 1,280,467 | (101,117 ) | - | 26,394   | 1,205,744 |
| TOTAL LIABILITIES                                   | 3,902,357 | (136,002 ) | - | 83,497   | 3,849,852 |
| TOTAL LIABILITIES<br>AND<br>SHAREHOLDERS'<br>EQUITY | 6,600,565 | (136,002 ) | - | 425,058  | 6,889,621 |

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.5. Reconciliation of statement of income for the nine-month period ended March 31, 2012

|  | Argentine<br>GAAP<br>balances I | Deconsolidation<br>Ref<br>of joint<br>ventures II<br>2.3.12.1 | Ref<br>Reclassifications<br>III<br>2.3.12.2 | Measurement<br>Ref<br>adjustments<br>IV<br>2.3.12.3 | IFRS<br>balances V |
|--|---------------------------------|---|---|---|--------------------|
| Revenues   | 1,078,611                       | (79,178 )   | i,ii 315,308                                | B,C,J 13,782  | 1,328,523          |
| Costs  | (402,932 )                      | 69,588  | i,ii (329,340 )                             | E,F,D,I,M 25,427                                    | (637,257 )         |
| Gross Profit   | 675,679                         | (9,590 )  | (14,032 )                                   | 39,209  | 691,266            |
| Gain from disposal<br>of investment<br>properties  | -                               | -   | ii 18,205                                   | M 24,532  | 42,737             |
| General and<br>administrative<br>expenses  | (128,911 )                      | 3,856   | -   | -   | (125,055 )         |
| Selling expenses   | (63,513 )                       | 7,120   | -   | G,K 136   | (56,257 )          |
| Other operating<br>results, net  | -                               | -   | iii (13,014 )                               | E,F,G 1,016   | (11,998 )          |
| G a i n f r o m<br>r e c o g n i t i o n o f<br>i n v e n t o r i e s a t n e t<br>r e a l i z a b l e v a l u e | 39,408                          | (4,570 )  | -   | D,M (34,838 )                                       | -                  |
| Profit from<br>operations  | 522,663                         | (3,184 )  | (8,841 )                                    | 30,055  | 540,693            |
| Share of (profit) /<br>loss of associates<br>and joint ventures  | 99,710                          | (4,046 )  | iv (9,966 )                                 | N,O (69,776 )                                       | 15,922             |
| Profit from<br>operations before<br>financial results and<br>income tax  | 622,373                         | (7,230 )  | (18,807 )                                   | (39,721 )   | 556,615            |
| Finance income   | 87,543                          | (3,354 )  | iv 9,966                                    | H,L,R 20,170  | 114,325            |
| Finance cost   | (392,618 )                      | 8,698   | -   | Q,J (253 )  | (384,173 )         |
| Financial results,<br>net  | (305,075 )                      | 5,344   | iv 9,966                                    | 19,917  | (269,848 )         |
| Other results, net   | (10,353 )                       | 1,512   | iii 8,841                                   | -   | -                  |
| Amortization of<br>goodwill, net   | 14,267                          | -   | -   | G (14,267 )   | -                  |
| Profit before<br>income tax  | 321,212                         | (374 )  | -   | (34,071 )   | 286,767            |
| Income tax   | (78,820 )                       | 374   | -   | S (12,850 )   | (91,296 )          |
| Profit for the period  | 242,392                         | -   | -   | (46,921 )   | 195,471            |
| Attributable to:   | 227,954                         | -   | -   | (51,332 )   | 176,622            |

Equity holders of  
the parent

|                             |        |   |   |   |       |        |
|-----------------------------|--------|---|---|---|-------|--------|
| Non-controlling<br>interest | 14,438 | - | - | T | 4,411 | 18,849 |
|-----------------------------|--------|---|---|---|-------|--------|

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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2 Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.6. Reconciliation of statement of income for the three-month period ended March 31, 2012

|   | Argentine<br>GAAP<br>balances I | Deconsolidation<br>of joint<br>ventures II (*) | Reclassifications<br>III (*) | Measurement<br>adjustments<br>IV (*) | IFRS<br>balances<br>NIIF V |
|---|---------------------------------|--|------------------------------|--------------------------------------|----------------------------|
| Revenues  | 339,197                         | (19,681 )                                      | 91,964                       | 4,124                                | 415,604                    |
| Costs   | (128,683 )                      | 16,615   | (91,490 )                    | 6,737                                | (196,821 )                 |
| Gross Profit  | 210,514                         | (3,066 )                                       | 474                          | 10,861                               | 218,783                    |
| Gain from disposal of investment<br>properties                    | -                               | -  | 1,573                        | 16,437                               | 18,010                     |
| General and administrative expenses                               | (45,234 )                       | 1,696  | -                            | 467                                  | (43,071 )                  |
| Selling expenses  | (25,291 )                       | 1,976  | -                            | 1,552                                | (21,763 )                  |
| Other operating results, net                                      | 1,703                           | -  | (6,256 )                     | 1,016                                | (3,537 )                   |
| Gain from recognition of inventories at<br>net realizable value   | 4,160                           | (1,626 )                                       | -                            | (2,534 )                             | -                          |
| Profit from operations  | 145,852                         | (1,020 )                                       | (4,209 )                     | 27,799                               | 168,422                    |
| Share of profit / (loss) of associates and<br>joint ventures      | 41,140                          | (1,523 )                                       | (3,513 )                     | (36,406 )                            | (302 )                     |
| Profit from operations before financial<br>results and income tax | 186,992                         | (2,543 )                                       | (7,722 )                     | (8,607 )                             | 168,120                    |
| Finance income  | 52,635                          | (1,100 )                                       | 3,513                        | 9,244                                | 64,292                     |
| Finance cost  | (119,049 )                      | 3,232  | -                            | 37,304                               | (78,513 )                  |
| Financial results, net  | (66,414 )                       | 2,132  | 3,513                        | 46,548                               | (14,221 )                  |
| Other results, net  | (4,779 )                        | 570  | 4,209                        | -                                    | -                          |
| Amortization of goodwill, net                                     | 5,402                           | -  | -                            | (5,402 )                             | -                          |
| Profit before income tax  | 121,201                         | 159  | -                            | 32,539                               | 153,899                    |
| Income tax  | (22,203 )                       | (159 )   | -                            | (15,450 )                            | (37,812 )                  |
| Profit for the period   | 98,998                          | -  | -                            | 17,089                               | 116,087                    |
| Attributable to:  |                                 |  |                              |                                      |                            |
| Equity holders of the parent                                      | 86,770                          | -  | -                            | 8,301                                | 95,071                     |
| Non-controlling interest  | 12,228                          | -  | -                            | 8,788                                | 21,016                     |

(\*) Corresponds to the same items explained in Notes 2.3.5 and 2.3.7.

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.7. Reconciliation of statement of income for the year ended June 30, 2012

|   | Argentine<br>GAAP<br>balances I | Ref<br>2.3.12.1 | Deconsolidation<br>of joint<br>ventures II | Ref<br>2.3.12.2 | Reclassifications<br>III | Ref<br>2.3.12.3 | Measurement<br>adjustments<br>IV | IFRS<br>balances V |
|---|---------------------------------|-----------------|--|-----------------|--------------------------|-----------------|----------------------------------|--------------------|
| Revenues  | 1,571,440                       |                 | (136,535 )                                 | i,ii            | 351,992                  | B,C,D,J         | 13,385                           | 1,800,282          |
| Costs   | (575,447 )                      |                 | 124,700                                    | i,ii            | (444,148 )               | E,F,D,I         | 27,551                           | (867,344 )         |
| Gross Profit  | 995,993                         |                 | (11,835 )                                  |                 | (92,156 )                |                 | 40,936                           | 932,938            |
| Gain from disposal<br>of investment<br>properties                       | -                               |                 | -  | ii              | 92,156                   | M               | 24,533                           | 116,689            |
| General and<br>administrative<br>expenses                               | (182,369 )                      |                 | 5,043                                      |                 | -                        |                 | -                                | (177,326 )         |
| Selling expenses  | (99,201 )                       |                 | 12,859                                     |                 | -                        | K               | 1,569                            | (84,773 )          |
| Gain from<br>recognition of<br>inventories at net<br>realizable value   | 42,817                          |                 | (5,914 )                                   |                 | -                        | D               | (36,903 )                        | -                  |
| Other operating<br>results, net   | -                               |                 | -  | iii             | (27,496 )                | E               | (3,251 )                         | (30,747 )          |
| Profit from<br>operations   | 757,240                         |                 | 153  |                 | (27,496 )                |                 | 26,884                           | 756,781            |
| Share of profit /<br>(loss) of associates<br>and joint ventures         | 115,819                         |                 | (8,697 )                                   | iv              | (13,711 )                | N,O             | (81,751 )                        | 11,660             |
| Profit from<br>operations before<br>financial results and<br>income tax | 873,059                         |                 | (8,544 )                                   |                 | (41,207 )                |                 | (54,867 )                        | 768,441            |
| Finance income  | 64,287                          |                 | (7,346 )                                   | iv              | 13,711                   | H,L,R           | 26,287                           | 96,939             |
| Finance cost  | (529,632 )                      |                 | 13,135                                     |                 | -                        | H,G             | (13,194 )                        | (529,691 )         |
| Financial results, net  | (465,345 )                      |                 | 5,789                                      |                 | 13,711                   |                 | 13,093                           | (432,752 )         |
| Other results, net  | (29,376 )                       |                 | 1,880                                      | iii             | 27,496                   |                 | -                                | -                  |
| Amortization of<br>goodwill, net  | 18,145                          |                 | -  |                 | -                        | G               | (18,145 )                        | -                  |
| Profit before income<br>tax   | 396,483                         |                 | (875 )                                     |                 | -                        |                 | (59,919 )                        | 335,689            |
| Income tax  | (102,682 )                      |                 | 875  |                 | -                        | S               | (9,206 )                         | (111,013 )         |
| Profit / (Loss) for<br>the year   | 293,801                         |                 | -  |                 | -                        |                 | (69,125 )                        | 224,676            |
| Attributable to:  | 280,081                         |                 | -  |                 | -                        |                 | (76,190 )                        | 203,891            |

Equity holders of  
the parent

|                             |        |   |   |   |       |        |
|-----------------------------|--------|---|---|---|-------|--------|
| Non-controlling<br>interest | 13,720 | - | - | T | 7,065 | 20,785 |
|-----------------------------|--------|---|---|---|-------|--------|

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.8. Reconciliation of the statement of comprehensive income for the nine-month period ended March 31, 2012

|   | Argentine<br>GAAP<br>Balances I | Ref<br>2.3.12.2 | Measurement<br>adjustments<br>IV | IFRS<br>balances V |
|---|---------------------------------|-----------------|----------------------------------|--------------------|
| Profit for the period   | 242,392                         |                 | (46,921 )                        | 195,471            |
| Other comprehensive income:                                       |                                 |                 |                                  |                    |
| Items that may be reclassified subsequently to<br>profit or loss: |                                 |                 |                                  |                    |
| Currency translation adjustment                                   | 27,765                          | A,R             | (16,810 )                        | 10,955             |
| Other comprehensive income for the period                         | 27,765                          |                 | (16,810 )                        | 10,955             |
| Total comprehensive income for the period                         | 270,157                         |                 | (63,731 )                        | 206,426            |
| Attributable to:  |                                 |                 |                                  |                    |
| Equity holders of the parent                                      | 256,842                         |                 | (68,142 )                        | 188,700            |
| Non-controlling interest  | 13,315                          |                 | 4,411                            | 17,726             |

2.3.9. Reconciliation of the statement of comprehensive income for the three-month period ended March 31, 2012

|  | Argentine<br>GAAP<br>Balances I | Measurement<br>adjustments<br>IV (*) | IFRS<br>balances V |
|--|---------------------------------|--------------------------------------|--------------------|
| Profit for the period  | 98,998                          | 17,089                               | 116,087            |
| Other comprehensive income:                                    |                                 |                                      |                    |
| Items that may be reclassified subsequently to profit or loss: |                                 |                                      |                    |
| Currency translation adjustment                                | 7,607                           | (5,533 )                             | 2,074              |
| Other comprehensive income for the period                      | 7,607                           | (5,533 )                             | 2,074              |
| Total comprehensive income for the period                      | 106,605                         | 11,556                               | 118,161            |
| Attributable to:   |                                 |                                      |                    |
| Equity holders of the parent                                   | 95,597                          | 2,768                                | 98,365             |
| Non-controlling interest                                       | 11,008                          | 8,788                                | 19,796             |

(\*) Corresponds to the same items explained in Notes 2.3.8 and 2.3.10.

2.3.10. Reconciliation of the statement of comprehensive income for the year ended June 30, 2012

|                             | Argentine<br>GAAP<br>Balances I | Ref<br>2.3.12.2 | Measurement<br>adjustments<br>IV | IFRS<br>balances V |
|-----------------------------|---------------------------------|-----------------|----------------------------------|--------------------|
| Profit for the period       | 293,801                         |                 | (69,125 )                        | 224,676            |
| Other comprehensive income: |                                 |                 |                                  |                    |



Items that may be reclassified subsequently to  
profit or loss:

|   |         |     |            |         |
|---|---------|-----|------------|---------|
| Currency translation adjustment         | 46,031  | A,R | (31,349 )  | 14,682  |
| Other comprehensive income for the year | 46,031  |     | (31,349 )  | 14,682  |
| Total comprehensive income for the year | 339,832 |     | (100,474 ) | 239,358 |

Attributable to:

|                              |         |  |            |         |
|------------------------------|---------|--|------------|---------|
| Equity holders of the parent | 325,932 |  | (107,539 ) | 218,393 |
| Non-controlling interest     | 13,900  |  | 7,065      | 20,965  |

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.11. Reconciliation of the statement of cash flows for the nine-month period ended March 31, 2012 and for the year ended June 30, 2012

Based on IAS 7 “Statement of Cash Flows” requirements, the Group has made the following reclassification between operating, investing and financing activities in the cash flow statements presented under Argentine GAAP and the cash flows statements under IFRS as further detailed below:

(a) Operating activities

|   | 03.31.2012 | 06.30.2012 |
|---|------------|------------|
| Cash generated by operating activities under Argentine GAAP                   | 592,405    | 878,600    |
| Proceeds from sale of property, plant and equipment and investment properties | (52,827 )  | (132,941 ) |
| Deconsolidation of joint ventures   | (12,523 )  | (40,093 )  |
| Foreign exchange (gain) / loss in cash and cash equivalents                   | (11,840 )  | 5,361      |
| Cash generated by operating activities under IFRS                             | 515,215    | 710,927    |

(b) Investing activities

|   | 03.31.2012 | 06.30.2012 |
|---|------------|------------|
| Cash used in investing activities under Argentine GAAP                        | (308,722 ) | (402,324 ) |
| Acquisition of non-controlling interest in subsidiaries                       | 7,364      | 8,054      |
| Proceeds from sale of property, plant and equipment and investment properties | 52,827     | 132,941    |
| Deconsolidation of joint ventures   | 939        | 6,126      |
| Cash used in investing activities under IFRS                                  | (247,592 ) | (255,203 ) |

(c) Financing activities

|   | 03.31.2012 | 06.30.2012 |
|---|------------|------------|
| Cash used in financing activities under Argentine GAAP  | (318,431 ) | (505,410 ) |
| Acquisition of non-controlling interest in subsidiaries | (7,364 )   | (8,054 )   |
| Deconsolidation of joint ventures                       | (469 )     | 20,858     |
| Cash used in financing activities under IFRS            | (326,264 ) | (492,606 ) |

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

## (d) Net decrease in cash and cash equivalents

|  | 03.31.2012 | 06.30.2012 |
|--|------------|------------|
| Net decrease in cash and cash equivalents under Argentine GAAP | (34,748 )  | (29,134 )  |
| Foreign exchange (gain) / loss in cash and cash equivalents    | (11,840 )  | 5,361      |
| Deconsolidation of joint ventures                              | (12,053 )  | (13,109 )  |
| Net decrease in cash and cash equivalents under IFRS           | (58,641 )  | (36,882 )  |

## 2.3.12. Explanation of the transition to IFRS

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous Argentine GAAP accounting policies and the current IFRS applied by the Group. Only the differences having an impact on the Group are explained below. The following is not a complete summary of all of the differences between Argentine GAAP and IFRS. The descriptive caption next to each numbered item below corresponds to the same numbered and descriptive caption in the reconciliations above, which reflect the quantitative impacts from each change. Unless the quantitative impact is disclosed, the impact is not significant to the Group.

Column I in the tables included on previous pages represents Argentine GAAP balances prior to transition as published in the latest Group’s Argentine GAAP financial statements as of and for the year ended June 20, 3012 compared to transition date (July 1st, 2011), and in the Group’s Argentine GAAP financial statements for the nine-month period ended March 31, 2012. However, certain reclassifications and/or groupings have already been made to that information in Column I to avoid lengthy explanations of certain format changes introduced in these IFRS financial statements. The following changes have been made to the previous Argentine GAAP statement of financial position in Column I:

- (1) The line items “Trade receivables” and “Other receivables” have been grouped into the new line item “Trade and other receivables, net”.
- (2) The line items “Trade payables”, “Customer advances”, “Taxes payable” and “Other liabilities” have been also grouped into the new line item “Trade and other payables”, with the exception of income tax payable and deferred income tax which have been shown separately.
- (3) Goodwill which was previously disclosed separately offsetting negative goodwill has been included as part of “Intangible assets”.
- (4) Cash equivalents previously disclosed as part of the line item current investments have been grouped together with cash and banks, in the line named “Cash and cash equivalents”.

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

- (5) Derivative financial instruments which were previously included as part of the non-current line items “Other receivables”, “Other payables” and/ or “Investments” have been disclosed as separate assets or liabilities as appropriate.
- (6) Investments in associates and joint ventures previously included as part of “Non-Current Investments” have been separately disclosed in the new line item “Investments in associates and joint ventures”.
- (7) The portion of equity in a subsidiary not attributable directly or indirectly to a parent is known as “Minority interest” and is classified as a separate component between the liability and equity sections of the statement of financial position (mezzanine section). IFRS 10 “Consolidated financial statements” specifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as a separate component within equity in the consolidated financial statements. The Group has non-controlling interest in more than one subsidiary. Accordingly, the Group aggregated its various non-controlling interests on the consolidated statements, renamed them as “Non-controlling interest” and reclassified the aggregated amount from the mezzanine section to shareholders’ equity at transition date.

The following changes have been made to the statements of income for the year ended June 30, 2012 and for the nine and three-month periods ended March 31, 2012:

- (1) The format of the statement of income has been restructured to simplify its reading. To that effect, all revenue streams of the Group which were previously disclosed separately (i.e. sales of development properties, leases and services revenue, and hotel revenue), together with its corresponding costs of sales, have been aggregated into two line items titled "Revenues" and "Costs" in Column I. Revenues and Costs are then cross-referenced to the respective notes in the financial statements where a detailed breakdown is provided per line of business.
- (2) Pursuant to the Argentine GAAP in force, the share of losses and profits from associates and joint ventures is shown after the financial results. Likewise, under IFRS, the share of profits and losses from associates and joint ventures is generally shown after the financial income (expense) line. However, where associates and joint ventures are an integral vehicle to carry out the Group’s operations, it is more adequate to show the share of profits and losses of associates and joint ventures before financial income (expense). In accordance with its strategy, the Group conducts its operations through associates or joint ventures. Therefore, under the IFRS, the Group shows the profits or losses from associates and joint ventures before the financial income (expense) line. For simplicity, the share of profits and losses associates is shown before financial results, net, in Column I.

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(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

- (3) Non-controlling interests in the results of a consolidated subsidiary which was previously classified as a component of profits within the statement of income has been presented as an allocation of profit in Column I. As part of the adoption to IFRS, the term "Minority interest" has also been replaced with the new term "non-controlling interest" in accordance with IAS 1.
- (4) Under the Argentine GAAP in force, financial results are broken down depending on whether it is generated by assets or by liabilities. Under the IFRSs, the Group has adopted the criterion of showing financial income and financial expenses on different lines in the statement of income. For simplicity, the Group has reclassified the figures as per Argentine GAAP shown under “Financial income (expense) generated by assets” and “Financial income (expense) generated by liabilities”, into “Financial income” and “Financial cost” as established by the IFRS, as applicable, in Column I.
- (5) According to IFRS, income and expense items not recognized in the statement of income (that is, exchange differences related to translation of foreign businesses) are shown in the statement of comprehensive income as “Other comprehensive income”. According to Argentine GAAP, the statement of comprehensive income is not mandatory and, therefore, such items are recognized as part of shareholders’ equity, in a separate reserve account. For simplicity, these items are shown in “Other comprehensive income” in Column I.

2.3.12.1 Deconsolidation of joint ventures (Column II)

Argentine GAAP – Entities in which the Group has joint control are proportionately consolidated. As of July 1st, 2011, the Group’s joint ventures are Cyrsa S.A., Canteras Natal Crespo S.A., Puerto Retiro S.A., Baicom Networks S.A. and Quality Invest S.A.. As of March 31, 2012 and June 30, 2012, the joint ventures of the Group are Cyrsa S.A., Canteras Natal Crespo S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A. and Nuevo Puerto Santa Fe S.A..

IFRS - The Group has assessed the nature of its joint arrangements in line with IFRS 11 “Joint Arrangements” and determined them to be joint ventures. Joint ventures are accounted for under the equity method of accounting.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

As a result, the Group deconsolidated the accounts of the joint ventures and presented them as a single line item on the face of the statement of financial position. Column II titled “Deconsolidation of joint ventures” reflects the elimination on a line-by-line basis of the Argentine GAAP pro-rata equity interest in the joint ventures and the disclosure of the Group’s investments in the joint ventures as a single line item titled “Investments in associates and joint ventures” on the statement of financial position and as a single line item titled “Share of profit / loss of associates and joint ventures” on the statement of income. The impact of the IFRS adjustments on joint ventures balances is further discussed in Note 2.3.12.3 below.

2.3.12.2 Reclassifications (Column III)

Reclassifications affecting the statement of financial position

The column titled “Reclassifications” reflects the differences in presentation and format between the statement of financial position under Argentine GAAP and IFRS. Unless otherwise stated, amounts have been reclassified for presentational purposes under IFRS prior to affecting the corresponding IFRS adjustments, as applicable, to the Argentine GAAP corresponding amounts. The impact of the IFRS adjustments on reclassified balances is included in Column IV titled “Measurement Adjustments” and is further discussed in Note 2.3.12.3 below. Unless otherwise stated, reclassifications affect both the statement of financial position as of transition date (July 1st, 2011), March 31, 2012, and June 30, 2012.

(a) Investment properties, net

Argentine GAAP - There are not specific requirements for presentation of investment property. Accordingly, the Group does not present separately investment property and includes it as part of property, plant and equipment and non-current investments.

Certain property of the Group is being partially owner-occupied while the rest is being rented out to third parties. There is no such distinction under Argentine GAAP. Portions that are owner-occupied are accounted for and presented in the same way as portions that are being rented out.

Certain associates and joint ventures are currently occupying certain property of the Group. There is no distinction under Argentine GAAP and property rented out to associates or joint ventures are accounted for as property, plant and equipment.

IFRS - IAS 1 “Presentation of Financial Statements” requires investment property to be presented as a separate line item on the face of the statement of financial position within non-current assets.

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

In addition, the portions of the property that are being owner-occupied are accounted for and presented as property, plant and equipment under IAS 16 while the portions being rented out are treated and presented as investment property under IAS 40.

The Group’s property occupied by associates or joint ventures accounted for using the equity method of accounting is not considered part of the Group for consolidation purposes and, therefore, the property is not owner-occupied from the Group’s perspective. Therefore, this property is treated as investment property.

(b) Trading properties

Argentine GAAP – There are not specific requirements for separate presentation of trading properties. Trading properties are included as part of inventories and non-current investments.

IFRS – Trading properties are inventories under IAS 2 “Inventories”. The Group also has materials and supplies, and other items classified as inventories under IAS 2. Due to the significance and different nature of these inventories, the Group decided to present trading properties separately.

(c) In-kind receivables from barter transactions

Argentine GAAP – In-kind receivables from barter transactions representing the Group’s right to receive residential apartments to be constructed by a third-party developer are classified as inventory on the face of the statement of financial position.

IFRS – In-kind receivables representing are not financial assets under IFRS. These in-kind receivables are similar to trading properties and they are classified accordingly in current or non-current assets, as appropriate.

(d) Non-current investments – financial assets

Argentine GAAP – There are not specific requirements for separate presentation of financial assets. Certain financial assets carried at cost under Argentine GAAP were included within non-current investments.

IFRS – IAS 1 “Presentation of Financial Statements” requires financial assets carried at fair value through profit or loss to be presented as a separate line item on the face of the statement of financial position.

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

(e) Current investments – investments in financial assets

Argentine GAAP – Certain instruments carried at fair value are included within the line item investments in the face of the statement of financial position.

IFRS – These investments are also carried at fair value but they are separately disclosed in the new line item titled “Investments in financial assets”.

(f) Advances for purchases of property, plant and equipment, inventories and investments in associates and joint ventures

Argentine GAAP – Receivables representing money advances made for the purchase of items of property, plant and equipment, inventories and investments in associates and joint ventures are shown as part of their respective balances.

IFRS - Advances for the purchase of items of investment properties, property, plant and equipment, inventories and investments in associates and joint ventures are not considered part of these balances until the respective item is received, and, thus, they are shown within “Trade and other receivables, net”.

(g) Software

Argentine GAAP – Under Argentina GAAP, the Group classified software into property, plant and equipment.

IFRS – Software is not considered part of property, plant and equipment, thus, it is shown within Intangible Assets, net”.

Reclassifications affecting the statement of income for the nine and three-month periods ended March 31, 2012 and for the year ended June 30, 2012

(i) Revenue – service income and service charges

Argentine GAAP – The Group structures its operating leases to allow for recovery of a significant portion of property operating, real estate taxes, repairs and maintenance, and advertising and promotion expenses from tenants. A substantial portion of the Group’s leases require the tenants to reimburse the Group for a substantial portion of operating expenses, including common area maintenance, real estate taxes and insurance. The Group’s tenants are required to pay for their proportionate share of property common operating costs. These expenses (“service charge expenses”) are incurred and paid by the Group and subsequently charged to tenants without any mark-up (“service charge income”).

Under Argentine GAAP, service charge income and service charge expense are offset and presented net in the income statement.



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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

IFRS – IAS 18 states that whether an entity is acting as a principal or an agent in transactions is dependent on the facts and circumstances of the relationship. The Group has assessed the substance of the transactions and concluded that the Group is acting as a principal since it has exposure to the significant risks and rewards associated with the rendering of services.

Therefore, service charge income is presented separately from property operating expenses. Property operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges or when the property is vacant are charged to the statement of income. The Group’s advertising and promotional costs are expensed as incurred.

(ii) Gains on disposal of investment

Argentine GAAP – As part of the Group’s strategy, the Group may dispose of investment properties which are no longer considered core to the Group’s ongoing operations and for which profit can be realized from value appreciation. Gain on disposals of office buildings is classified as revenue in the statement of income.

IFRS – Based on the IFRS Conceptual Framework, gain on disposal of assets described above are not reported under “Revenues”.

Under IFRS, gains from the disposal of fixed assets are not included in “Revenue” as the standard refers to the sale of goods including goods produced by the entity for sale or purchased for resale. Only property acquired or constructed for sale and held as inventory (“Trading property”) would therefore be included in the “Revenues”, except for property held as an investment properties or property, plant and equipment.

(iii) Other operating results, net

Argentine GAAP - Under Argentine GAAP, certain income and expense items are included as part of financial results or other non-operating income and expenses, as appropriate. These items primarily comprise fees payable related to the management contract charges for provisions (i.e. generally charges for litigation and claims), gains or losses on disposal of property, plant and equipment items, gains or losses from the sale of subsidiaries and taxes borne by the Group on behalf of shareholders, among others.

IFRS - Under IFRS, income and expense items are generally presented according to its nature and the Group’s presentation policy. The items described above are generally presented as “Other operating results, net” under IFRS.

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

(iv) Investment in financial assets

Argentine GAAP – Investments in entities in which the Company does not exercise significant influence, joint control or control, are accounted at cost plus dividends. The received dividends are included within share of profit or loss of associates and joint ventures.

IFRS – Investments in entities which are not subsidiaries, associates and joint ventures, are measured at fair value. Changes in fair values and gains from disposal of equity investments at fair value through profit or loss and dividends income are recorded within “Financial results, net” in the statement of income.

Reclassifications affecting the statements of cash flows for the nine-month period ended March 31, 2012 and for the year ended June 30, 2012.

Pursuant to Argentine GAAP, the Group proportionally consolidated the joint ventures’ accounts. Consequently, a difference is generated between the amount of cash and cash equivalents reported in the statement of cash flows under Argentine GAAP and the amount of cash and cash equivalents that would be reported in the statement of cash flows prepared under IFRS.

On the other hand, under the Argentine GAAP, the effect of exchange rate changes on cash and cash equivalents was shown as part of operating activities and not under a fourth category in the statement of cash flows as required by the IFRSs.

Additionally, pursuant to Argentine GAAP, proceeds from sale of property, plant and equipment (including properties classified as investment properties under IFRS) were reported as operating activities. In accordance with IFRS proceeds from sale of investment properties and property, plant and equipment are reported as investing activities.

Finally, pursuant to Argentine GAAP, acquisition of non-controlling interest was reported as investing activities, whereas, in accordance with IFRS, it must be reported as cash from financing activities.

Thus, cash flows generated by or used in operating, investing and financing activities were different in the statement of cash flow prepared under Argentine GAAP.

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

2.3.12.3 Measurement adjustments (Column IV)

Argentine GAAP differs in certain significant respects from IFRS. Such differences involve methods of measuring the amounts shown in the consolidated financial statements, as further described below:

(A) Currency translation adjustment

As noted in the section titled “IFRS exemption options”, the Group has applied the one-time exemption to set the foreign currency cumulative translation adjustment (“CTA”) to zero as of July 1st, 2011.

(B) Revenue recognition – “scheduled rent increases”

Argentine GAAP - Revenue from “non-cancelable” leases subject to scheduled rent escalation clauses is recognized when the escalated payments are due. Therefore, revenue does not include an averaging of rental income. Rent-free periods, reduced rent or other tenant incentives, if any, are recognized in the period in which these incentives are provided.

IFRS - The Group applied IAS 17 “Leases”. As a result, lease income from operating leases with scheduled rent increases is recognized on a straight-line basis over the term of the leases. All tenant incentives, if any, are treated as a reduction of rental income on a straight-line basis over the lease terms.

(C) Revenue recognition – “letting fees”

Argentine GAAP - The Group does not generally use the services of a third-party lease agent for its shopping center properties. Rather, the Group acts as its own leasing agent and earns letting fees. Letting fees are recognized at the time a transaction is successfully completed. A transaction is considered successfully completed when both parties (the tenant and the Group) have signed the related lease contract.

IFRS - The Group considers that in these circumstances payments received from tenants for “letting fees” are not different from other payments received such as admission rights. Accordingly, revenue from letting fees is recognized under the straight-line method over the lease term.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

(D) Trading properties

Argentine GAAP - Trading properties are stated at the lower of cost adjusted for inflation or net realizable value. Additionally, trading properties are measured at net realizable value when contracts are exchanged for which a non-refundable deposit has been received securing the sale in advance of legal completion (i.e. transfer of deed of title and significant risk and rewards). This form of sale fixes the price of the property and the terms and conditions of the contract providing reasonable certainty about the closing of the transaction and realization of the gain. Accordingly, these transactions are deemed consummated for Argentine GAAP purposes and revenue is recognized at the time the contract is signed. Gains on the revaluation of trading property to net realizable value are shown as “gain from recognition of inventories at net realizable value” in the statement of income.

IFRS - Trading properties are measured at the lowest of cost or net realizable value. Revenue from the sale of properties is recognized only when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts at the moment of the transfer of title deed. For conditional exchanges, sales are recognized when these conditions are satisfied.

(E) Pre-operating and organization expenses

Argentine GAAP - Under Argentine GAAP, pre-operating, organization expenses and other start-up costs (mainly related to the opening of new shopping centers) are capitalized and amortized under the straight-line method generally over a period of three to five years.

IFRS - IFRS prescribes that pre-operating expenses cannot be attributed to the cost of property, plant and equipment, investment properties, trading properties or the creation of intangible assets and are immediately recognized as expenses.

(F) Goodwill

Argentine GAAP - The Group accounts for acquisitions of businesses and non-controlling interests under the purchase method of accounting. Under the purchase method of accounting, the Group allocates the purchase price to tangible and intangible assets and liabilities based on the respective fair values. Goodwill represents the excess of cost over the fair value of net identifiable assets and is amortized under the straight-line method over the weighted average useful life of the tangible assets acquired. Goodwill does not exceed its respective estimated recoverable value at year-end.

IFRS - As noted in Note 2.2., the Group has applied the exemption in IFRS 1 for business combinations. Also, as noted in Note 2.2., the Group has applied the exception in IFRS 1 for acquisitions of non-controlling interests.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

(G) Negative Goodwill

Argentine GAAP - Under Argentine GAAP, when the amount paid in a business combination or acquisition of a non-controlling interest is lower than the carrying amount of the acquired assets and assumed liabilities, the Group recognizes such amount as negative goodwill on the statement of financial position (as a deduction to non-current assets) and amortizes it over the period considered to justify negative goodwill not exceeding 20 years. However, under Argentine GAAP, when negative goodwill exists, acquired intangible assets which otherwise would be recognized are reduced to absorb the negative goodwill even if they are then assigned a zero value.

Additionally, where the amount paid for the acquisition of associates and/or joint ventures is lower to the investor's interest in the net fair values of the associate and/or joint venture's identifiable assets and liabilities, the Group recognizes such amount as negative goodwill on the statement of financial position and amortizes it over the period considered to justify negative goodwill not exceeding 20 years. That amortization is recognized under the line “Share of profit / (loss) of associates and joint ventures” in the statement of income.

IFRS - As noted in Note 2.2., the Group has applied the exemption in IFRS 1 for business combinations. Also, as noted in Note 2.2., the Group has applied the exception in IFRS 1 for acquisitions of non-controlling interests. Consequently, business combinations and acquisitions of non-controlling interests completed prior to July 1st, 2011 have not been restated, and the carrying amount of negative goodwill under IFRS as of July 1st, 2011 equals the carrying amount under Argentine GAAP as of that date. In accordance with IFRS, negative goodwill is recognized in profit or loss immediately.

Additionally, acquisitions of associates and/or joint ventures are initially recorded at cost of the investment. Any difference between the cost of the investment and the investor's interest in the net fair values of the associates' and/ or joint venture's identifiable assets and liabilities is goodwill. Negative goodwill is taken to the income statement in the period when the associate and/or joint venture is acquired.

(H) Non-current investments – investments in financial assets

Argentine GAAP - The Group holds investments in quoted equity securities with readily determinable fair values, namely TGLT S.A., Hersha Hospitality Trust and Supertel. Under Argentine GAAP, these investments are carried at acquisition cost since they are not held for the purpose of trading in the short term.

IFRS - Under IFRS 9 “Financial Instruments”, all equity investments are measured at fair value. For certain equity investments, the Group can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. However, the Group has decided to not recognize changes in fair value through other comprehensive income. The Group has elected to recognize changes in the fair value of these equity securities in the statement of income.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

(I) Initial direct costs on operating leases

Argentine GAAP - Under Argentine GAAP, certain initial direct costs (i.e. legal fees, commissions and other fees) paid to third parties for arranging a lease (when the Group is a lessor) are recognized as an immediate expense when incurred.

IFRS - Initial direct costs incurred by lessors in arranging an operating lease are added to the carrying amount of the leased assets (i.e. investment properties) and are recognized as an expense over the lease term on the same basis as the lease income.

(J) Tenant deposits

Argentine GAAP - The Group obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period of generally 3 years. The deposit amounts, usually, one month of rent. These deposits are treated as liabilities under Argentine GAAP and measured at the amount received by the tenants.

IFRS - Tenant deposits are treated as a financial liability in accordance with IFRS 9, and they are initially recognized at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease (deferred income). The deposits are subsequently measured at amortized cost, and deferred income is amortized under the straight line method over the lease term.

(K) Impairment of financial assets

Argentine GAAP - At July 1st, 2011, March 31, and June 30, 2012, the Group maintains receivables relating to credit card loans, which are carried at amortized cost. Under Argentine GAAP, the Group determined an allowance for doubtful accounts based on specific criteria set forth for financial and banking institutions.

IFRS - The Group applied the criteria for impairment provisions in IFRS 9.

(L) Present value accounting – tax credits

Argentine GAAP - Under Argentine GAAP, certain long-term tax credits are present-valued as of year-end.

IFRS - Under IFRS, there is no requirement to discount long-term tax credits. The Group elects to measure tax receivables and payables at the amounts expected to be recovered from or paid to the tax authorities and thus, not discounting long-term tax credits.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

(M) Investment properties

Argentine GAAP - There are not specific requirements for presentation of investment property. Accordingly, the Group includes it as part of property, plant and equipment and non-current investments and are measured at acquisition cost less accumulated amortization and loss for impairments, if any. Additionally, trading properties are measured at net realizable value when contracts are exchanged for which a non-refundable deposit has been received securing the sale in advance of legal completion (i.e. transfer of title deed and significant risk and rewards). This form of sale fixes the price of the property and the terms and conditions of the contract providing reasonable certainty about the closing of the transaction and realization of the gain. Accordingly, these transactions are deemed consummated for Argentine GAAP purposes and revenue is recognized at the time the contract is signed. Gains on the revaluation of trading property to net realizable value are shown as “Gain from recognition of inventories at net realizable value” in the statement of income.

IFRS - Investments properties are measured at cost, less accumulated depreciation and loss for impairments, if any. Revenue from the sale of properties is recognized only when the significant risks and rewards have transferred to the buyer. This will normally take place with the transfer of title deed. For conditional exchanges, sales are recognized when these conditions are satisfied.

(N) Impact of adjustments in accordance with IFRS in investments in associates

Argentine GAAP - Investments in entities in which the Group exercises significant influence, but not control, are accounted for under the equity method. Under the equity method, the investment is recorded at original cost and periodically increased (decreased) by the investor's proportionate share of earnings (losses) of the investee and decreased by all dividends received from the investor by the investee. The Group applies its percentage ownership interest to the financial statements of its equity method investments prepared under Argentine GAAP.

As of July 1st, 2011, the associates of the Group are Banco Hipotecario S.A., Banco de Crédito & Securitización S.A., Manibil S.A., New Lipstick LLC, Lipstick Management LLC, Rigby 183 LLC and Tarshop S.A. As of March 31 and June 30, 2012 Bitania 26 S.A. is incorporated.

IFRS - The Group assessed all of its interests in the entities mentioned in the paragraph above and determined that the Company exercises significant influence over them. Accordingly, under IFRS, the Group also accounts for these investments under the equity method of accounting. However, the Group has assessed the impact of IFRS adjustments on the financial statements of these investments prepared under Argentine GAAP prior to the application of the equity method.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

Following is a description of the most significant IFRS adjustments to the equity, income and comprehensive income of its associates. For ease of presentation and to facilitate an understanding of the nature of the IFRS adjustments, associates were grouped by business activities. Associates are not discussed below when IFRS adjustments were not significant to the Group or no IFRS adjustments were identified:

Banking business

The Group assessed the financial statements of associates of the Group related to the banking business as of July 1st, 2011, March 31, and June 30, 2012 and determined the following adjustments to IFRS:

- Under Argentine GAAP, revenues from life and disability insurance and loan origination fees are recognized on an up-front basis. Under IFRS, these revenues are recognized on a straight line basis over the term of the respective underlying receivables.
- Under Argentine GAAP, the allowance for doubtful accounts for loan losses are recognized based on specific criteria as set forth by the Central Bank for financial and banking institutions. Under IFRS, the associate applied the impairment provisions in IFRS 9.
- Under Argentine GAAP, receivables transferred to trusts in securitization programs are treated as sales and a gain or loss is recognized on the sale. Usually the transferor retains an interest in the trust and maintains a cash reserve which serves as collateral for payments of amounts due under the debt securities issued by the trust. Under IFRS, following the provisions of IFRS 9, the associate is not able to derecognize financial assets with these characteristics. As a result, the associate continues recognizing the receivables and a liability for the consideration received upon transfer. The receivables recognized are then tested for impairment following the IFRS 9 criteria.
- Under Argentine GAAP, the calculation of the insurance technical reserves is recognized following the regulations issued by the National Insurance Superintendence. Under IFRS, following the guidance of IFRS 4 “insurance contracts”, the associate measured the insurance technical reserve in accordance with the “best estimation” approach.

Investment properties

The Company assessed the financial statements of the associates related to the investment property business and determined the following adjustments to IFRS as of July 1st, 2011, March 31 and June 30, 2012:



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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

- Under Argentine GAAP, revenue from non-cancelable leases subject to scheduled rent escalation clauses is recognized when the escalated payments are due. Therefore, revenue does not include an averaging of rental income. Rent-free periods, reduced rent or other tenant incentives, if any, are recognized in the period in which these incentives are provided. Under IFRS, lease income from operating leases with scheduled rent increases is recognized on a straight-line basis over the term of the leases. All tenant incentives, if any, are treated as a reduction of rental income on a straight-line basis over the lease terms.

- Under Argentine GAAP, lease expense where the entity is the lessee under an operating ground lease agreement subject to escalation clauses is recognized when the escalated payments are due. Therefore, lease expenses are not recognized on a straight-line basis. Under IFRS, lease payments for operating leases with scheduled rent increases are recognized on a straight-line basis over the term of the leases.

(O) Impact of IFRS adjustment on joint ventures

Argentine GAAP - Investments in entities in which the Group exercises joint control are accounted for under the proportionate consolidation method. Under the proportionate consolidation method, the financial statements of the Group reflect the Group’s pro-rata equity interest in the jointly controlled entities on a line-by-line basis. The Group applied its pro-rata equity interest to the financial statements of its jointly-controlled entities prepared under Argentine GAAP.

IFRS – The Group assessed all of its interests in joint arrangements and determined that they are joint ventures under IFRS 11 “Joint Arrangements”. Accordingly, the Group accounted for its joint ventures under the equity method of accounting. The Group has assessed the impact of IFRS adjustments on the financial statements of joint ventures prepared under Argentine GAAP prior to the application of the equity method.

As of July 1st, 2011, the joint ventures of the Group are Cyrsa S.A., Canteras Natal Crespo S.A., Puerto Retiro S.A., Baicom Networks S.A. and Quality Invest S.A. As of March 31 and June 30, 2012 Nuevo Puerto Santa Fe S.A. is incorporated.

Following is a description of the most significant IFRS adjustments to the equity and income of the joint ventures. Joint ventures are not discussed below when IFRS adjustments were not significant to the Group or no adjustments were identified.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

- Under Argentine GAAP, the joint venture has historically accounted for revenues and therefore profits from all property sales on a percentage of completion basis once contracts for the sale of a property have been exchanged and only if the eventual profit from that property can be foreseen with reasonable certainty. Under IFRS, the joint venture has applied IFRIC 15 “Agreements for the construction of Real Estate”. The Group assessed the contractual terms of the agreements and concluded that revenue from open market sales of real estate should be accounted for on legal completion of the agreement in accordance with IAS 18 “Revenue”. As a result, the joint venture recognizes revenue from the sale of private homes and commercial units entirely at the point of legal completion in accordance with IAS 18. The most significant impact of IFRIC 15 is therefore the deferral of profits previously recognized from the point of exchange of contracts onwards until the point of legal completion. All of these profits are now recognized at a later date.

- Under Argentine GAAP, tenant deposits are treated as liabilities and measured at the amount received by the tenants. Under IFRS, tenant deposits are treated as both a financial asset and a financial liability in accordance with IFRS 9, and they are initially recognized at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease. The deposits are subsequently measured at amortized cost.

- Under Argentine GAAP, revenue from non-cancelable leases subject to scheduled rent escalation clauses is recognized when the escalated payments are due. Under IFRS, the Group applied IAS 17 “Leases”. Consequently, revenue derived from operating leases with scheduled increases is recognized on a straight line basis over the lease agreement term.

- Under Argentine GAAP, certain long-term tax credits are present-valued as of year-end. Under IFRS, there is no requirement to discount long-term tax credits. The joint venture elects to measure tax receivables and payables at the amounts expected to be recovered from or paid to the tax authorities and thus, not discounting long-term tax credits. As a result, the joint venture eliminated the effect of discounting tax.

(P) Acquisition of non-controlling interest

As stated in Note 2.2., the Group has applied the exception provided by IFRS 1 for accounting for changes in the interest in subsidiaries that do not result in loss of control. Consequently, acquisitions of non-controlling interests that took place before July 1st, 2011 have not been restated.

IFRS adjustments detailed below relate to acquisitions of non-controlling interest that took place on July 1st, 2011 or after date.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

Argentine GAAP - Under Argentine GAAP, the Group accounted for the acquisition of the non-controlling interests under the purchase method of accounting. Under the purchase method of accounting, the purchase price paid is allocated to the net assets acquired based on its fair value. Assets, including goodwill, and liabilities of the acquired business are recognized using a cost accumulation approach (i.e. for the previous equity interests acquired). These acquisitions generated goodwill since the cost of acquisition exceeded the fair value of the net tangible and intangible assets acquired.

IFRS - Under IFRS, the Group applied the principles of IFRS 10 in accounting for changes in ownership interests. As per IFRS 10, when an additional interest is obtained and control is maintained, the transaction is accounted for as an equity transaction. The Group does not recognize any additional acquisition adjustments to reflect the subsequent acquisition of additional interest in the subsidiary if there is no change in control.

Under IFRS, the difference between the fair value of the consideration paid and the related carrying value of the non-controlling interest acquired is recognized in the controlling interest’s equity as a credit or debit to a reserve in net equity. Therefore, no gain or loss is recognized in the statement of income and no additional goodwill is recognized. The carrying value of the non-controlling interest is adjusted to reflect the change in the non-controlling interest’s ownership interest in the subsidiary.

(Q) Amortization of borrowing costs

Argentine GAAP - Under Argentine GAAP, transactions costs directly attributable to the acquisition of borrowings are amortized under the straight-line method over the contract term.

IFRS – Transaction costs directly attributable to the acquisition of borrowings are deducted from the fair value at which the financial liability is initially recognized. Subsequently, they are amortized using the effective interest method over the contract term.

(R) Currency translation adjustment

Argentine GAAP - Foreign operations shall be classified as integrated or non-integrated entities depending if their activities are carried out as an extension of the reporting entity. Exchange differences resulting from the translation of integrated entities are recognized in the statement of income. Exchange differences resulting from the translation of non-integrated entities are recognized in a separate reserve in equity.

IFRS – Exchange differences resulting from the translation of foreign operations of subsidiaries and associates are recognized in the statement of other comprehensive income.

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

(S) Deferred income tax

Argentine GAAP - The Group accounts for income taxes using the deferred tax method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax based assets and liabilities and are measured using the enacted tax rates. Argentine GAAP does not prescribe detailed specific guidance related to the recognition of a valuation allowance. The Group assesses the need for a valuation allowance based on several factors including but not limited to current projections, legal expiration periods and others.

IFRS – There is no difference in the determination of deferred income taxes. However, deferred tax assets are recognized when it is considered probable (defined as “more likely than not”) that sufficient taxable profits will be available to utilize the temporary difference or unused tax losses. IFRS does not allow the recognition of valuation allowances.

IFRS establishes more specific and strict procedures to assess whether a deferred tax asset should be recognized. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a deferred tax asset should be recognized. Judgment must be used in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence should be commensurate with the extent to which it can be objectively verified. The more negative evidence that exists (a) the more positive evidence is necessary and (b) the more difficult it is to support a conclusion that a deferred tax asset can be recognized.

(T) Non-controlling interest

Differences for non-controlling interest include the effect of recording, where applicable, the corresponding effect of other differences between Argentine GAAP and IFRS.

2.4. Significant Accounting Policies

The principal accounting policies applied in the presentation of these Unaudited Condensed Interim Consolidated Financial Statements are consistent with those applied in the preparation of the information under IFRS as of June 30, 2012, which are described in Exhibit I attached hereto and are based upon such IFRS expected to be in force as of June 30, 2013. The most significant accounting policies are described in Exhibit I.

2.5. Use of estimates

The preparation of financial statements at a certain date requires the Management to make estimations and evaluations affecting the amount of assets and liabilities recorded and contingent assets and liabilities disclosed at such date, as well as income and expenses recorded during the period. Actual future results might differ from the estimates and evaluations made at the date of preparation of these financial statements.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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2. Basis of preparation and adoption of International Financial Reporting Standards (“IFRS”) (Continued)

In the preparation of these condensed interim consolidated financial statements, the significant judgments made by Management in applying the Group’s accounting policies and the main sources of uncertainty were the same applied by the Group in the preparation of the annual consolidated financial statements for the year ended June 30, 2012 which are described in Exhibit I.

2.6 Seasonal effects on operations

The operations of the Group’s shopping centers are also subject to seasonal effects, which affect the level of sales recorded by lessees. During summer time (January and February), the lessees of shopping centers experience the lowest sales levels in comparison with the winter holidays (July) and Christmas holidays (December) when they tend to record peaks of sales. Apparel stores generally change their collections during the spring and the fall, which impacts positively on shopping mall sales. Sale discounts at the end of each season also affect the business. As a consequence, a higher level of revenues is generally expected in the second half of the year rather than the first in shopping center operations.

3. Acquisitions and disposals

Transactions with non-controlling interest

APSA

During the current nine-month period, the Group, through IRSA and E-Commerce Latina S.A., acquired an additional equity interest of 0.1% in APSA for a total consideration of Ps. 2.3 million. As a result of this transaction, the non-controlling interest was reduced by Ps. 0.8 million and the interest attributable to the shareholders’ of the controlling parents was reduced by Ps. 1.5 million. The effect on shareholders’ equity of this change in the equity interest in APSA is summarized as follows:

|  | Ps.      |
|--|----------|
| Carrying value of the equity interests acquired by the Group             | 824      |
| Price paid for the non-controlling interest                              | (2,364 ) |
| Reserve created due to the acquisition recognized in the parent’s equity | (1,540 ) |

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3. Acquisition and disposals (Continued)

Acquisition of equity interest in joint venture

On November 29, 2012 the Group through APSA acquired shares of common stock, representing 50% of Entertainment Holdings S.A. (“EHSA”)’s capital stock and votes for Ps. 32 million. Under the acquisition agreement, APSA is entitled to exercise joint control over EHSA. EHSA is an Argentine company whose main asset consists of an indirect interest of 50% in the capital and voting rights of La Rural S.A. (“LRSA”), whereby it has joint control over this Company together with Sociedad Rural Argentina (“SRA”), who owns the remaining 50%. Thus, APSA is the owner of an indirect interest of 25% in LRSA, whose main asset consists of an usufruct agreement on the Predio Ferial de Buenos Aires, located between Cerviño, Sarmiento, Santa Fé Avenues and Oro street, in the city of Buenos Aires (the “Predio Ferial”) entered into with SRA, owner of such Predio Ferial.

The fair value of the APSA’s investment in the joint business was determined based on the fair value of EHSA’s net assets, being the main asset the usufruct agreement mentioned above. APSA has preliminarily allocated the price paid at the fair value of the net assets acquired based on the information available as of the closing date of Unaudited Condensed Interim Consolidated Financial Statements. Such fair value amounted to Ps. 15.3 million, which means a goodwill figure of Ps. 10.6 million recognized in the “Investments in associates and joint business” line in the balance sheet as of March 31, 2013. The fair value and identified goodwill should not be treated as final until the process of allocating the price paid is finalized.

The fair value of the usufruct agreement has been determined by the application of the discounted cash flow method. This estimate considered a discount rate that reflects the market assessments regarding uncertainties in terms of the cash flow amount and timing. The amount of net future cash flows was estimated based on the specific features of the property, the agreements in force, market information and future forecasts as of the valuation date. Net income forecasts, revenues growth rates and discount rates are among the most important assumptions used in the valuation.

Purchase of financial assets

During this period the Group purchased:

- a) Government bonds of the City of Buenos Aires, for a nominal value of Ps. 19.0 million. These bonds accrue interest at an annual 7.95% fixed rate, payable semi- annually and maturing on April 29, 2014.
- b) BHSA Non-Convertible Notes for Ps. 5 million, which accrue interest at an annual 18.75% fixed annual rate, payable semi- annually maturing on August 8, 2013.

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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3. Acquisition and disposals (Continued)

Disposal of financial assets

During the current nine-month period, the Group sold 3,823,412 ordinary shares of Hersha Hospitality Trust (“Hersha”) for a total amount of US\$ 19.4 million. Consequently, as of the date of issuance of these Unaudited Condensed Interim Consolidated Financial Statements, the Group’s interest in Hersha’s capital stock decreased from 9.13% (at the beginning of the year) to 7.19%. Subsequent to March 31, 2013, the Group sold an additional number of Hersha’s shares (see Note 33).

In November and December 2012, IRSA sold all of its shareholdings in NH Hoteles S.A. (138,572 shares for a consideration of € 0.38 million) and in NH Hoteles S.A. (387,758 shares for a total consideration of US\$ 1.4 million).

In December 2012, IRSA sold all of its shareholdings in Metrovacesa F (1,238,990 shares for a consideration of € 2.7 million); Metrovacesa SM (229,995 shares for a total consideration of € 0.5 million) and Metrovacesa F (919,087 shares for a consideration of US\$ 2.7 million).

Significant sales of investment properties

On August 31, 2012, IRSA executed the transfer deeds that formalize the sale of certain functional units of the building “Libertador 498” of the Autonomous City of Buenos Aires. The total price of the transaction amounted to Ps. 15 million and was paid on the execution of the title conveyance deeds. This transaction generated a gain of Ps. 12.7 million.

On September 14, 2012, IRSA sold certain functional units on floors 18 and 19, as well as parking areas, of the building Bouchard 551. The total price of the transaction was US\$ 8.5 million paid upon execution of the conveyance deed. This transaction generated a gain of Ps. 18.4 million.

On October 4 and 11, 2012, IRSA signed the transfer deed for the sale of several functional units (stores and parking spaces) of the building “Libertador 498”. The transactions price was set at Ps. 29.4 million, amount that had been completely collected. This transaction generated a gain of Ps. 24.9 million.

On January 8, 2013, IRSA sold certain functional units (stores and parking spaces) of the building “Costeros Dique IV”. The total price of the transaction was Ps. 9.2 million. This transaction generated a gain of Ps. 7.8 million.

On March 14, the Group through APSA sold, a functional unit of the building located on Anchorena 559. The transaction Price was set at Ps. 0.4 million, which resulted in approximately Ps. 0.2 million gain.

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 3. Acquisition and disposals (Continued)

## Acquisition of Rigby 183 LLC

On June 30, 2012, the Group held through its subsidiary IMadison LLC a 49% equity interest in the capital stock of Rigby 183 LLC (“Rigby”), a company that owns office buildings for rental at Madison Avenue 183, New York, USA. On November 27, 2012, the Group, through its subsidiary IRSA International LLC, purchased an additional 25.5% equity interest in Rigby’s capital stock, thus taking control over said company. As a result of the acquisition, the Group expects to increase its footprint in the US real estate market. The goodwill from the acquisition, which amounts to Ps. 45.7 million, is attributable to the synergies expected to be achieved by combining the Group’s and Rigby’s operations.

The following chart shows the consideration paid by the Group, the fair value of the acquired assets, the assumed liabilities and the non-controlling interest as of the acquisition date.

|   |            |
|---|------------|
| Consideration paid:   | 11.27.2012 |
| Cash and cash equivalents   | 118,373    |
| Total consideration paid  | 118,373    |
| Fair value of the interest in Rigby’s equity held before the business combination | 227,462    |
| Total consideration   | 345,835    |
| Recognized balances of acquired identifiable assets and assumed liabilities:      |            |
| Cash and cash equivalents   | 499        |
| Investment properties (Note 9)  | 679,219    |
| Restricted assets (i)   | 11,818     |
| Trade and other receivables, net  | 2,317      |
| Borrowings  | (252,834 ) |
| Trade and other payables  | (12,081 )  |
| Deferred income tax liabilities (Note 22)   | (26,103 )  |
| Total net identifiable assets   | 402,835    |
| Non-controlling interest  | (102,723 ) |
| Goodwill (Note 12)  | 45,723     |
| Total   | 345,835    |

(i) It pertains to cash held in escrow as security deposits and taxes paid in advance by tenants.

The acquisition-related costs (which amount to Ps. 2.5 million) were charged under “General and Administrative Expenses” in the statement of income.

The fair value of the investment property acquired is Ps. 679.2 million and was assessed by a qualified independent appraiser. The fair value of trade and other receivables amounts to Ps. 14.1 million, including trade receivables in the amount of Ps. 0.1 million. As of the acquisition date, the Group estimates that these receivables are recoverable. The fair value of the non-controlling interest in Rigby, an unlisted company, has been determined on a proportional basis to the fair value of net acquired assets.



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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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3. Acquisition and disposals (Continued)

The Group recognized income of Ps. 124.1 million derived from the reassessment of the fair value of the 49% interest held in Rigby before the business combination. In addition, all cumulative currency translation gains (losses) accumulated in shareholders' equity from the interest held in Rigby before the business combination (Ps. 12.9 million) were charged to income. These gains were disclosed under "Other operating results, net" in the statement of income.

The revenues Rigby has generated since November 27, 2012 and that have been disclosed in the consolidated statement of income amount to Ps. 25.6 million. Rigby has also run a net loss of Ps. 2.6 million during said period. If Rigby had been included in the consolidation since July 1st, 2012, the consolidated income statement would have shown pro-forma revenues in the amount of Ps. 1,618.4 million and pro-forma net income of Ps. 317.2 million.

4. Financial risk management

4.1. Financial risk

The group's diverse activities are exposed to a variety of financial risk: market risk (including foreign currency risk, interest rate risk and price risk) credit risk, liquidity risk and capital risk.

The Exhibit I provides information on financial risk management as of June 30, 2012 and July 1st, 2011. Since June 30, 2012, there have been no significant changes in the risk management or risk management policies applied by the Group.

4.2. Fair value estimates

Since June 30, 2012 there have been no significant changes in business or economic circumstances affecting the fair value of the Group's financial assets or liabilities (either measured at fair value or amortized cost), nor any transfers between the different hierarchies used to assess the fair value of the Group's financial instrument and / or reclassifications between categories of financial instruments.

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## 5. Segment information

Below is a summarized analysis of the lines of business of the Group for the period ended March 31, 2013:

|   | 03.31.2013                       |                       |                           |            |               |                                       |            |
|---|----------------------------------|-----------------------|---------------------------|------------|---------------|---------------------------------------|------------|
|   | Shopping<br>Center<br>Properties | Offices<br>and others | Sales and<br>developments | Hotels     | International | Financial<br>operations<br>and others | Total      |
| Revenues  | 1,183,590                        | 213,084               | 117,178                   | 174,694    | 25,632        | 1,100                                 | 1,715,278  |
| Costs   | (566,096 )                       | (85,962 )             | (89,066 )                 | (126,233 ) | (20,361 )     | (845 )                                | (888,563 ) |
| Gross Profit                                      | 617,494                          | 127,122               | 28,112                    | 48,461     | 5,271         | 255                                   | 826,715    |
| Gain from disposal<br>of investment<br>properties | -                                | -                     | 64,019                    | -          | -             | -                                     | 64,019     |
| General and<br>administrative<br>expenses         | (46,819 )                        | (31,389 )             | (28,111 )                 | (36,526 )  | (9,105 )      | (216 )                                | (152,166 ) |
| Selling expenses                                  | (39,023 )                        | (8,667 )              | (12,609 )                 | (21,124 )  | -             | (187 )                                | (81,610 )  |
| Other operating<br>results, net                   | (17,590 )                        | (2,120 )              | (8,418 )                  | 456        | 134,487       | (616 )                                | 106,199    |
| Profit / (loss) from<br>operations                | 514,062                          | 84,946                | 42,993                    | (8,733 )   | 130,653       | (764 )                                | 763,157    |
| Share of profit /<br>(loss) of associates         | -                                | -                     | 1,478                     | (4 )       | (58,446 )     | 62,924                                | 5,952      |
| Segment Profit /<br>(Loss)                        | 514,062                          | 84,946                | 44,471                    | (8,737 )   | 72,207        | 62,160                                | 769,109    |
| Investment<br>properties, net                     | 2,067,356                        | 839,898               | 535,834                   | -          | 710,525       | -                                     | 4,153,613  |
| Property, plant and<br>equipment, net             | 13,636                           | 23,325                | 3,795                     | 171,002    | 199           | -                                     | 211,957    |
| Trading properties                                | -                                | -                     | 144,150                   | -          | 81,691        | -                                     | 225,841    |
| Goodwill  | 1,666                            | 19,971                | -                         | -          | 48,547        | -                                     | 70,184     |
| Inventories                                       | 10,140                           | -                     | 511                       | 5,984      | -             | -                                     | 16,635     |
| Investments in<br>associates                      | -                                | -                     | 26,873                    | 21,252     | 691           | 1,082,112                             | 1,130,928  |
| Operating assets                                  | 2,092,798                        | 883,194               | 711,163                   | 198,238    | 841,653       | 1,082,112                             | 5,809,158  |

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## 5. Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the period ended March 31, 2012:

|   | 03.31.2013                       |                       |                           |           |               |                                       |            |
|---|----------------------------------|-----------------------|---------------------------|-----------|---------------|---------------------------------------|------------|
|   | Shopping<br>Center<br>Properties | Offices<br>and others | Sales and<br>developments | Hotels    | International | Financial<br>operations<br>and others | Total      |
| Revenues  | 969,781                          | 185,433               | 89,457                    | 130,020   | -             | 4,169                                 | 1,378,860  |
| Costs   | (466,786)                        | (69,820 )             | (51,486 )                 | (83,940 ) | -             | (1,917 )                              | (673,949 ) |
| Gross Profit                                      | 502,995                          | 115,613               | 37,971                    | 46,080    | -             | 2,252                                 | 704,911    |
| Gain from disposal<br>of investment<br>properties | -                                | -                     | 42,737                    | -         | -             | -                                     | 42,737     |
| General and<br>administrative<br>expenses         | (42,166 )                        | (26,034 )             | (24,965 )                 | (27,200 ) | (5,807 )      | (182 )                                | (126,354 ) |
| Selling expenses                                  | (29,989 )                        | (6,258 )              | (10,914 )                 | (16,554 ) | -             | 1,793                                 | (61,922 )  |
| Other operating<br>results, net                   | (4,058 )                         | (6,356 )              | (2,544 )                  | (1,531 )  | (333 )        | 1,033                                 | (13,789 )  |
| Profit / (Loss) from<br>operations                | 426,782                          | 76,965                | 42,285                    | 795       | (6,140 )      | 4,896                                 | 545,583    |
| Share of profit /<br>(loss) of associates         | -                                | -                     | 632                       | 89        | (44,007 )     | 62,127                                | 18,841     |
| Segment profit /<br>(loss)                        | 426,782                          | 76,965                | 42,917                    | 884       | (50,147 )     | 67,023                                | 564,424    |

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 5. Segment information (Continued)

The following tables present a reconciliation between the total results of segment operations and the results of operations as per the statements of income. The adjustments relate to the presentation of the results of operations of joint ventures accounted for under the equity method under IFRS.

|  | 03.31. 2013                               |  |                                   |
|--|---|--|-----------------------------------|
|  | As per<br>Total<br>segment<br>information | Adjustment for<br>share of profit /<br>(loss) of<br>joint ventures | As per<br>statements<br>of income |
| Revenues   | 1,715,278                                 | (111,219 )   | 1,604,059                         |
| Costs  | (888,563 )                                | 87,365   | (801,198 )                        |
| Gross Profit                                     | 826,715                                   | (23,854 )  | 802,861                           |
| Gain from disposal of investment properties      | 64,019                                    | -  | 64,019                            |
| General and administrative expenses              | (152,166 )                                | 1,036  | (151,130 )                        |
| Selling expenses                                 | (81,610 )                                 | 8,366  | (73,244 )                         |
| Other operating results, net                     | 106,199                                   | 974  | 107,173                           |
| Profit from operations                           | 763,157                                   | (13,478 )  | 749,679                           |
| Share of profit of associates and joint ventures | 5,952                                     | 9,160  | 15,112                            |
| Profit before financial results and income tax   | 769,109                                   | (4,318 )   | 764,791                           |

|   | 03.31. 2012                               |  |                                   |
|---|---|--|-----------------------------------|
|   | As per<br>Total<br>segment<br>information | Adjustment<br>for share of<br>profit /<br>(loss) of<br>joint<br>ventures | As per<br>statements<br>of income |
| Revenues  | 1,378,860                                 | (50,337 )  | 1,328,523                         |
| Costs   | (673,949 )                                | 36,692   | (637,257 )                        |
| Gross profit  | 704,911                                   | (13,645 )  | 691,266                           |
| Gain from disposal of investment properties               | 42,737                                    | -  | 42,737                            |
| General and administrative expenses                       | (126,354 )                                | 1,299  | (125,055 )                        |
| Selling expenses  | (61,922 )                                 | 5,665  | (56,257 )                         |
| Other operating results, net                              | (13,789 )                                 | 1,791  | (11,998 )                         |
| Profit from operations                                    | 545,583                                   | (4,890 )   | 540,693                           |
| Share of profit / (loss) of associates and joint ventures | 18,841                                    | (2,919 )   | 15,922                            |
| Profit Before financial results and income tax            | 564,424                                   | (7,809 )   | 556,615                           |

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5. Segment information (Continued)

Total segment assets are allocated based on the operations of the segment and the physical location of the asset. In line with the discussion above, segment assets include the proportionate share of the assets of joint ventures. The statements of financial position under IFRS show the net investment in these joint ventures as a single item.

|  | 03.31.2013 |
|--|------------|
| Total reportable assets as per segment information       | 5,809,158  |
| Investment properties, net                               | (168,843 ) |
| Property, plant and equipment, net                       | (122 )     |
| Trading properties                                       | (33,750 )  |
| Inventories  | (104 )     |
| Investments in associates and joint venture              | 299,760    |
| Total assets as per the statements of financial position | 5,906,099  |

6. Information about main subsidiaries

The Group conducts its business through several operating and holding subsidiaries which are listed in Note 1.3 of Exhibit I. The Group considers that the subsidiaries below are the ones with non-controlling interests material to the Group.

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group:

Summarized statements of financial position

|                         | APSA (i)   |            |            | TYRUS (i)  |            |            | EFANUR (i) |            |            |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                         | 03.31.2013 | 06.30.2012 | 07.01.2011 | 03.31.2013 | 06.30.2012 | 07.01.2011 | 03.31.2013 | 06.30.2012 | 07.01.2011 |
| <b>Assets</b>           |            |            |            |            |            |            |            |            |            |
| Non-current assets      | 2,085,131  | 1,954,917  | 1,858,277  | 1,427,330  | 769,240    | 788,363    | 179,376    | 135,922    | -          |
| Current assets          | 774,762    | 548,949    | 521,078    | 219,322    | 46,050     | 76,269     | 4,776      | 2,975      | -          |
| Total assets            | 2,859,893  | 2,503,866  | 2,379,355  | 1,646,652  | 815,290    | 864,632    | 184,152    | 138,897    | -          |
| <b>Liabilities</b>      |            |            |            |            |            |            |            |            |            |
| Non-current liabilities | 1,012,703  | 973,319    | 909,950    | 497,445    | 24,077     | 24,878     | 41,900     | 37,926     | -          |
| Current liabilities     | 752,328    | 558,024    | 536,651    | 46,369     | 38,451     | 65,869     | 1,835      | 1,216      | -          |
| Total liabilities       | 1,765,031  | 1,531,343  | 1,446,601  | 543,814    | 62,528     | 90,747     | 43,735     | 39,142     | -          |
| Net assets              | 1,094,862  | 972,523    | 932,754    | 1,102,838  | 752,762    | 773,885    | 140,417    | 99,755     | -          |



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## 6. Information about main subsidiaries (Continued)

## Summarized statements of income and statements of comprehensive income

|   | APSA (i)   |            | TYRUS (i)  |            | EFANUR (i) |            |
|---|------------|------------|------------|------------|------------|------------|
|   | 03.31.2013 | 03.31.2012 | 03.31.2013 | 03.31.2012 | 03.31.2013 | 03.31.2012 |
| Revenues  | 1,196,747  | 1,011,288  | 25,632     | -          | -          | -          |
| Profit before income tax                        | 403,874    | 410,493    | 174,970    | (18,068 )  | 41,601     | 670        |
| Income tax expense                              | (143,168 ) | (140,014 ) | (19,402 )  | -          | -          | -          |
| Profit for the period                           | 260,706    | 270,479    | 155,568    | (18,068 )  | 41,601     | 670        |
| Other comprehensive income                      | -          | -          | 37,305     | 12,737     | -          | -          |
| Profit attributable to non-controlling interest | 14,937     | 9,762      | 26,018     | 5,580      | 15,910     | 443        |
| Dividends paid to non-controlling interest      | (7,895 )   | (4,316 )   | -          | -          | -          | -          |

## Summarized cash flows

|  | APSA (i)   |            | TYRUS (i)  |            | EFANUR (i) |            |
|--|------------|------------|------------|------------|------------|------------|
|  | 03.31.2013 | 03.31.2012 | 03.31.2013 | 03.31.2012 | 03.31.2013 | 03.31.2012 |
| Net cash generated by (used in) operating activities       | 490,736    | 420,863    | (10,730 )  | (7,071 )   | (431 )     | 186        |
| Net cash (used in) generated by investing activities       | (335,122 ) | (135,721 ) | (146,787 ) | (38,047 )  | 4,527      | (131,374 ) |
| Net cash (used in) generated by financing activities       | (80,012 )  | (247,480 ) | 187,093    | (21,924 )  | (2,829 )   | 131,795    |
| Net increase / (decrease) in cash and cash equivalents     | 75,602     | 37,662     | 29,576     | (67,042 )  | 1,267      | 607        |
| Foreign exchange gain /(loss) on cash and cash equivalents | 3,776      | (4,177 )   | 2,749      | 4,591      | 289        | 46         |
| Cash and cash equivalents at beginning of year             | 102,698    | 145,552    | 38,854     | 70,147     | 1,446      | -          |
| Cash and cash equivalents at end of year                   | 182,076    | 179,037    | 71,179     | 7,696      | 3,002      | 653        |

(i) Includes consolidated financial information.

The information above is the amount before inter-company eliminations.

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7. Interests in joint ventures

As of March 31, 2013, the joint ventures of the Group are Canteras Natal Crespo S.A., Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A. Nuevo Puerto Santa Fe S.A. (“NPSF”) and EH. The shares in these joint ventures are not publicly traded.

As of June 30, 2012, the joint ventures of the Group were Canteras Natal Crespo S.A., Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A. and NPSF.

As noted Note 3, the Group through APSA acquired shares of common stock, representing 50% of Entertainment Holdings S.A. (“EH”)’s capital stock and votes and as a consequence holds a jointly indirect interest in LRSA of 25% which operates the fairground Predio.

In connection with the Fairground, as publicly known, in December 2012 the Executive Branch issued Executive Order 2552/12 that annulled an executive order dated 1991 which approved the sale of the Fairground to the SRA; the effect of this new order was to revoke the sale transaction. Subsequent to December 21, 2012, the Executive Branch notified the SRA of said executive order and further ordered that the property be returned to the Federal Government within 30 subsequent days. Then, the SRA issued a press release publicly disclosing the initiation of legal actions.

Neither has the Group been served notice formally nor is it a party involved in the legal actions brought by the SRA.

As of the date of these Unaudited Condensed Interim Consolidated Financial Statements, the above mentioned legal matters resulted in certain delays in gathering all the necessary financial information to register the acquisition pursuant to IFRS 3. However, the Group has strived to complete the preliminary allocation of the price paid based on its fair value estimates made on the information available to date. Therefore, values included are preliminary and are subject to changes. The Group expects to finalize this process by June 30, 2013.

Changes in the Group’s investments in joint ventures for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|                               | 03.31.2013 | 06.30.2012 |
|-------------------------------|------------|------------|
| Beginning of period / year    | 228,970    | 193,666    |
| Acquisition of joint ventures | 32,024     | 43,038     |
| Capital contribution          | 29,606     | 15,850     |
| Share of profit, net          | 9,160      | (23,584 )  |
| End of period / year          | 299,760    | 228,970    |



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8. Interests in associates

As of June 30, 2012, the associate of the Group were New Lipstick LLC, Rigby 183 LLC, BHSA, Tarshop S.A., Manibil S.A., Lipstick Management LLC, Banco de Crédito y Securitización S.A. (“BACS”) and Bitania 26 S.A..

As of December 31, 2012, Rigby 183 LLC began to be reported on a consolidated basis and ceased to be an affiliate, thus as of March 31, 2013, the associates of the Group are New Lipstick LLC, BHSA, Tarshop S.A., Manibil S.A., Lipstick Management LLC, BACS and Bitania 26 S.A..

Changes in the Group’s investments in associates for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|   | 03.31.2013 | 06.30.2012 |
|---|------------|------------|
| Beginning of the period / year            | 1,216,845  | 1,179,549  |
| Acquisition of associates                 | -          | 6,166      |
| Capital contributions                     | 10,319     | -          |
| Share of profit, net                      | 5,952      | 35,244     |
| Currency translation adjustment           | 4,996      | (4,114 )   |
| Dividend payments (ii)                    | (33,813 )  | -          |
| Decrease for the taking over (see Note 3) | (103,315 ) | -          |
|   | (*)        |            |
| End of the period/year (i) year           | 1,100,984  | 1,216,845  |

(i) Includes a balance of Ps. (29,944) reflecting interests in companies with negative equity as of March 31, 2013 which is reclassified to “Provisions” (see Note 20).

(ii) During the period, the Group cashed dividends from Manibil S.A. and BHSA in the amount of Ps. 3.3 million and Ps. 30.5 million, respectively.

9. Investment properties

Changes in the Group’s investment properties for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|                                  | 03.31.2013 | 06.30.2012 |
|----------------------------------|------------|------------|
| Beginning of the period / year   | 3,275,226  | 3,340,081  |
| Currency translation adjustment  | 42,070     | -          |
| Additions and acquisitions       | 157,324    | 108,863    |
| Acquisition of subsidiaries (ii) | 679,219    | -          |
| Sales and disposals (ii)         | (27,437 )  | (38,889 )  |
| Depreciation charge (i)          | (141,632 ) | (134,829 ) |
| End of the period / year         | 3,984,770  | 3,275,226  |

(i) Depreciation charges of investment properties were included in “Costs” in the Statements of Income (Note 26).

(ii) See Note 3.



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## 9. Investment properties (Continued)

The following amounts have been recognized in the statements of income:

|   | 03.31.2013 | 03.31.2012 |
|---|------------|------------|
| Rental and service income                   | 1,408,089  | 1,144,231  |
| Direct operating expenses                   | (664,274 ) | (532,470 ) |
| Gain from disposal of investment properties | 64,019     | 42,737     |

## 10. Property, plant and equipment, net

Changes in the Group's property, plant and equipment for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|                                 | 03.31.2013 | 06.30.2012 |
|---------------------------------|------------|------------|
| Beginning of the period / year  | 228,033    | 235,245    |
| Currency translation adjustment | 24         | -          |
| Additions                       | 4,445      | 19,089     |
| Disposals of unused assets      | (939 )     | (2,919 )   |
| Depreciation charge (i)         | (19,728 )  | (23,382 )  |
| End of the period / year        | 211,835    | 228,033    |

(i) Depreciation charges of property, plant and equipment were included in "General and administrative expenses" and "Costs" in the Statement of Income (Note 26).

## 11. Trading properties

Changes in the Group's trading properties for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|                                 | 03.31.2013 | 06.30.2012 |
|---------------------------------|------------|------------|
| Beginning of the period / year  | 176,823    | 181,991    |
| Additions                       | 6,643      | 15,399     |
| Currency translation adjustment | 13,609     | -          |
| Sales                           | (4,984 )   | (20,567 )  |
| End of the period / year        | 192,091    | 176,823    |

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12. Intangible assets, net

Changes in the Group's intangible assets for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|                                      | 03.31.2013 | 06.30.2012 |
|--------------------------------------|------------|------------|
| Beginning of the period / year       | 29,389     | 31,900     |
| Additions                            | 614        | 711        |
| Acquisition of subsidiary (goodwill) | 45,723     | -          |
| Currency translation adjustment      | 2,824      | -          |
| Disposals                            | -          | (2,960 )   |
| Amortization change (i)              | (1,383 )   | (262 )     |
| End of the period / year             | 77,167     | 29,389     |

(i) Amortization charges of intangible assets are included in "General and administrative expenses" in the Statement of Income (Note 26).

13. Inventories

Group's inventories as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|   | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|---|------------|------------|------------|
| Current                                       |            |            |            |
| Hotel supplies (i)                            | 5,984      | 4,792      | 3,575      |
| Materials and others items of inventories (i) | 10,547     | 10,867     | 3,245      |
| Current inventories                           | 16,531     | 15,659     | 6,820      |
| Total inventories                             | 16,531     | 15,659     | 6,820      |

(i) Inventories cost are included in "Costs" in the Statement of Income (Note 26).

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## 14. Trade and other receivables, net

Group's trade and other receivables, as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|   | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|---|------------|------------|------------|
| <b>Non-current</b>                              |            |            |            |
| Trade, leases and services receivable           | 64,097     | 54,547     | 31,611     |
| Less: allowance for trade receivables           | (2,208 )   | (2,208 )   | (2,208 )   |
| Non-current trade receivables                   | 61,889     | 52,339     | 29,403     |
| VAT receivables                                 | 34,145     | 33,942     | 48,214     |
| Minimum presumed income tax ("MPIT")            | 126,273    | 103,263    | 78,387     |
| Other tax receivables                           | 141        | 1,346      | 1,103      |
| Advance payments                                | 5,141      | 2,980      | 3,114      |
| Others  | 527        | 1,592      | 3,958      |
| Non-current other receivables, net              | 166,227    | 143,123    | 134,776    |
| Related parties (Note 31)                       | 981        | 910        | 830        |
| Non-current trade and other receivables, net    | 229,097    | 196,372    | 165,009    |
| <b>Current</b>                                  |            |            |            |
| Consumer financing receivables                  | 16,261     | 15,992     | 75,117     |
| Leases and services receivables                 | 188,875    | 180,113    | 146,277    |
| Receivables from hotel operations               | 28,792     | 14,106     | 9,954      |
| Checks to be deposited                          | 178,269    | 126,809    | 94,890     |
| Notes receivables                               | 4,808      | 8,317      | 5,987      |
| Trade and lease debtors under legal proceedings | 46,112     | 46,208     | 48,954     |
| Less: allowance for trade receivables           | (69,916 )  | (65,899 )  | (117,552 ) |
| Current trade receivables, net                  | 393,201    | 325,646    | 263,627    |
| VAT receivables                                 | 12,320     | 20,196     | 27,607     |
| MPIT  | -          | 732        | 226        |
| Other tax receivables                           | 9,564      | 5,691      | 7,282      |
| Loans granted                                   | 5,583      | 11,155     | 644        |
| Prepaid expenses                                | 50,867     | 47,284     | 42,679     |
| Restituted funds receivables                    | -          | -          | 4,278      |
| Advance from vendors                            | 36,963     | 21,056     | 14,595     |
| Dividends received                              | 4,726      | -          | -          |
| Other   | 4,461      | 6,891      | 11,925     |
| Less: allowance for other receivables           | (181 )     | -          | -          |
| Current other receivables, net                  | 124,303    | 113,005    | 109,236    |
| Related parties (Note 31)                       | 22,727     | 37,226     | 47,132     |
| Current trade and other receivables, net        | 540,231    | 475,877    | 419,995    |
| Total trade and other receivables, net          | 769,328    | 672,249    | 585,004    |

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 14. Trade and other receivables, net (Continued)

Movements on the Group's allowance for trade and other receivables are as follows:

|                                | 03.31.2013 | 06.30.2012 |
|--------------------------------|------------|------------|
| Beginning of the period / year | 68,107     | 119,760    |
| Charges of the period / year   | 14,757     | 15,554     |
| Unused amounts reversed        | (9,109 )   | (8,590 )   |
| Used during the period / year  | (1,215 )   | (58,617 )  |
| Receivables written off        | (235 )     | -          |
| End of the period / year       | 72,305     | 68,107     |

The creation and release of provision for impaired receivables have been included in "Selling expenses" in the statements of income (Note 26). Amounts charged to the allowance account are generally written off, when there is no expectation of recovery.

## 15. Investments in financial assets

Group's financial assets at fair value through profit or loss as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|  | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|--|------------|------------|------------|
| <b>Non-current</b>   |            |            |            |
| Financial assets at fair value                             |            |            |            |
| Investment in equity securities in TGLT S.A                | 53,512     | 65,131     | 68,656     |
| Investment in equity securities in Hersha                  | 397,982    | 432,770    | 355,942    |
| Common shares of Supertel                                  | 155,552    | 117,488    | -          |
| Others   | 10,085     | 10,221     | 271        |
| Financial assets at amortized cost                         |            |            |            |
| Non-Convertible Notes related parties and others (Note 31) | 22,116     | 30,050     | 7,807      |
| Total investments in non-current financial assets          | 639,247    | 655,660    | 432,676    |
| <b>Current</b>   |            |            |            |
| Financial assets at fair value                             |            |            |            |
| Mutual funds (Note 31)                                     | 211,180    | 57,955     | 60,061     |
| Mortgage bonds (Note 31)                                   | 520        | 496        | 477        |
| Non-Convertible Notes.                                     | 23,954     | 9          | 12         |
| Non-Convertible Notes related parties and others (Note 31) | 5,021      | 8,781      | 2,615      |
| Investment in equity securities in Hersha                  | 25,898     | -          | -          |
| Others   | 1,175      | 11,668     | 1,911      |
| Financial assets at amortized cost                         |            |            |            |
| Non-Convertible Notes related parties and others (Note 31) | 11,391     | -          | -          |
| Total investments in current financial assets              | 279,139    | 78,909     | 65,076     |
| Total investments in financial assets.                     | 918,386    | 734,569    | 497,752    |



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16. Derivative financial instruments

Group's derivative financial instruments as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|  | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|--|------------|------------|------------|
| Assets   |            |            |            |
| Non-current  |            |            |            |
| Hersha call option                                 | -          | -          | 60,442     |
| Warrants of Supertel                               | 23,824     | 18,434     | -          |
| Total non-current derivative financial instruments | 23,824     | 18,434     | 60,442     |
| Total derivative financial instruments             | 23,824     | 18,434     | 60,442     |

17. Cash flow information

The following table shows the amounts of cash and cash equivalents as of March 31, 2013 and for the year ended June 30, 2012 and July 1st, 2011:

|                                 | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|---------------------------------|------------|------------|------------|
| Cash at bank and on hand        | 239,823    | 234,519    | 161,193    |
| Time deposits in local currency | 114,702    | -          | -          |
| Mutual funds                    | 44,751     | 24,650     | 140,366    |
| Total cash and cash equivalents | 399,276    | 259,169    | 301,559    |



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## 17. Cash flow information (Continued)

Following is a detailed description of cash flows generated by the Group's operations for the nine-month periods ended March 31, 2013 and 2012.

|   | Note | 03.31.2013 | 03.31.2012 |
|---|------|------------|------------|
| Profit for the period   |      | 379,261    | 195,471    |
| Adjustments for:  |      |            |            |
| Income tax expense  | 22   | 81,093     | 91,296     |
| Retirement of obsolete properties, plant and equipment            | 10   | 939        | -          |
| Amortization and depreciation                                     | 26   | 162,743    | 128,726    |
| (Gain) from disposal of investment properties                     | 9    | (64,019 )  | (42,737 )  |
| Dividends received  | 29   | (14,329 )  | (9,863 )   |
| Share-based payments  | 27   | 5,935      | 2,795      |
| Loss on financial instruments                                     | 29   | (147,527 ) | (26,497 )  |
| (Gain) / loss on derivative financial instruments                 | 29   | (5,390 )   | 5,417      |
| (Gain) from purchase of subsidiaries                              | 28   | (137,062 ) | -          |
| Interest expense, net   | 29   | 208,668    | 201,710    |
| Provisions and allowances   |      | 73,097     | 41,427     |
| Share of (profit) of associates and joint ventures                | 7,8  | (15,112 )  | (15,922 )  |
| Unrealized foreign exchange loss, net                             |      | 239,165    | 75,030     |
| Other financial results   |      | -          | 27,360     |
| Changes in operating assets and liabilities:                      |      |            |            |
| Increase in inventories   |      | (872 )     | (1,300 )   |
| (Increase) / Decrease in trading properties                       |      | (1,659 )   | 15,213     |
| Increase in trade and other receivables, net                      |      | (27,936 )  | (46,675 )  |
| Increase in restricted funds                                      |      | (12,542 )  | -          |
| Increase in trade and other payables                              |      | 39,575     | 2,130      |
| Increase / (Decrease) in salaries and social security liabilities |      | 1,897      | (6,014 )   |
| Decrease in provisions  |      | (677 )     | -          |
| Net cash generated by operating activities before income tax paid |      | 765,248    | 637,567    |

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(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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17. Cash flow information (Continued)

The following table shows a detail of non-cash transactions occurred in the periods ended March 31, 2013 and 2012:

|  | 03.31.2013 | 03.31.2012 |
|--|------------|------------|
| Increase in investments in financial assets through an increase in borrowings                                  | 18,767     | -          |
| Reimbursement of expired dividends   | 625        | 3,809      |
| Dividends payable  | 54,097     | -          |
| Decrease in non-controlling interest through an increase in trade and other payables                           | -          | 8,039      |
| Foreign currency translation of subsidiaries   | -          | 10,955     |
| Increase in trade and other receivables, net through an increase in trade and other payables                   | -          | 429        |
| Conversion of corporate notes  | 126        | 38         |
| Increase in capital through a capitalization (decrease) in trade and other payables                            | -          | 1,000      |
| Decrease in trade and other receivables, net   | -          | 8,671      |
| Decrease in investments in associates and joint ventures   | -          | 16,004     |
| Decrease in trade and other payables through a decrease in equity investments in associates and joint ventures | -          | (24,675 )  |

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 18. Trade and other payables

Group's trade and other payables as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|   | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|---|------------|------------|------------|
| <b>Non-current</b>                                |            |            |            |
| Trade payables                                    | -          | 4          | 47         |
| Admission rights                                  | 107,532    | 85,281     | 66,885     |
| Sale and rent payments received in advance        | 47,969     | 44,846     | 45,345     |
| Guarantee deposits                                | 14,376     | 8,346      | 3,875      |
| Non-current trade payables                        | 169,877    | 138,477    | 116,152    |
| Tax payment facilities plan                       | 16,659     | 15,426     | 17,386     |
| Other tax liabilities                             | 1,067      | 3,460      | 2,759      |
| Deferred income tax                               | 8,704      | 8,903      | 10,143     |
| Other   | 372        | 370        | 2,481      |
| Non-current other payables                        | 26,802     | 28,159     | 32,769     |
| Related parties (Note 31)                         | 241        | 20         | 434        |
| Non-current trade and other payables              | 196,920    | 166,656    | 149,355    |
| <b>Current</b>                                    |            |            |            |
| Trade payables                                    | 54,474     | 54,267     | 40,923     |
| Invoices to be received                           | 76,223     | 65,008     | 57,989     |
| Guarantee deposits                                | 6,538      | 2,957      | 3,978      |
| Admission rights                                  | 93,598     | 78,030     | 60,580     |
| Sale and rent payments received in advance        | 176,609    | 119,099    | 106,599    |
| Current trade payables                            | 407,442    | 319,361    | 270,069    |
| VAT payables                                      | 23,588     | 24,980     | 21,615     |
| MPIT  | 11,556     | 8,683      | 11,435     |
| Deferred revenue                                  | 1,315      | 266        | 17,079     |
| Other tax liabilities                             | 25,342     | 21,707     | 26,677     |
| Dividends payable to non-controlling shareholders | 56,599     | 34,724     | -          |
| Others  | 5,853      | 7,330      | 6,067      |
| Current other payables                            | 124,253    | 97,690     | 82,873     |
| Related parties (Note 31)                         | 62,957     | 83,875     | 61,244     |
| Current trade and other payables                  | 594,652    | 500,926    | 414,186    |
| Total trade and other payables                    | 791,572    | 667,582    | 563,541    |

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 19. Salaries and social security liabilities

Group's Salaries and social security liabilities as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|   | 03.31.2013    | 06.30.2012    | 07.01.2011    |
|---|---------------|---------------|---------------|
| <b>Current</b>  |               |               |               |
| Provision for vacation, bonuses and severance           | 24,848        | 30,323        | 25,681        |
| Social security payable                                 | 14,119        | 6,584         | 7,545         |
| Others  | 2,537         | 2,700         | 863           |
| <b>Current salaries and social security liabilities</b> | <b>41,504</b> | <b>39,607</b> | <b>34,089</b> |
| <b>Total salaries and social security liabilities</b>   | <b>41,504</b> | <b>39,607</b> | <b>34,089</b> |

## 20. Provisions

The table below shows the movements in the Group's provisions for other liabilities categorized by type of provision:

|                        | Labor,<br>legal and<br>other<br>claims | Tax and<br>social<br>security | Investments<br>in<br>associates<br>(*) | Others | Total as per |
|------------------------|--|-------------------------------|--|--------|--------------|
| At July 1, 2011        | 14,925                                 | 670                           | -                                      | 392    | 15,987       |
| Additions              | 11,705                                 | 1,697                         | -                                      | 90     | 13,492       |
| Recovery               | (5,674 )                               | (797 )                        | -                                      | (126 ) | (6,597 )     |
| Used during the year   | (2,628 )                               | -                             | -                                      | 15     | (2,613 )     |
| At June 30, 2012       | 18,328                                 | 1,570                         | -                                      | 371    | 20,269       |
| Additions              | 13,094                                 | -                             | 29,944                                 | -      | 43,038       |
| Recovery               | (2,469 )                               | (469 )                        | -                                      | -      | (2,938 )     |
| Used during the period | (677 )                                 | -                             | -                                      | -      | (677 )       |
| At March 31, 2013      | 28,276                                 | 1,101                         | 29,944                                 | 371    | 59,692       |

(\*) Corresponds to equity interests in affiliates with negative equity.

The analysis of total provisions is as follows:

|                    | 03.31.2013    | 06.30.2012    | 07.01.2011    |
|--------------------|---------------|---------------|---------------|
| <b>Non-current</b> | <b>46,556</b> | <b>17,823</b> | <b>12,881</b> |
| <b>Current</b>     | <b>13,136</b> | <b>2,446</b>  | <b>3,106</b>  |
|                    | <b>59,692</b> | <b>20,269</b> | <b>15,987</b> |

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## 21. Borrowings

The breakdown of the Group borrowings as of March 31, 2013, June 30, 2012 and July 1st, 2011 was as follows:

|   | Secured /<br>unsecured | Currency | Rate     | Effective<br>interest<br>rate % | Nominal<br>Value | 03.31.2013       | 06.30.2012       | Book value<br>07.01.2011 |
|---|------------------------|----------|----------|---------------------------------|------------------|------------------|------------------|--------------------------|
| <b>Non-current</b>                              |                        |          |          |                                 |                  |                  |                  |                          |
| APSA CN due<br>2014                             | Unsecured              | US\$     | Fixed    | 10 %                            | 50,000           | -                | -                | -                        |
| NCN IRSA due<br>2017                            | Unsecured              | US\$     | Fixed    | 8.5 %                           | 150,000          | 745,773          | 675,000          | 675,000                  |
| APSA NCN due<br>2017                            | Unsecured              | US\$     | Fixed    | 7.875 %                         | 120,000          | 546,059          | 480,000          | 480,000                  |
| NCN IRSA due<br>2020                            | Unsecured              | US\$     | Fixed    | 11.5 %                          | 150,000          | 749,681          | 661,000          | 661,000                  |
| NCN IRSA due<br>2013                            | Unsecured              | Ps.      | Floating | Badlar +<br>2.49%               | 153,152          | -                | -                | 51,000                   |
| NCN IRSA due<br>2014                            | Unsecured              | US\$     | Fixed    | 7.45 %                          | 33,832           | -                | -                | 114,000                  |
| Seller financing of plot of land<br>(vii)       | Secured                | US\$     | Fixed    | 3.5 %                           | 2,700            | 13,829           | 12,000           | 12,000                   |
| Seller financing of Soleil Factory<br>(i)       | Secured                | US\$     | Fixed    | 5 %                             | 12,610           | 46,112           | 38,000           | 38,000                   |
| Seller financing of Arcos del Gourmet S.A. (ii) | Unsecured              | US\$     | Fixed    | 11.69 %                         | 258              | 1,238            | 1,000            | 1,000                    |
| Seller financing of Zetol S.A.<br>(iv)          | Secured                | US\$     | Fixed    | 3.5 %                           | 2,618            | 13,412           | 11,000           | 11,000                   |
| Other<br>borrowings                             |                        |          |          |                                 |                  |                  | -                | -                        |
| Syndicated loan (Note 31)<br>(v)                | Unsecured              | Ps.      | Fixed    | 15.01 %                         | 118,000          | 90,722           | 90,000           | 90,000                   |
| Banco Provincia de Buenos Aires loan (vi)       | Unsecured              | Ps.      | Fixed    | 15.01 %                         | 29,000           | 22,429           | 22,000           | 22,000                   |
| Banco M&T<br>loan                               | Secured                | US\$     | Fixed    | 1.673 %                         | 75,000           | 389,506          | 389,000          | 389,000                  |
| Finance leases<br>obligations                   | Secured                | US\$     | Fixed    | 7.5 %                           | 792              | 228              | 228              | 228                      |
| <b>Total Non-current<br/>borrowings</b>         |                        |          |          |                                 |                  | <b>2,618,989</b> | <b>2,048,000</b> | <b>2,048,000</b>         |

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21. Borrowings (Continued)

|  |                        |          |          |                                 |                  | Book value       |                  |                  |
|--|------------------------|----------|----------|---------------------------------|------------------|------------------|------------------|------------------|
|  | Secured /<br>unsecured | Currency | Rate     | Effective<br>interest<br>rate % | Nominal<br>Value | 03.31.2013       | 06.30.2012       | 07.01.2011       |
| <b>Current</b>                                       |                        |          |          |                                 |                  |                  |                  |                  |
| APSA NCN due 2012                                    | Unsecured              | Ps.      | Fixed    | 11%                             | 154,020          | -                | -                | 28,889           |
| NCN IRSA due 2017                                    | Unsecured              | US\$     | Fixed    | 8.5%                            | 150,000          | 9,647            | 23,175           | 20,960           |
| APSA NCN due 2017                                    | Unsecured              | US\$     | Fixed    | 7.875%                          | 120,000          | 15,323           | 4,555            | 4,490            |
| NCN IRSA due 2020                                    | Unsecured              | US\$     | Fixed    | 11.5%                           | 150,000          | 15,985           | 34,003           | 30,800           |
|  |                        |          |          | Badlar +                        | 153,152          |                  |                  |                  |
| NCN IRSA due 2013                                    | Unsecured              | Ps.      | Floating | 2.49%                           |                  | 104,344          | 102,888          | -                |
| NCN IRSA due 2014                                    | Unsecured              | US\$     | Fixed    | 7.45 %                          | 33,832           | 174,388          | 38,278           | -                |
| Bank overdrafts                                      | Unsecured              | Ps.      | Floating |                                 |                  | 316,375          | 195,270          | 420,032          |
| <b>Short-term loans</b>                              |                        |          |          |                                 |                  | <b>30,309</b>    | <b>126,654</b>   | <b>139,585</b>   |
| Syndicated loan (Note 31) (v)                        | Unsecured              | Ps.      | Fixed    | 15.01 %                         | 118,000          | 25,528           | -                | -                |
| Banco Provincia de Buenos Aires loan (vi)            | Unsecured              | Ps.      | Fixed    | 15.01 %                         | 29,000           | 6,522            | -                | -                |
| Seller financing of plot of land (vii)               | Secured                | US\$     | Fixed    | 3.5 %                           | 1,800            | 12,287           | 10,342           | -                |
| Seller financing of Soleil Factory (i)               | Secured                | US\$     | Fixed    | 5 %                             | 12,610           | 2,424            | 2,854            | 4,714            |
| Seller financing of Arcos del Gourmet S.A. (ii)      | Unsecured              | US\$     | Fixed    | 11.69 %                         | 1,700            | 8,072            | 10,235           | -                |
| Seller financing of Zetol S.A. (iv)                  | Secured                | US\$     | Fixed    | 3.5 %                           | 283              | 1,469            | 1,281            | 18,117           |
| Seller financing of Nuevo Puerto Santa Fe S.A. (iii) | Unsecured              | US\$     | Fixed    | 7.44 %                          | 269              | -                | 7,417            | -                |
| Finance lease obligations                            | Secured                | US\$     | Fixed    | 7.5 %                           | 792              | 575              | 944              | -                |
| Related party (Note 31)                              | Unsecured              | Ps.      | Floating | Badlar                          | 78,079           | 83,476           | -                | -                |
| <b>Current borrowings</b>                            |                        |          |          |                                 |                  | <b>806,724</b>   | <b>557,896</b>   | <b>667,587</b>   |
| <b>Total borrowings</b>                              |                        |          |          |                                 |                  | <b>3,425,713</b> | <b>2,606,293</b> | <b>2,392,859</b> |

CN: Convertible Notes.

NCN: Non-convertible Notes

(i) Seller financing of Soleil Factory (investment properties): Mortgage financing of US\$ 20.7 million with a fixed 5% interest rate due in June 2017.

(ii) Seller financing - Arcos del Gourmet S.A. (intangible assets).

(iii) Seller financing - Nuevo Puerto Santa Fe S.A. (investment properties): Financing of US\$ 4.5 million without interest paid in 19 installments due in February 2013.

- (iv) Seller financing of Zetol S.A. (trading properties): Mortgage financing of US\$ 7 million with a fixed 3.5% interest rate. The balance is payable, by choice of the seller, in money or with the delivery of units in buildings to be built representative of 12% of the total marketable square meters built.
- (v) On November 16, 2012, the Group executed a syndicated loan for Ps. 118 million with several banks, including Banco Hipotecario. Principal will be payable in 9 quarterly consecutive installments.
- (vi) On December 12, 2012, the Group subscribed a loan with Banco Provincia de Buenos Aires for Ps. 29 million. Principal will be repaid in 9 quarterly consecutive installments beginning in December 2013.
- (vii) Seller financing of plot of land - Vista al Muelle S.A. in Canelones, Uruguay (Trading properties). Nominal value US\$ 1.800 with a fixed 3,5% interest rate annual.

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## 22. Current and deferred income tax

The details of the provision for the Group's income tax, were as follows:

|                     | 03.31.2013 | 03.31.2012 |
|---------------------|------------|------------|
| Current income tax  | (159,049 ) | (151,864 ) |
| Deferred income tax | 77,956     | 60,568     |
| Income tax gain     | (81,093 )  | (91,296 )  |

The gross movement on the deferred income tax account was as follows:

|                                    | 03.31.2013 | 06.30.2012 |
|------------------------------------|------------|------------|
| Beginning of the period / year     | (376,977 ) | (467,129 ) |
| Acquisition of subsidiary          | (26,103 )  | -          |
| Currency translation adjustment    | 3,096      | -          |
| Income tax and deferred income tax | 77,956     | 90,152     |
| End of the period / year           | (322,028 ) | (376,977 ) |

The Group did not recognize deferred income tax assets of Ps. 24.7 million and Ps. 48.9 million as of March 31, 2013 and June 30, 2012, respectively. Although management believes that it will become profitable in the foreseeable future, as a result of the history of recent losses incurred during the development phase of the different Group's business operations and the lack of verifiable and objective evidence due to the limited operating history of the Group itself, the Board of Directors has determined that there is sufficient uncertainty as to the generation of sufficient income to utilize the losses within a reasonable timeframe, therefore, no deferred tax asset is recognized in relation to these losses.

Below is a reconciliation between income tax recognized and that which would result applying the prevailing tax rate on Profit before income tax for the nine-month periods ended March 31, 2013 and 2012:

|   | 03.31.2013 | 03.31.2012 |
|---|------------|------------|
| Tax calculated at the tax rates applicable to profits in the respective countries | 172,220    | 97,553     |
| Permanent differences:  |            |            |
| Share of loss of associates and joint ventures                                    | (21,552 )  | (15,384 )  |
| Unrecognized tax losses   | (23,800 )  | 7,427      |
| Non-deductible items  | 2,002      | 5,250      |
| Non-taxable items   | -          | (8,677 )   |
| Non-taxable income  | (43,554 )  | 8,612      |
| Others  | (4,223 )   | (3,485 )   |
| Income tax gain   | 81,093     | 91,296     |



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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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23. Dividends

The dividends paid in the period ended March 31, 2013 were Ps. 180.3 million.

Dividends for the year ended June 30, 2012 amounted to Ps. 180 million which were approved by the General Shareholders meeting as of October 31, 2012.

Expired dividends

Out of the balance of current dividends which, as of June 30, 2012, amounted to Ps. 6,092, Ps. 625 became forfeited on November 17, 2012 and during the period were canceled Ps. 2,965. The remaining balance of Ps. 2,502 is disclosed under Trade and other payables.

Dividends not yet paid

Out of the balance of Ps. 56,599 as of March 31, 2013, Ps. 2,502 corresponds to dividends not yet paid as of June 30, 2012 mentioned above and Ps. 54,097 to dividends approved by Shareholders' meeting held on October 31, 2012.

24. Revenues

|                                     | 03.31.2013 | 03.31.2012 |
|-------------------------------------|------------|------------|
| Base rent                           | 600,070    | 469,951    |
| Contingent rent                     | 184,351    | 152,966    |
| Admission rights                    | 78,339     | 63,872     |
| Averaging scheduled rent escalation | 13,031     | 13,007     |
| Parking fees                        | 44,981     | 31,966     |
| Letting fees                        | 28,123     | 29,899     |
| Service charges                     | 432,043    | 361,716    |
| Property management fee             | 25,229     | 18,904     |
| Others                              | 1,923      | 1,950      |
| Total rental and service income     | 1,408,090  | 1,144,231  |
| Sale of trading properties          | 20,175     | 50,103     |
| Revenue from hotel operations       | 174,694    | 130,020    |
| Consumer financing                  | 1,100      | 4,169      |
| Total other revenues                | 195,969    | 184,292    |
| Total revenues                      | 1,604,059  | 1,328,523  |

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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25. Cost

|                               | 03.31.2013 | 03.31.2012 |
|-------------------------------|------------|------------|
| Costs of rental and services  | 664,274    | 532,472    |
| Costs of sale and development | 9,845      | 18,928     |
| Costs from hotel operations   | 126,234    | 83,940     |
| Costs from consumer financing | 845        | 1,917      |
| Total costs                   | 801,198    | 637,257    |

26. Expenses by nature

The Group disclosed expenses the statements of income by function as part of the line items “Costs”, “General and administrative expenses” and “Selling expenses”.

The following tables provide the additional required disclosure of expenses by nature and their relationship to the function within the Group.

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## 26. Expenses by nature (Continued)

For the period ended March 31, 2013:

|  | Group Costs                        |                                   |  |                                   |  |                     | Total     |
|--|------------------------------------|-----------------------------------|--|-----------------------------------|--|---------------------|-----------|
|  | Cost of<br>sale and<br>development | Cost of<br>rental and<br>services | Costs<br>from<br>consumer<br>financing | Costs from<br>hotel<br>operations | General<br>and<br>administrative<br>expenses | Selling<br>expenses |           |
| Leases and expenses  | 1,285                              | 25,874                            | -                                      | 134                               | 1,414  | 647                 | 29,354    |
| Depreciation and<br>amortization   | 354                                | 146,802                           | -                                      | 10,851                            | 4,573  | 163                 | 162,743   |
| Allowance for trade<br>and other<br>receivables (charge<br>and recovery) | -                                  | -                                 | -                                      | -                                 | -  | 5,648               | 5,648     |
| Advertising and<br>other selling<br>expenses                             | -                                  | 86,532                            | -                                      | 3,655                             | -  | 12,113              | 102,300   |
| Taxes, rates and<br>contributions  | 1,041                              | 47,515                            | -                                      | -                                 | 5,229  | 36,690              | 90,475    |
| Maintenance,<br>security, cleaning,<br>repairs and others                | 1,929                              | 157,114                           | 34                                     | 16,307                            | 8,085  | 487                 | 183,956   |
| Fees and payments<br>for services  | 103                                | 22,473                            | 802                                    | 969                               | 22,679                                       | 2,632               | 49,658    |
| Director's fees  | -                                  | -                                 | -                                      | -                                 | 57,529                                       | -                   | 57,529    |
| Salaries, social<br>security costs and<br>other personnel<br>expenses    | 475                                | 169,149                           | 3                                      | 71,364                            | 42,558                                       | 12,773              | 296,322   |
| Cost of sale of<br>properties  | 4,628                              | -                                 | -                                      | -                                 | -  | -                   | 4,628     |
| Food, beverage and<br>other lodging<br>expenses                          | -                                  | -                                 | -                                      | 22,435                            | 2,085  | 505                 | 25,025    |
| Others   | 30                                 | 8,815                             | 6                                      | 519                               | 6,978  | 1,586               | 17,934    |
| Total expenses by<br>nature  | 9,845                              | 664,274                           | 845                                    | 126,234                           | 151,130                                      | 73,244              | 1,025,572 |

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 26. Expenses by nature (Continued)

For the period ended March 31, 2012:

|   | Group costs                  |                             |                               |                             |                                     |                  | Total   |
|---|------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------------|------------------|---------|
|   | Cost of sale and development | Cost of rental and services | Costs from consumer financing | Costs from hotel operations | General and administrative expenses | Selling expenses |         |
| Leases and expenses   | 1,543                        | 22,470                      | -                             | 46                          | 414                                 | 608              | 25,081  |
| Depreciation and amortization.                                  | -                            | 117,999                     | 17                            | 7,742                       | 2,940                               | 28               | 128,726 |
| Allowance for trade and other receivables (charge and recovery) | -                            | -                           | -                             | -                           | -                                   | 2,570            | 2,570   |
| Advertising and other selling expenses                          | -                            | 83,592                      | -                             | 2,578                       | -                                   | 11,033           | 97,203  |
| Taxes, sales and contributions                                  | 1,083                        | 33,462                      | -                             | -                           | 2,336                               | 28,629           | 65,510  |
| Maintenance, security, cleaning, repair and others              | 1,342                        | 124,888                     | 249                           | 13,896                      | 6,673                               | 417              | 147,465 |
| Fees and payments for services                                  | 345                          | 13,660                      | 1,612                         | 2,404                       | 21,715                              | 2,235            | 41,971  |
| Director's fees   | -                            | -                           | -                             | -                           | 44,327                              | -                | 44,327  |
| Salaries, social security costs and other personnel expenses    | 67                           | 129,795                     | 14                            | 42,413                      | 39,229                              | 9,872            | 221,390 |
| Cost of sale of properties                                      | 14,537                       | -                           | -                             | -                           | -                                   | -                | 14,537  |
| Food, beverage and other lodging expenses                       | -                            | -                           | -                             | 14,473                      | 2,294                               | 339              | 17,106  |
| Others  | 11                           | 6,606                       | 25                            | 388                         | 5,127                               | 526              | 12,683  |
| Total expenses by nature  | 18,928                       | 532,472                     | 1,917                         | 83,940                      | 125,055                             | 56,257           | 818,569 |

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 27. Employee costs

|  | 03.31.2013 | 03.31.2012 |
|--|------------|------------|
| Salaries, bonuses, social security expenses and others | 290,387    | 218,595    |
| Shared-based compensation                              | 5,935      | 2,795      |
| Total employee costs                                   | 296,322    | 221,390    |

## 28. Other operating results, net

|   | 03.31.2013 | 03.31.2012 |
|---|------------|------------|
| Result from purchase of subsidiaries (Note 3) | 137,062    | -          |
| Tax on shareholders' personal assets          | (4,681 )   | (3,200 )   |
| Donations                                     | (7,606 )   | (6,366 )   |
| Management fees                               | 1,037      | -          |
| Judgments and other contingencies (1)         | (12,443 )  | (7,695 )   |
| Others  | (6,196 )   | 5,263      |
| Total other operating results, net (1)        | 107,173    | (11,998 )  |

Includes legal expenses.

## 29. Financial results, net

|  | 03.31.2013 | 03.31.2012 |
|--|------------|------------|
| Finance income:                              |            |            |
| - Interest income                            | 22,816     | 13,018     |
| - Foreign exchange gain                      | 58,136     | 50,325     |
| - Dividends income                           | 14,329     | 9,863      |
| - Gain from derivative financial instruments | 5,390      | 162        |
| - Fair value gains of financial assets       | 164,572    | 40,957     |
| - Gain from sale of financial assets         | 2,057      | -          |
| Total finance income                         | 267,300    | 114,325    |
| Finance costs:                               |            |            |
| - Interest expense                           | (231,484 ) | (214,728 ) |
| - Foreign exchange losses                    | (290,443 ) | (125,355 ) |
| - Fair value loss of financial assets        | (17,045 )  | (14,460 )  |
| - Loss from derivative financial instruments | (1,162 )   | (6,779 )   |
| - Other financial costs                      | (31,603 )  | (22,851 )  |
| Total finance costs                          | (571,737 ) | (384,173 ) |

|                              |            |            |
|------------------------------|------------|------------|
| Total financial results, net | (304,437 ) | (269,848 ) |
|------------------------------|------------|------------|

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30. Shared-based payments

Equity incentive plan

The Group incurred a charge of Ps. 5.9 million and Ps. 2.8 million for the nine-month periods ended March 31, 2013 and 2012, respectively, related to the awards granted under the Equity Incentive Plan (1,064,008 shares granted over the period).

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 31. Related party transactions

The following is a summary of the balances with related parties as of March 31, 2013:

| Related party                      | Reference | Description of transaction | Investments in non-current financial assets | Investments in current financial assets | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrow non-current |
|------------------------------------|-----------|----------------------------|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|--------------------|
| Consultores Assets Management S.A. | (4)       | Reimbursement of expenses  | -   | -                                       | -                                       | 2,493                               | -                                    | (41)                             |                    |
| Estudio Zang, Bergel & Viñes       | (5)       | Advances                   | -   | -                                       | -                                       | 26                                  | -                                    | -                                |                    |
|                                    |           | Professional fees          | -   | -                                       | -                                       | 79                                  | -                                    | (732)                            |                    |
| Fundación IRSA                     | (4)       | Reimbursement of expenses  | -   | -                                       | -                                       | 50                                  | -                                    | (2)                              |                    |
| Museo de los Niños                 | (4)       | Reimbursement of expenses  | -   | -                                       | -                                       | 629                                 | -                                    | (174)                            |                    |
|                                    |           | Leases                     | -   | -                                       | -                                       | 614                                 | -                                    | -                                |                    |
| Directors                          |           | Reimbursement of expenses  | -   | -                                       | -                                       | -                                   | (220)                                | -                                |                    |
|                                    |           | Fees                       | -   | -                                       | -                                       | -                                   | -                                    | (15,268)                         |                    |
|                                    |           | Guarantee deposits         | -   | -                                       | -                                       | -                                   | (21)                                 | (72)                             |                    |
| Quality invest S.A.                | (2)       | Reimbursement of expenses  | -   | -                                       | -                                       | 5                                   | -                                    | (38)                             |                    |
| New Lipstick LLC                   | (3)       | Reimbursement of expenses  | -   | -                                       | -                                       | 1,446                               | -                                    | -                                |                    |
| Lipstick Management LLC            | (3)       | Reimbursement of expenses  | -   | -                                       | -                                       | 482                                 | -                                    | -                                |                    |
| IRSA Development LP                | (3)       | Reimbursement of expenses  | -   | -                                       | -                                       | 9                                   | -                                    | -                                |                    |
|                                    |           | Capital contributions      | -   | -                                       | -                                       | -                                   | -                                    | (5)                              |                    |





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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 31. Related party transactions (Continued)

| Related party                        | Reference | Description of transaction  | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current |
|--------------------------------------|-----------|-----------------------------|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|
| Inversiones Financieras del Sur S.A. | (6)       | Borrowings                  | -   | -                                       | -                                       | 189                                 | -                                    | -                                |
|                                      |           | Reimbursement of expenses   | -   | -                                       | -                                       | -                                   | -                                    | (3)                              |
| Elsztain Managing Partners Limited   | (4)       | Management fees             | -   | -                                       | -                                       | -                                   | -                                    | (48)                             |
| Banco Hipotecario S.A.               | (8)       | Mortgage bonds              | -   | 520                                     | -                                       | -                                   | -                                    | -                                |
|                                      |           | Reimbursement of expenses   | -   | -                                       | -                                       | 312                                 | -                                    | (347)                            |
|                                      |           | Leases                      | -   | -                                       | -                                       | 1                                   | -                                    | -                                |
|                                      |           | Borrowings                  | -   | -                                       | -                                       | -                                   | -                                    | -                                |
|                                      |           | Non-Convertible Notes       | -   | 5,021                                   | -                                       | -                                   | -                                    | -                                |
|                                      |           | Reimbursement of expenses   | -   | -                                       | -                                       | 1,010                               | -                                    | (309)                            |
| Cyrsa S.A.                           | (9)       | Borrowings                  | -   | -                                       | -                                       | -                                   | -                                    | -                                |
| Tarshop S.A.                         | (10)      | Reimbursement of expenses   | -   | -                                       | -                                       | 168                                 | -                                    | (216)                            |
|                                      |           | Leases                      | -   | -                                       | -                                       | 6                                   | -                                    | -                                |
|                                      |           | Rental                      | -   | -                                       | -                                       | 1,557                               | -                                    | (49)                             |
| Nuevo Puerto Santa Fe S.A.           | (2)       | Reimbursement of expenses   | -   | -                                       | -                                       | 780                                 | -                                    | (160)                            |
|                                      |           | Leases to be accrued        | -   | -                                       | -                                       | -                                   | -                                    | (133)                            |
|                                      |           | Space rentals               | -   | -                                       | -                                       | 36                                  | -                                    | (28)                             |
| Canteras Natal Crespo S.A.           | (9)       | Management fees             | -   | -                                       | -                                       | 547                                 | -                                    | -                                |
|                                      |           | Contributions to be paid in | -   | -                                       | -                                       | 155                                 | -                                    | -                                |
|                                      |           | Borrowings                  | -   | -                                       | -                                       | 95                                  | -                                    | -                                |
|                                      |           |                             | -   | -                                       | -                                       | 490                                 | -                                    | -                                |

|                      |      | Reimbursement of expenses |   |   |     |    |   |      |
|----------------------|------|---------------------------|---|---|-----|----|---|------|
| Baicom Networks S.A. | (11) | Reimbursement of expenses | - | - | -   | 14 | - | (2 ) |
|                      |      | Management fees           | - | - | -   | 6  | - | -    |
|                      |      | Borrowings                | - | - | 981 | -  | - | -    |

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## Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

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## 31 Related party transactions (Continued)

| Related party               | Reference | Description of transaction                    | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrows Non-current |
|-----------------------------|-----------|---|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|---------------------|
| Puerto Retiro S.A.          | (12)      | Reimbursement of expenses                     | -   | -                                       | -                                       | 158                                 | -                                    | -                                | -                   |
|                             |           | Loans granted                                 | -   | -                                       | -                                       | 3,777                               | -                                    | -                                | -                   |
|                             |           | Contributions                                 | -   | -                                       | -                                       | 101                                 | -                                    | -                                | -                   |
| Cactus Argentina S.A.       | (13)      | Reimbursement of expenses                     | -   | -                                       | -                                       | 8                                   | -                                    | -                                | -                   |
| Cresud S.A.C.I.F. y A.      | (1)       | Other receivables                             | -   | -                                       | -                                       | 14                                  | -                                    | -                                | -                   |
|                             |           | Reimbursement of expenses                     | -   | -                                       | -                                       | 3,449                               | -                                    | (33,833)                         | -                   |
|                             |           | Shared services                               | -   | -                                       | -                                       | 2,670                               | -                                    | (11,489)                         | -                   |
|                             |           | Offices rental                                | -   | -                                       | -                                       | 429                                 | -                                    | -                                | -                   |
|                             |           | Borrowings                                    | -   | -                                       | -                                       | 853                                 | -                                    | -                                | -                   |
|                             |           | Non-convertible Notes – Cresud S.A.C.I.F y A. | 22,116                                      | 11,391                                  | -                                       | -                                   | -                                    | -                                | -                   |
| Futuros y Opciones.com S.A. | (13)      | Reimbursement of expenses                     | -   | -                                       | -                                       | 43                                  | -                                    | (8)                              | -                   |
|                             |           | Other receivables                             | -   | -                                       | -                                       | 3                                   | -                                    | -                                | -                   |
| Boulevard Norte S.A.        | (14)      | Reimbursement of expenses                     | -   | -                                       | -                                       | 14                                  | -                                    | -                                | -                   |
| FyO Trading S.A.            | (13)      | Reimbursement of expenses                     | -   | -                                       | -                                       | 8                                   | -                                    | -                                | -                   |
| Helmir S.A.                 | (13)      | Reimbursement of expenses                     | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                   |
| Dolphin Fund Plc.           | (7)       | Shares/Mutual funds                           | -   | 142,838                                 | -                                       | -                                   | -                                    | -                                | -                   |
| <b>Total</b>                |           |   | <b>22,116</b>                               | <b>159,770</b>                          | <b>981</b>                              | <b>22,727</b>                       | <b>(241)</b>                         | <b>(62,957)</b>                  | <b>(8)</b>          |

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## 31. Related party transactions (Continued)

The following is a summary of the results and transactions with related parties for the nine-month period ended March 31, 2013:

| Related party                              | Reference | Rental | Fees      | Income/expenses<br>of shared<br>services | Legal fees | Interest<br>income /<br>(expenses) | Others   |
|--|-----------|--------|-----------|--|------------|------------------------------------|----------|
| Estudio Zang,<br>Bergel & Viñes            | (5)       | -      | -         | -  | (1,667 )   | -                                  | -        |
| Fundacion IRSA                             | (4)       | -      | -         | (2 )                                     | -          | -                                  | (1,420 ) |
| Directors                                  |           | -      | (57,529 ) | -  | -          | -                                  | -        |
| Canteras Natal                             |           |        |           |  |            |                                    |          |
| Crespo S.A.                                | (9)       | -      | -         | 72                                       | -          | 8                                  | -        |
| Cyrsa S.A.                                 | (9)       | -      | -         | -  | -          | (5,397 )                           | -        |
| Tarshop S.A.                               | (10)      | 4,271  | -         | 234                                      | -          | -                                  | -        |
| Baicom Networks<br>S.A.                    | (11)      | -      | -         | 9  | -          | 71                                 | -        |
| Consultores Assets<br>Management S.A.      | (4)       | 140    | -         | -  | -          | -                                  | -        |
| Puerto Retiro S.A.                         | (12)      | -      | -         | -  | -          | 343                                | -        |
| Banco Hipotecario<br>S.A.                  | (8)       | -      | -         | -  | -          | 56                                 | -        |
| Quality Invest S.A.                        | (2)       | -      | -         | -  | -          | 10                                 | 162      |
| Inversiones<br>Financieras del Sur<br>S.A. | (6)       | -      | -         | -  | -          | 155                                | -        |
| Cresud S.A.C.I.F.<br>y A.                  | (1)       | 1,258  | (12,267 ) | (49,022 )                                | -          | 4,426                              | -        |
| Nuevo Puerto<br>Santa Fe S.A.              | (2)       | (27 )  | -         | -  | -          | -                                  | 794      |
|  |           | 5,642  | (69,796 ) | (48,709 )                                | (1,667 )   | (328 )                             | (464 )   |

(1) Majority shareholder.

(2) Joint venture of APSA.

(3) Direct or indirect associate of Tyrus.

(4) Related to the President of the Company.

(5) Legal services related to the Board of Directors.

(6) Shareholder of Cresud S.A.C.I.F. y A.

(7) Since 1996, the Group maintains an investment in Dolphin Fund Plc, an Investment Fund related to the Group's president. The investment is recorded as financial instruments at fair value through profit and loss. As of March 31, 2013 this investment amounts to Ps. 142.8 million. During October 2012, there has been additional investment for an amount of US\$ 20 million.

(8) Associate.

(9) Joint venture.

(10) Associate of APSA.

- (11) Joint venture through E-Commerce Latina S.A.
- (12) Joint venture through Inversora Bolívar S.A.
- (13) Subsidiary of Cresud.
- (14) Subsidiary of EH, joint venture of APSA.

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32. Negative working capital

As of the period-end, the Group has recorded negative working capital which is currently under consideration of the Board of Directors and Management.

33. Events after the date of the statement of financial position

1. Advanced dividends distribution

On May 3, 2013, the General Shareholders' Meeting of APSA approved the ratification and distribution of an advanced cash dividend established by the Board of Directors in the amount of Ps. 166,500 for the current year.

2. Sale of Hersha's shares

During April and May, 2013 the Group sold 872,602 ordinary shares of Hersha for a total amount of US\$ 5.1 million.

3. Significant sale of investment properties

On May 8, 2013, IRSA signed the transfer deed for the sale of the 17th floor and two parking units of the Building Maipú 1300 and two parking units of the building Libertador 498. The total price of the transaction was Ps. 7.8 million (US\$ 1.5 million). Such transaction generated a gain of approximately Ps. 6.3 million.

Free translation from the original prepared in Spanish for publication in Argentina

Limited Review Report

To the Shareholders, President and Board of Directors of  
IRSA Inversiones y Representaciones Sociedad Anónima  
Legal address: Bolívar 108 - 1° floor  
Autonomous City of Buenos Aires  
C.U.I.T.: 30-52532274-9

1. We have reviewed the accompanying unaudited condensed interim consolidated statement of financial position of IRSA Inversiones y Representaciones Sociedad Anónima and its subsidiaries as of March 31, 2013, and the related unaudited condensed interim consolidated statements of income, unaudited condensed interim consolidated statements of comprehensive income for the nine and three-month periods ended March 31, 2013, and the unaudited condensed interim consolidated statements of changes of shareholders' equity and unaudited condensed interim consolidated statements of cash flows for the nine-month period ended March 31, 2013 and selected explanatory notes. The balances and other information corresponding to the fiscal year ended June 30, 2012 and the interim periods within that fiscal period are an integral part of these financial statements and, therefore, they should be considered in relation to these financial statements.
2. The Board of Directors of the Company is responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The IFRS as issued by the International Accounting Standard Board (IASB) were adopted as accounting standards by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and incorporated by the National Securities Commission (CNV) to its regulations. Therefore, the Board of Directors of the Company is responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion based on the review that we have performed with the scope detailed in paragraph 3.
3. We conducted our review in accordance with Technical Resolution No. 7 issued by the FACPCE for a review of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit, the objective of which is to express an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.



Free translation from the original prepared in Spanish for publication in Argentina

Limited Review Report (Continued)

4. As mentioned in note 2.1 to the unaudited condensed interim consolidated financial statements, these unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34. The fiscal year ended June 30, 2013 will be the first year of application of IFRS. The adjustments and other effects of the transition to IFRS are presented in note 2.3 to these unaudited condensed interim consolidated financial statements. The amounts included in the reconciliations shown in note 2.3 are subject to change as a consequence of potential changes in IFRS which may occur until June 30, 2013, and should only be considered as final upon issuance of the annual financial statements for the fiscal year ended June 30, 2013.
5. Nothing came to our attention as a result of our review that caused us to believe that these unaudited condensed interim consolidated financial statements have not been prepared in all material respects in accordance with IAS 34.

6. In accordance with current regulations, we hereby inform that:

- a) the unaudited condensed interim consolidated financial statements of IRSA Inversiones y Representaciones Sociedad Anónima are recorded in the "Inventory and Balance Sheet Book" and carried in all formal respects in conformity with legal requirements, and comply, as regards those matters that are within our competence, with the provisions set forth in the Commercial Companies Law and the corresponding resolutions of the CNV;
- b) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima arise from accounting records carried in all formal respects in accordance with applicable legal provisions;
- c) we have read the Business Summary ("Reseña Informativa") and the Additional Information to the notes to the unaudited condensed interim consolidated financial statements required by Article 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence, we have no observations to make;
- d) at March 31, 2013, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentine Integrated Pension System which arises from accounting records and submissions amounted to Ps. 283,208, which was not callable at that date.

Autonomous City of Buenos Aires, May 17, 2013.

PRICE WATERHOUSE & Co. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Carlos Martín Barbaína

ABELOVICH, POLANO &

ASOCIADOS S.R.L.

(Partner)

C.P.C.E. C.A.B.A. T° 1 F° 30

Marcelo Héctor Fuxman

Public Accountant (UCA)  
C.P.C.E.C.A.B.A. T° 175 F° 65

Public Accountant (U.B.A.)  
C.P.C.E. C.A.B.A. T° 134 F° 85

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Separate Financial Statements as of March 31, 2013 and for the nine-month periods ended March 31, 2013 and 2012

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IRSA Inversiones y Representaciones Sociedad Anónima  
Unaudited Condensed Interim Separate Statements of Financial Position  
as of March 31, 2013, June 30, 2012 and July 1st, 2011

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for publication in Argentina

|  | Note | 03.31.2013       | 06.30.2012       | 07.01.2011       |
|--|------|------------------|------------------|------------------|
| <b>ASSETS</b>  |      |                  |                  |                  |
| Non-current Assets   |      |                  |                  |                  |
| Investment properties, net                                 | 6    | 844,113          | 890,433          | 925,906          |
| Property, plant and equipment, net                         | 7    | 8,294            | 8,765            | 10,138           |
| Trading properties   | 8    | 64,799           | 66,997           | 65,252           |
| Intangible assets, net                                     | 9    | 5,934            | 5,987            | 8,724            |
| Investments in subsidiaries, associates and joint ventures | 5    | 3,791,602        | 3,357,430        | 3,289,725        |
| Deferred income tax assets                                 | 18   | 52,595           | -                | -                |
| Trade and other receivables, net                           | 11   | 148,333          | 139,449          | 60,567           |
| Investments in financial assets                            | 12   | 102              | 163,594          | 149,157          |
| <b>Total Non-current Assets</b>                            |      | <b>4,915,772</b> | <b>4,632,655</b> | <b>4,509,469</b> |
| Current Assets   |      |                  |                  |                  |
| Trading properties   | 8    | 2,451            | 4,120            | 10,840           |
| Inventories  | 10   | 511              | 474              | 427              |
| Trade and other receivables, net                           | 11   | 63,616           | 67,854           | 126,605          |
| Investments in financial assets                            | 12   | 2,720            | 20,680           | 24,302           |
| Cash and cash equivalents                                  | 13   | 122,338          | 76,872           | 45,163           |
| <b>Total Current Assets</b>                                |      | <b>191,636</b>   | <b>170,000</b>   | <b>207,337</b>   |
| <b>TOTAL ASSETS</b>  |      | <b>5,107,408</b> | <b>4,802,655</b> | <b>4,716,806</b> |
| <b>SHAREHOLDERS' EQUITY</b>                                |      |                  |                  |                  |
| Shared capital   |      | 578,676          | 578,676          | 578,676          |
| Inflation adjustment of share capital                      |      | 123,329          | 274,387          | 274,387          |
| Share premium  |      | 793,123          | 793,123          | 793,123          |
| Reserve for share-based payments                           |      | 8,321            | 2,595            | -                |
| Legal reserve  |      | 85,140           | 71,136           | 57,031           |
| Other reserves   |      | 492,441          | 419,783          | 391,262          |
|  |      | 38,500           | 14,502           | -                |

|  |    |                  |                  |                  |
|--|----|------------------|------------------|------------------|
| Cumulative translation adjustment                  |    |                  |                  |                  |
| Acquisition of additional interest in subsidiaries |    | (17,254 )        | (15,714 )        | -                |
| Retained earnings                                  |    | 716,478          | 510,853          | 656,525          |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                  |    | <b>2,818,754</b> | <b>2,649,341</b> | <b>2,751,004</b> |
| <b>LIABILITIES</b>                                 |    |                  |                  |                  |
| <b>Non-Current Liabilities</b>                     |    |                  |                  |                  |
| Trade and other payables                           | 14 | 9,281            | 6,699            | 5,032            |
| Borrowings   | 17 | 1,588,456        | 1,550,369        | 1,293,259        |
| Deferred income tax liabilities                    | 18 | -                | 19,179           | 79,464           |
| Provisions   | 16 | 7,065            | 6,198            | -                |
| <b>Total Non-Current Liabilities</b>               |    | <b>1,604,802</b> | <b>1,582,445</b> | <b>1,377,755</b> |
| <b>Current Liabilities</b>                         |    |                  |                  |                  |
| Trade and other payables                           | 14 | 132,768          | 113,228          | 52,693           |
| Salaries and social security liabilities           | 15 | 3,520            | 5,151            | 3,086            |
| Borrowings   | 17 | 541,819          | 451,615          | 531,186          |
| Provisions   | 16 | 5,745            | 875              | 1,082            |
| <b>Total Current Liabilities</b>                   |    | <b>683,852</b>   | <b>570,869</b>   | <b>588,047</b>   |
| <b>TOTAL LIABILITIES</b>                           |    | <b>2,288,654</b> | <b>2,153,314</b> | <b>1,965,802</b> |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>  |    | <b>5,107,408</b> | <b>4,802,655</b> | <b>4,716,806</b> |

The accompanying notes are an integral part of these Unaudited Condensed Interim Separate Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

IRSA Inversiones y Representaciones Sociedad Anónima  
Unaudited Condensed Interim Separate Statements of Income

for the nine and three-month periods beginning on July 1st, 2012 and 2011  
and January 1st, 2013 and 2012, respectively, and ended March 31, 2013 and 2012

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

|   | Note | Nine months |            | Three months |            |
|---|------|-------------|------------|--------------|------------|
|   |      | 03.31.2013  | 03.31.2012 | 03.31.2013   | 03.31.2012 |
| Revenues  | 20   | 207,196     | 187,466    | 69,735       | 61,859     |
| Costs   | 21   | (80,683 )   | (69,055 )  | (26,578 )    | (22,368 )  |
| Gross profit  |      | 126,513     | 118,411    | 43,157       | 39,491     |
| Gain from disposal of investment properties                     | 6    | 63,783      | 42,737     | 7,824        | 18,010     |
| General and administrative expenses                             | 22   | (56,828 )   | (48,572 )  | (17,910 )    | (17,267 )  |
| Selling expenses  | 22   | (12,415 )   | (10,550 )  | (5,110 )     | (3,465 )   |
| Other operating results, net                                    | 24   | (11,080 )   | (8,553 )   | (1,795 )     | (1,898 )   |
| Profit from operations  |      | 109,973     | 93,473     | 26,166       | 34,871     |
| Share of profit of subsidiaries, associates, and joint ventures | 5    | 439,099     | 255,403    | 151,428      | 110,013    |
| Profit from operations before financial results and income tax  |      | 549,072     | 348,876    | 177,594      | 144,884    |
| Finance income  | 25   | 91,017      | 59,433     | 21,821       | 34,363     |
| Finance cost  | 25   | (391,225 )  | (278,591 ) | (130,732 )   | (88,227 )  |
| Financial results, net  | 25   | (300,208 )  | (219,158 ) | (108,911 )   | (53,864 )  |
| Profit before income tax  |      | 248,864     | 129,718    | 68,683       | 91,020     |
| Income tax  | 18   | 71,774      | 46,904     | 28,173       | 4,051      |
| Profit for the period   |      | 320,638     | 176,622    | 96,856       | 95,071     |
| Profit per share for the period:                                |      |             |            |              |            |
| Basic   |      | 0.554       | 0.305      | 0.167        | 0.164      |
| Diluted   |      | 0.554       | 0.305      | 0.167        | 0.164      |

The accompanying notes are an integral part of these Unaudited Condensed Interim Separate Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

IRSA Inversiones y Representaciones Sociedad Anónima  
 Unaudited Condensed Interim Separate Statements of Comprehensive Income  
 for the nine and three-month periods beginning on July 1st, 2012 and 2011  
 and January 1st, 2013 and 2012, respectively, and ended March 31, 2013 and 2012  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for publication in Argentina.

|  | Nine months |            | Three months |            |
|--|-------------|------------|--------------|------------|
|  | 03.31.2013  | 03.31.2012 | 03.31.2013   | 03.31.2012 |
| Profit for the period  | 320,638     | 176,622    | 96,856       | 95,071     |
| Other Comprehensive Income:  |             |            |              |            |
| Items that may be reclassified subsequently to profit or loss:                           |             |            |              |            |
| Currency translation adjustment of subsidiaries, associates, and joint ventures (Note 5) | 36,913      | 12,078     | 13,492       | 3,294      |
| Other comprehensive income for the period (i)  | 36,913      | 12,078     | 13,492       | 3,294      |
| Total comprehensive income for the period  | 357,551     | 188,700    | 110,348      | 98,365     |

(i) Components of other comprehensive income have no impact on income tax.

The accompanying notes are an integral part of these Unaudited Condensed Interim Separate Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

IRSA Inversiones y Representaciones Sociedad Anónima  
Unaudited Condensed Interim Separate Statements of Changes in Shareholders' Equity  
for the nine-month periods ended March 31, 2013 and 2012

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

|  | Share capital | Inflation adjustment of share capital | Share premium | Acquisition of additional interest in subsidiaries | Cumulative translation adjustment | Reserve for share-based compensation | Legal reserve | Other reserves | R   |
|--|---------------|---------------------------------------|---------------|--|-----------------------------------|--------------------------------------|---------------|----------------|-----|
| Balance at July 1st, 2012  | 578,676       | 274,387                               | 793,123       | (15,714 )  | 14,502                            | 2,595                                | 71,136        | 419,783        | 51  |
| Profit for the period  | -             | -                                     | -             | -  | -                                 | -                                    | -             | -              | 32  |
| Other comprehensive income for the period  | -             | -                                     | -             | -  | 36,913                            | -                                    | -             | -              | -   |
| Total comprehensive income for the period  | -             | -                                     | -             | -  | 36,913                            | -                                    | -             | -              | 32  |
| Appropriation of retained earnings approved by Shareholders' meeting held 10.31.12           | -             | -                                     | -             | -  | -                                 | -                                    | 14,004        | 72,658         | (8) |
| Application of deferred income tax liability approved by Shareholders' meeting held 10.31.12 | -             | (151,058 )                            | -             | -  | -                                 | -                                    | -             | -              | 15  |
| Distribution of dividends approved by Shareholders' meeting held 10.31.12                    | -             | -                                     | -             | -  | -                                 | -                                    | -             | -              | (1) |
| Reserve for share-based compensation   | -             | -                                     | -             | -  | -                                 | 5,726                                | -             | -              | -   |



|   |         |         |         |           |           |       |        |         |    |
|---|---------|---------|---------|-----------|-----------|-------|--------|---------|----|
| Cumulative translation adjustment for interest held before business combination | -       | -       | -       | -         | (12,915 ) | -     | -      | -       | -  |
| Acquisition of subsidiary   | -       | -       | -       | (1,540 )  | -         | -     | -      | -       | -  |
| Reimbursement of expired dividends  | -       | -       | -       | -         | -         | -     | -      | -       | 59 |
| Balance at March 31, 2013   | 578,676 | 123,329 | 793,123 | (17,254 ) | 38,500    | 8,321 | 85,140 | 492,441 | 71 |

The accompanying notes are an integral part of these Unaudited Condensed Interim Separate Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

IRSA Inversiones y Representaciones Sociedad Anónima  
Unaudited Condensed Interim Separate Statements of Changes in Shareholders' Equity  
for the nine-month periods ended March 31, 2013 and 2012

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

|  | Share capital | Inflation adjustment of share capital | Share premium | Acquisition of additional interest in subsidiaries | Cumulative translation adjustment | Reserve for share-based compensation | Legal reserve | Other reserves | Retained earnings |
|--|---------------|---------------------------------------|---------------|--|-----------------------------------|--------------------------------------|---------------|----------------|-------------------|
| Balance at July 1st, 2011  | 578,676       | 274,387                               | 793,123       | -  | -                                 | -                                    | 57,031        | 391,262        | 65,000            |
| Profit for the period  | -             | -                                     | -             | -  | -                                 | -                                    | -             | -              | 17,000            |
| Other comprehensive income for the period  | -             | -                                     | -             | -  | 12,078                            | -                                    | -             | -              | -                 |
| Total comprehensive income for the period  | -             | -                                     | -             | -  | 12,078                            | -                                    | -             | -              | 17,000            |
| Appropriation of retained earnings approved by Shareholders' meeting held 10.31.11 | -             | -                                     | -             | -  | -                                 | -                                    | 14,105        | 56,421         | (70,000)          |
| Distribution of dividends approved by Shareholders' meeting held 10.31.11          | -             | -                                     | -             | -  | -                                 | -                                    | -             | -              | (2,000)           |
| Reserve for share-based compensation   | -             | -                                     | -             | -  | -                                 | 2,698                                | -             | -              | -                 |
| Reimbursement of expired dividends   | -             | -                                     | -             | -  | -                                 | -                                    | -             | -              | 3,000             |
| Acquisition of subsidiary  | -             | -                                     | -             | (15,311)   | -                                 | -                                    | -             | -              | -                 |
| Balance at March 31, 2012  | 578,676       | 274,387                               | 793,123       | (15,311)   | 12,078                            | 2,698                                | 71,136        | 447,683        | 55,000            |

The accompanying notes are an integral part of these Unaudited Condensed Interim Separate Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain  
Eduardo S. Elsztain  
President

IRSA Inversiones y Representaciones Sociedad Anónima  
Unaudited Condensed Interim Separate Statements of Cash Flows  
for the nine-month periods ended March 31, 2013 and 2012

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina.

|  | Note | 03.31.2013 | 03.31.2012 |
|--|------|------------|------------|
| <b>Operating activities:</b>   |      |            |            |
| Cash generated from the operations   | 13   | 78,095     | 123,655    |
| Net cash generated by operating activities                                 |      | 78,095     | 123,655    |
| <b>Investing activities:</b>   |      |            |            |
| Capital contributions to subsidiaries, associates and joint ventures       | 5    | (88,717 )  | (59,237 )  |
| Additions of investment properties   | 6    | (2,242 )   | (7,226 )   |
| Proceeds from sale of investment properties, net                           | 6    | 91,123     | 52,827     |
| Additions of property, plant and equipment                                 | 7    | (1,023 )   | (1,446 )   |
| Additions of intangible assets, net  | 9    | (156 )     | (135 )     |
| Additions of investments in financial assets                               |      | -          | (25,792 )  |
| Proceeds from sale of investments in financial assets                      |      | 245,829    | -          |
| Interest received  |      | 15,121     | 27,436     |
| Loans granted to subsidiaries, associates and joint ventures               |      | (24,555 )  | (115,544 ) |
| Loans repayments received from subsidiaries, associates and joint ventures |      | 17,882     | 151,038    |
| Dividends received   |      | 142,410    | 111,793    |
| Net cash generated by investing activities                                 |      | 395,672    | 133,714    |
| <b>Financing activities:</b>   |      |            |            |
| Bank overdrafts, net   |      | (52,491 )  | (222,897 ) |
| Proceeds from borrowings   |      | -          | 80,000     |
| Repayments of borrowings   |      | (132,074 ) | (50,000 )  |
| Dividends paid   | 19   | (163,216 ) | (211,575 ) |
| Interest paid  |      | (190,110 ) | (187,496 ) |
| Payment of borrowings from subsidiaries, associates and joint ventures     |      | (2,715 )   | -          |
| Proceeds from borrowings from subsidiaries, associates and joint ventures  |      | 107,071    | 46,881     |
| Acquisition of non-controlling interest in subsidiaries                    |      | (648 )     | -          |
| Issuance of non-convertible notes  |      | -          | 295,035    |
| Net cash used in financing activities:                                     |      | (434,183 ) | (250,052 ) |
| Net increase in cash and cash equivalents                                  |      | 39,584     | 7,317      |
| Cash and cash equivalents at the beginning of the period                   | 13   | 76,872     | 45,163     |
| Foreign exchange gain on cash and cash equivalents                         |      | 5,882      | 519        |
| Cash and cash equivalents at end of period                                 |      | 122,338    | 52,999     |

The accompanying notes are an integral part of these Unaudited Condensed Interim Separate Financial Statements.

Inversiones y Representaciones S.A.

By: /s/ Eduardo S. Elsztain

Eduardo S. Elsztain  
President

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for publication in Argentina

1. General information and company's business

IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA" or the "Company") was founded in 1943, primarily engaged in managing real estate holdings in Argentina since 1991.

IRSA is a corporation incorporated and domiciled in Argentina. The address of its registered office is Moreno 877, 23rd Floor, Buenos Aires, Argentina.

The Company primarily owns, manages and develops a portfolio of office and other rental properties in Buenos Aires. In addition, IRSA through its subsidiaries, associates and joint ventures manages and develops shopping centers and branded hotels across Argentina, and also office properties in the United States of America.

These Unaudited Condensed Interim Separate Financial Statements have been approved for issue by the Board of Directors on May 17, 2013.

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26")

2.1. Basis of preparation and transition to RT 26

The National Securities Commission, ("CNV", as per its Spanish acronym), through General Resolutions No. 562/09 and 576/10, has provided for the application of Technical Resolutions No. 26 and 29 of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE", as per its Spanish acronym), which adopt the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), for companies subject to the public offering regime ruled by Law 17,811, due to the listing of their shares or corporate notes, and for entities that have applied for authorization to be listed under the mentioned regime.

The Company is required to adopt IFRS as from the fiscal year beginning July 1st, 2012. Consequently, the Company's transition date for the adoption of IFRS as defined by IFRS 1, "First time adoption of IFRS", is July 1st, 2011.

The Unaudited Condensed Interim Separate Financial Statements of the Company for the nine and three-month periods ended March 31, 2013 and 2012 have been prepared in accordance with RT 26 of FACPCE, adopted by CNV. This Technical Resolution differs from International Accounting Standard (IAS) 34 "Interim Financial Reporting" issued by IASB, in reference to the accounting measurement criteria of the investments in subsidiaries, joint ventures and associates, which are accounted for under the equity method described by IAS 28 "Investments in associates". This criterion differs from the provisions of paragraph 38 of IAS 27 "Separate Financial Statements", whereby such investments are measured at cost or fair value.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

These Unaudited Condensed Interim Separate Financial Statements have been prepared in accordance with the accounting policies that the Company expects to adopt in its first annual separate financial statements as of June 30, 2013, issued in accordance with IFRS. The accounting policies are based on IFRS issued by the IASB and the interpretations issued by the IFRS Interpretation Committee (“IFRIC”) that the Company expects to become applicable on such date.

The separate financial statements of the Company were prepared in accordance with the Argentine accounting standards (Argentine GAAP) in force, which differ from IFRS in some significant areas. To prepare these Unaudited Condensed Interim Separate Financial Statements, the Management of the Company has modified certain valuation and presentation accounting policies that were previously applied under Argentine GAAP in order comply with the IFRS.

Comparative figures and figures as of the transition date (July 1st, 2011) have been modified to reflect such adjustments. The notes below include a reconciliation of shareholders’ equity of separate financial statements prepared in accordance with the Argentine GAAP on the transition date (July 1st, 2011), on the adoption date (June 30, 2012) and on the closing date of the comparative period (March 31, 2012) and the statement of income and other comprehensive income for the fiscal year ended June 30, 2012 and for the nine and three-month periods ended March 31, 2012, and those presented in accordance with RT 26 in these Unaudited Condensed Interim Separate Financial Statements, as well as the effects of the adjustments to cash flows.

These Unaudited Condensed Interim Separate Financial Statements should be read together with the annual financial statements of the Company as of June 30, 2012 prepared in accordance with Argentine GAAP in force, and with the Unaudited Condensed Interim Separate Financial Statements as of September 30, 2012, with include an exhibit (the “Exhibit I”) which presents additional information as of June 30, 2012 and July 1st, 2011 under IFRS which is considered necessary to understand these Unaudited Condensed Interim Separate Financial Statements. Amounts included in the statement of financial position, statement of income, statement of changes in shareholders’ equity and statement of cash flows prepared under IFRS for the year ended June 30, 2012 and the amounts included in the statement of financial position as of July 1st, 2011 are detailed in Note 2.3 to these Unaudited Condensed Interim Separate Financial Statements. These Unaudited Condensed Interim Separate Financial Statements are presented in Argentine Pesos.

These Unaudited Condensed Interim Separate Financial Statements corresponding to the nine and three-month periods ended March 31, 2013 and 2012 have not been audited. The Company’s Management believes they include all necessary adjustments to fairly present the results of each period. The Company’s nine and three-month periods ended March 31, 2013 and 2012 results do not necessarily reflect the proportion of the Company’s full-year results.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

The format of the primary financial statements under Argentine GAAP is governed by Technical Resolutions 8 and 9 of the FACPCE and Resolutions of the CNV. IAS 1, “Presentation of Financial Statements” requires certain disclosures to be made on the face of the primary statements and other required disclosures may be made in the notes of the financial statements, unless another standard specifies otherwise. The transition to Technical Resolutions No. 26 has resulted in the Company changing the format of its statements of income, statements of financial position and statements of cash flows, as well as the disclosure of certain line items not prescribed by Argentine GAAP.

2.2. Initial elections upon adoption of RT No. 26

As a general rule, the Company is required to establish its IFRS accounting policies for the year ended June 30, 2013 and apply these retrospectively. However, advantage has been taken of certain exemptions and exceptions afforded by IFRS 1.

In Note 2.2. to the Unaudited Condensed Interim Consolidated Financial Statements of the Company indicates the exemptions and exceptions that are applicable in IFRS 1 and that have been applied in the transition from Argentine GAAP to RT 26.

2.3. Reconciliations of Argentine GAAP to Technical Resolution No. 26 (“RT 26”)

In accordance with the requirements of Technical Resolution No. 26 and No. 29 of FACPCE, set out below are the reconciliations of shareholders’ equity in accordance with Argentine GAAP and RT 26 at June 30, 2012, at March 31, 2012 and July 1st, 2011, and the reconciliations of income, comprehensive income and cash flows for the year ended June 30, 2012 and for the nine and three-month periods ended March 31, 2012. The reconciliations included below were prepared based on the IFRS standards that are estimated to be applicable for the Company for the financial statements as of and for the year ended June 30, 2013. The items and amounts in the reconciliations included below are subject to change and should only be deemed final when the consolidated financial statements prepared under RT 26 for the first time as of and for the year ended June 30, 2013 are issued.

The items and amounts included in the reconciliations could be modified to the extent that, when preparing financial statements as of and for the year ended June 30, 2013, applicable standards are different.

The first reconciliation provides an overview of the impact on shareholders’ equity of the transition at July 1st, 2011, at March 31, 2012 and June 30, 2012 (Note 2.3.1). The second reconciliation provides an overview of the impact on income for the nine and three-month periods ended March 31, 2012 and for the year ended June 30, 2012 (Note 2.3.1). The third reconciliation provides an overview of the impact on other comprehensive income for the nine and three-month periods ended March 31, 2012 and for the year ended June 30, 2012 (Note 2.3.1).



## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

## 2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

The following reconciliations provide details of the impact of the transition on:

- Statement of financial position as of July 1st, 2011 (Note 2.3.2)
- Statement of financial position as of March 31, 2012 (Note 2.3.3)
  - Statement of financial position as of June 30, 2012 (Note 2.3.4)
- Statement of income for the nine-month period ended March 31, 2012 (Note 2.3.5)
- Statement of income for the three-month period ended March 31, 2012 (Note 2.3.6)
  - Statement of income for the year ended June 30, 2012 (Note 2.3.7)
- Statement of comprehensive income for the nine-month period ended March 31, 2012 (Note 2.3.8)
- Statement of comprehensive income for the three-month period ended March 31, 2012 (Note 2.3.9)
  - Statement of comprehensive income for the year ended June 30, 2012 (Note 2.3.10)
- Statements of cash flow for the nine-month period ended March 31, 2012 and for the year ended June 30, 2012 (Note 2.3.11)

## 2.3.1. Summary of equity

|  |     | 07.01.2011 | 03.31.2012 | 06.30.2012 |
|--|-----|------------|------------|------------|
| Shareholders' equity under Argentine GAAP        |     | 2,313,687  | 2,365,292  | 2,335,279  |
| Revenue recognition – “scheduled rent increases” | (B) | 4,445      | 3,823      | 3,616      |
| Trading properties                               | (C) | (3,620 )   | (2,196 )   | (2,913 )   |
| Pre-operating and organization expenses          | (D) | (41 )      | (41 )      | (1,180 )   |
| Goodwill   | (E) | 368,574    | 353,978    | 348,865    |
| Non-current investments – financial assets       | (F) | 10,187     | 10,487     | 10,160     |
| Initial direct costs on operating leases         | (G) | 465        | 620        | 595        |
| Tenant deposits                                  | (H) | 73         | 170        | 217        |
| Present value accounting – tax credits           | (I) | -          | (110 )     | (178 )     |
| Investments in subsidiaries                      | (K) | 81,874     | 14,056     | (22,634 )  |
| Investments in associates                        | (L) | (3,889 )   | (6,768 )   | (7,501 )   |
| Investments in joint ventures                    | (M) | (16,795 )  | (16,006 )  | (11,421 )  |
| Acquisition of non-controlling interest          | (N) | -          | -          | (33 )      |
| Amortization of borrowing costs                  | (O) | 110        | 487        | 123        |
| Deferred income tax                              | (Q) | (4,066 )   | (4,636 )   | (3,654 )   |
| Shareholders' equity under RT 26                 |     | 2,751,004  | 2,719,156  | 2,649,341  |

## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

## 2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

## 2.3.1. Summary of profit

|  |     | 03.31.12  | 06.30.12  | 01.01.12 to<br>03.31.12 |
|--|-----|-----------|-----------|-------------------------|
| Profit under Argentine GAAP                      |     | 227,954   | 280,081   | 86,770                  |
| Revenue recognition – “scheduled rent increases” | (B) | (622 )    | (829 )    | (209 )                  |
| Trading properties                               | (C) | 1,424     | 707       | -                       |
| Pre-operating and organization expenses          | (D) | -         | (1,139 )  | -                       |
| Goodwill   | (E) | (14,382 ) | (19,709 ) | (4,691 )                |
| Non-current investments – financial assets       | (F) | 300       | (27 )     | 2,227                   |
| Initial direct costs on operating leases         | (G) | 156       | 130       | 95                      |
| Tenant deposits                                  | (H) | 99        | 144       | 121                     |
| Present value accounting – tax credits           | (I) | (110 )    | (178 )    | (110 )                  |
| Investment properties                            | (J) | -         | -         | 16,595                  |
| Investments in subsidiaries                      | (K) | (35,914 ) | (57,476 ) | 3,012                   |
| Investments in associates                        | (L) | (2,880 )  | (3,612 )  | (2,412 )                |
| Investments in joint ventures                    | (M) | 789       | 5,374     | 352                     |
| Amortization of borrowing costs                  | (O) | 378       | 12        | (193 )                  |
| Deferred income tax                              | (Q) | (570 )    | 413       | (6,486 )                |
| Profit under RT 26                               |     | 176,622   | 203,891   | 95,071                  |

## 2.3.1. Summary of other comprehensive income

|   |     | 03.31.12  | 06.30.12  | 01.01.12 to<br>03.31.12 |
|---|-----|-----------|-----------|-------------------------|
| Other comprehensive income under Argentine GAAP                                     |     | 28,888    | 45,851    | 8,827                   |
| Currency translation adjustment from subsidiaries,<br>associates and joint ventures | (L) | (16,810 ) | (31,349 ) | (5,533 )                |
| Other comprehensive income under RT 26  |     | 12,078    | 14,502    | 3,294                   |

## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

## 2.3.2. Reconciliation of statement of financial position as of July 1st, 2011

|   | Argentine<br>GAAP<br>balances I | Ref. 2.3.12.1 | Reclassifications<br>II | Ref. 2.3.12.2 | Measurement<br>adjustments<br>III | RT 26<br>balances<br>IV |
|---|---------------------------------|---------------|-------------------------|---------------|-----------------------------------|-------------------------|
| <b>ASSETS</b>   |                                 |               |                         |               |                                   |                         |
| Non-current Assets  |                                 |               |                         |               |                                   |                         |
| Investment properties, net                                    | -                               | a             | 925,441                 | G             | 465                               | 925,906                 |
| Property, plant and<br>equipment, net                         | 930,893                         | a,b,f,g       | (920,755 )              |               | -                                 | 10,138                  |
| Trading properties  | -                               | b,c           | 68,160                  | C             | (2,908 )                          | 65,252                  |
| Intangible assets, net  | 8,473                           | g             | 292                     | D             | (41 )                             | 8,724                   |
| Inventories   | 61,685                          | b,c           | (61,685 )               |               | -                                 | -                       |
| Investments in subsidiaries,<br>associates and joint ventures | 2,898,095                       |               | -                       | E,K,L,M       | 391,630                           | 3,289,725               |
| Other investments   | 144,072                         | a,b,d,f       | (144,072 )              |               | -                                 | -                       |
| Trade and other receivables,<br>net                           | 59,380                          |               | -                       | B             | 1,187                             | 60,567                  |
| Investments in financial<br>assets                            | 8,255                           | d             | 130,715                 | F             | 10,187                            | 149,157                 |
| Negative Goodwill   | (38,134 )                       |               | -                       | E             | 38,134                            | -                       |
| Total Non-current Assets                                      | 4,072,719                       |               | (1,904 )                |               | 438,654                           | 4,509,469               |
| Current Assets  |                                 |               |                         |               |                                   |                         |
| Trading properties  | -                               | b,c           | 11,552                  | C             | (712 )                            | 10,840                  |
| Inventories   | 11,979                          | b,c           | (11,552 )               |               | -                                 | 427                     |
| Trade and other receivables,<br>net                           | 121,443                         | f             | 1,904                   | B             | 3,258                             | 126,605                 |
| Investments in financial<br>assets                            | 2,170                           | e             | 22,132                  |               | -                                 | 24,302                  |
| Cash and cash equivalents                                     | 45,163                          |               | -                       |               | -                                 | 45,163                  |
| Other investments   | 22,132                          | e             | (22,132 )               |               | -                                 | -                       |
| Total Current Assets  | 202,887                         |               | 1,904                   |               | 2,546                             | 207,337                 |
| TOTAL ASSETS  | 4,275,606                       |               | -                       |               | 441,200                           | 4,716,806               |

## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

|   | Argentine<br>GAAP<br>balances I | Ref. 2.3.12.1 | Reclassifications<br>II | Ref. 2.3.12.2 | Measurement<br>adjustments<br>III | RT 26<br>balances<br>IV |
|---|---------------------------------|---------------|-------------------------|---------------|-----------------------------------|-------------------------|
| <b>SHAREHOLDERS' EQUITY</b>                       |                                 |               |                         |               |                                   |                         |
| Share capital                                     | 578,676                         |               | -                       |               | -                                 | 578,676                 |
| Inflation adjustment of share capital             | 274,387                         |               | -                       |               | -                                 | 274,387                 |
| Share premium                                     | 793,123                         |               | -                       |               | -                                 | 793,123                 |
| Cumulative translation adjustment                 | 34,124                          |               | -                       | A             | (34,124 )                         | -                       |
| Legal reserve                                     | 57,031                          |               | -                       |               | -                                 | 57,031                  |
| Other reserves                                    | 391,262                         |               | -                       |               | -                                 | 391,262                 |
| Retained earnings                                 | 185,084                         |               | -                       |               | 471,441                           | 656,525                 |
| <b>TOTAL SHAREHOLDERS' EQUITY.....</b>            | <b>2,313,687</b>                |               | <b>-</b>                |               | <b>437,317</b>                    | <b>2,751,004</b>        |
| <b>LIABILITIES</b>                                |                                 |               |                         |               |                                   |                         |
| <b>Non-current Liabilities</b>                    |                                 |               |                         |               |                                   |                         |
| Trade and other payables                          | 5,526                           |               | -                       | H             | (494 )                            | 5,032                   |
| Borrowings  | 1,293,259                       |               | -                       |               | -                                 | 1,293,259               |
| Deferred income tax liabilities                   | 75,398                          |               | -                       | Q             | 4,066                             | 79,464                  |
| <b>Total Non-current Liabilities</b>              | <b>1,374,183</b>                |               | <b>-</b>                |               | <b>3,572</b>                      | <b>1,377,755</b>        |
| <b>Current Liabilities</b>                        |                                 |               |                         |               |                                   |                         |
| Trade and other payables                          | 52,272                          |               | -                       | H             | 421                               | 52,693                  |
| Payroll and social security liabilities           | 3,086                           |               | -                       |               | -                                 | 3,086                   |
| Borrowings  | 531,296                         |               | -                       | O             | (110 )                            | 531,186                 |
| Provisions  | 1,082                           |               | -                       |               | -                                 | 1,082                   |
| <b>Total Current Liabilities</b>                  | <b>587,736</b>                  |               | <b>-</b>                |               | <b>311</b>                        | <b>588,047</b>          |
| <b>TOTAL LIABILITIES</b>                          | <b>1,961,919</b>                |               | <b>-</b>                |               | <b>3,883</b>                      | <b>1,965,802</b>        |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>4,275,606</b>                |               | <b>-</b>                |               | <b>441,200</b>                    | <b>4,716,806</b>        |

## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

## 2.3.3. Reconciliation of statement of financial position as of March 31, 2012

|  | Argentine<br>GAAP<br>balances I | Ref. 2.3.12.1 | Reclassifications<br>II | Ref. 2.3.12.2 | Measurement<br>adjustments<br>III | RT 26<br>balances<br>IV |
|--|---------------------------------|---------------|-------------------------|---------------|-----------------------------------|-------------------------|
| <b>ASSETS</b>  |                                 |               |                         |               |                                   |                         |
| Non-current Assets   |                                 |               |                         |               |                                   |                         |
| Investment properties, net                                 | -                               | a             | 911,539                 | G             | 620                               | 912,159                 |
| Property, plant and equipment, net                         | 917,672                         | a,b,f,g       | (906,292 )              |               | -                                 | 11,380                  |
| Trading properties   | -                               | b,c           | 69,602                  | C             | (1,857 )                          | 67,745                  |
| Intangible assets, net                                     | 6,476                           | g             | 235                     | D,E           | 227                               | 6,938                   |
| Investments in subsidiaries, associates and joint ventures | 3,184,593                       |               | -                       | E,K,L,M       | 308,416                           | 3,493,009               |
| Other investments  | 161,540                         | a,b,d         | (161,540 )              |               | -                                 | -                       |
| Deferred income tax asset                                  | 4,325                           |               | -                       |               | -                                 | 4,325                   |
| Trade and other receivables, net                           | 74,847                          |               | -                       | B             | 850                               | 75,697                  |
| Investments in financial assets                            | -                               | d             | 148,442                 | F             | 10,487                            | 158,929                 |
| Inventories  | 63,281                          | b,c           | (63,281 )               |               | -                                 | -                       |
| Negative Goodwill  | (36,576 )                       |               | -                       | E             | 36,576                            | -                       |
| Total Non-current Assets                                   | 4,376,158                       |               | (1,295 )                |               | 355,319                           | 4,730,182               |
| Current assets   |                                 |               |                         |               |                                   |                         |
| Trading properties   | -                               | b             | 3,999                   | C             | (339 )                            | 3,660                   |
| Inventories  | -                               | a,b,f         | 490                     |               | -                                 | 490                     |
| Trade and other receivables, net                           | 62,324                          | f             | 1,295                   | B             | 2,973                             | 66,592                  |
| Investments in financial assets                            | 2,441                           | e             | 29,377                  |               | -                                 | 31,818                  |
| Cash and cash equivalents                                  | 52,999                          |               | -                       |               | -                                 | 52,999                  |
| Investments  | 29,377                          | a,b,e         | (29,377 )               |               | -                                 | -                       |
| Inventories  | 4,489                           | b             | (4,489 )                |               | -                                 | -                       |
| Total Current Assets                                       | 151,630                         |               | 1,295                   |               | 2,634                             | 155,559                 |
| TOTAL ASSETS   | 4,527,788                       |               | -                       |               | 357,953                           | 4,885,741               |



## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

|  | Argentine<br>GAAP<br>balances I | Ref. 2.3.12.1 | Reclassifications<br>II | Ref. 2.3.12.2 | Measurement<br>adjustments<br>III | RT 26<br>balances<br>IV |
|--|---------------------------------|---------------|-------------------------|---------------|-----------------------------------|-------------------------|
| <b>SHAREHOLDERS' EQUITY</b>                        |                                 |               |                         |               |                                   |                         |
| Share capital                                      | 578,676                         |               | -                       |               | -                                 | 578,676                 |
| Inflation adjustment of share capital              | 274,387                         |               | -                       |               | -                                 | 274,387                 |
| Share Premium                                      | 793,123                         |               | -                       |               | -                                 | 793,123                 |
| Cumulative Translation Adjustment                  | 63,012                          |               | -                       | A             | (50,934 )                         | 12,078                  |
| Reserve for share-based payments                   | 2,698                           |               | -                       |               | -                                 | 2,698                   |
| Legal reserve                                      | 71,136                          |               | -                       |               | -                                 | 71,136                  |
| Other reserves                                     | 447,683                         |               | -                       |               | -                                 | 447,683                 |
| Acquisition of additional interest in subsidiaries | -                               |               | -                       | K             | (15,311 )                         | (15,311 )               |
| Retained earnings                                  | 134,577                         |               | -                       |               | 420,109                           | 554,686                 |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                  | <b>2,365,292</b>                |               | <b>-</b>                |               | <b>353,864</b>                    | <b>2,719,156</b>        |
| <b>LIABILITIES</b>                                 |                                 |               |                         |               |                                   |                         |
| <b>Non-current Liabilities</b>                     |                                 |               |                         |               |                                   |                         |
| Trade and other payables                           | 7,644                           |               | -                       | H,I           | (465 )                            | 7,179                   |
| Deferred income tax liabilities                    | 33,367                          |               | -                       | Q             | 4,636                             | 38,003                  |
| Borrowings   | 1,621,385                       |               | -                       |               | -                                 | 1,621,385               |
| <b>Total Non-current Liabilities</b>               | <b>1,662,396</b>                |               | <b>-</b>                |               | <b>4,171</b>                      | <b>1,666,567</b>        |
| <b>Current Liabilities</b>                         |                                 |               |                         |               |                                   |                         |
| Trade and other payables                           | 132,537                         |               | -                       | H             | 405                               | 132,942                 |
| Payroll and social security liabilities            | 3,131                           |               | -                       |               | -                                 | 3,131                   |
| Borrowings   | 358,045                         |               | -                       | O             | (487 )                            | 357,558                 |
| Provisions   | 6,387                           |               | -                       |               | -                                 | 6,387                   |
| <b>Total Current Liabilities</b>                   | <b>500,100</b>                  |               | <b>-</b>                |               | <b>(82 )</b>                      | <b>500,018</b>          |
| <b>Total Liabilities</b>                           | <b>2,162,496</b>                |               | <b>-</b>                |               | <b>4,089</b>                      | <b>2,166,585</b>        |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>  | <b>4,527,788</b>                |               | <b>-</b>                |               | <b>357,953</b>                    | <b>4,885,741</b>        |





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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

## 2.3.4. Reconciliation of statement of financial position as of June 30, 2012

|  | Argentine<br>GAAP<br>balances I | Ref. 2.3.12.1<br>Reclassifications<br>II | Ref. 2.3.12.2   | Measurement<br>adjustments<br>III | RT 26<br>balances<br>IV |
|--|---------------------------------|--|-----------------|-----------------------------------|-------------------------|
| <b>ASSETS</b>  |                                 |  |                 |                                   |                         |
| <b>Non-current Assets</b>                                  |                                 |  |                 |                                   |                         |
| Investment properties, net                                 | -                               | a  | 889,838         | G 595                             | 890,433                 |
| Property, plant and equipment, net                         | 894,317                         | a,f,g                                    | (885,552 )      | -                                 | 8,765                   |
| Trading properties   | -                               | b,c                                      | 68,854          | C (1,857 )                        | 66,997                  |
| Intangible assets, net                                     | 6,452                           | g  | 506             | D,E (971 )                        | 5,987                   |
| Inventories  | 63,089                          | b,c                                      | (63,089 )       | -                                 | -                       |
| Investments in subsidiaries, associates and joint ventures | 3,086,419                       | -  | E,K,L,M         | 271,011                           | 3,357,430               |
| Other investments  | 165,246                         | a,b,d                                    | (165,246 )      | -                                 | -                       |
| Trade and other receivables, net                           | 136,472                         | -  | B               | 2,977                             | 139,449                 |
| Investments in financial assets                            | -                               | d  | 153,434         | F 10,160                          | 163,594                 |
| Negative goodwill  | (36,056 )                       | -  | E               | 36,056                            | -                       |
| <b>Total Non-current Assets</b>                            | <b>4,315,939</b>                |  | <b>(1,255 )</b> | <b>317,971</b>                    | <b>4,632,655</b>        |
| <b>Current Assets</b>                                      |                                 |  |                 |                                   |                         |
| Trading properties   | -                               | b,c                                      | 5,176           | C (1,056 )                        | 4,120                   |
| Inventories  | 5,650                           | b,c                                      | (5,176 )        | -                                 | 474                     |
| Trade and other receivables, net                           | 65,960                          | f  | 1,255           | B 639                             | 67,854                  |
| Investments in financial assets                            | 2,494                           | e  | 18,186          | -                                 | 20,680                  |
| Cash and cash equivalents                                  | 76,872                          | -  | -               | -                                 | 76,872                  |
| Other investments  | 18,186                          | e  | (18,186 )       | -                                 | -                       |
| <b>Total Current Assets</b>                                | <b>169,162</b>                  |  | <b>1,255</b>    | <b>(417 )</b>                     | <b>170,000</b>          |
| <b>TOTAL ASSETS</b>  | <b>4,485,101</b>                |  | <b>-</b>        | <b>317,554</b>                    | <b>4,802,655</b>        |

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

Free translation from the original prepared in Spanish for publication in Argentina

## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

|   | Argentine<br>GAAP<br>balances I | Ref. 2.3.12.1 | Reclassifications<br>II | Ref. 2.3.12.2 | Measurement<br>adjustments<br>III | RT 26<br>balances<br>IV |
|---|---------------------------------|---------------|-------------------------|---------------|-----------------------------------|-------------------------|
| <b>SHAREHOLDERS' EQUITY</b>                       |                                 |               |                         |               |                                   |                         |
| Share capital                                     | 578,676                         |               | -                       |               | -                                 | 578,676                 |
| Inflation adjustment of share capital             | 274,387                         |               | -                       |               | -                                 | 274,387                 |
| Share premium                                     | 793,123                         |               | -                       |               | -                                 | 793,123                 |
| Cumulative translation adjustment                 | 79,975                          |               | -                       | A             | (65,473 )                         | 14,502                  |
| Reserve for share-based payments                  | 2,595                           |               | -                       |               | -                                 | 2,595                   |
| Legal reserve                                     | 71,136                          |               | -                       |               | -                                 | 71,136                  |
| Other reserves                                    | 419,783                         |               | -                       |               | -                                 | 419,783                 |
| Acquisition of non-controlling interest           | -                               |               | -                       | K             | (15,714 )                         | (15,714 )               |
| Retained earnings                                 | 115,604                         |               | -                       |               | 395,249                           | 510,853                 |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>2,335,279</b>                |               | <b>-</b>                |               | <b>314,062</b>                    | <b>2,649,341</b>        |
| <b>LIABILITIES</b>                                |                                 |               |                         |               |                                   |                         |
| <b>Non-current Liabilities</b>                    |                                 |               |                         |               |                                   |                         |
| Trade and other payables                          | 7,517                           |               | -                       | H,I           | (818 )                            | 6,699                   |
| Borrowings  | 1,550,369                       |               | -                       |               | -                                 | 1,550,369               |
| Deferred income tax liabilities                   | 15,525                          |               | -                       | Q             | 3,654                             | 19,179                  |
| Provisions  | 6,198                           |               | -                       |               | -                                 | 6,198                   |
| <b>Total Non-current Liabilities</b>              | <b>1,579,609</b>                |               | <b>-</b>                |               | <b>2,836</b>                      | <b>1,582,445</b>        |
| <b>Current Liabilities</b>                        |                                 |               |                         |               |                                   |                         |
| Trade and other payables                          | 112,449                         |               | -                       | H             | 779                               | 113,228                 |
| Payroll and social security liabilities           | 5,151                           |               | -                       |               | -                                 | 5,151                   |
| Borrowings  | 451,738                         |               | -                       | O             | (123 )                            | 451,615                 |
| Provisions  | 875                             |               | -                       |               | -                                 | 875                     |
| <b>Total Current Liabilities</b>                  | <b>570,213</b>                  |               | <b>-</b>                |               | <b>656</b>                        | <b>570,869</b>          |
| <b>Total Liabilities</b>                          | <b>2,149,822</b>                |               | <b>-</b>                |               | <b>3,492</b>                      | <b>2,153,314</b>        |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>4,485,101</b>                |               | <b>-</b>                |               | <b>317,554</b>                    | <b>4,802,655</b>        |



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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

## 2.3.5. Reconciliation of statement of income for the nine-month period ended March 31, 2012

|  | Argentine<br>GAAP<br>balances I | Ref. 2.3.12.1 | Reclassifications<br>II | Ref. 2.3.12.2 | Measurement<br>adjustments<br>III | RT 26<br>balances<br>IV |
|--|---------------------------------|---------------|-------------------------|---------------|-----------------------------------|-------------------------|
| Revenues   | 200,829                         | i,ii          | (13,254 )               | B,H           | (109 )                            | 187,466                 |
| Costs  | (67,139 )                       | i,ii          | (5,338 )                | C,E           | 3,422                             | (69,055 )               |
| Gross profit   | 133,690                         |               | (18,592 )               |               | 3,313                             | 118,411                 |
| Gain from disposal of<br>investment properties                       | -                               | ii            | 18,205                  | J             | 24,532                            | 42,737                  |
| General and Administrative<br>expenses                               | (48,532 )                       | iii           | (40 )                   |               | -                                 | (48,572 )               |
| Selling expenses   | (10,993 )                       | iii           | 443                     |               | -                                 | (10,550 )               |
| Gain from recognition of<br>inventories at net realizable<br>value   | 26,285                          |               | -                       | C,J           | (26,285 )                         | -                       |
| Other operating results, net   | -                               | iii           | (8,553 )                |               | -                                 | (8,553 )                |
| Profit from operations   | 100,450                         |               | (8,537 )                |               | 1,560                             | 93,473                  |
| Share of profit of<br>subsidiaries, associates and<br>joint ventures | 308,051                         | iv            | (1,575 )                | K,L,M         | (51,073 )                         | 255,403                 |
| Profit from operations before<br>financial results and income<br>tax | 408,501                         |               | (10,112 )               |               | (49,513 )                         | 348,876                 |
| Amortization of goodwill,<br>net                                     | 1,558                           |               | -                       | E             | (1,558 )                          | -                       |
| Finance income   | 58,624                          | iv            | 809                     |               | -                                 | 59,433                  |
| Finance cost   | (279,580 )                      | iv            | 680                     | F,G,H,I,O     | 309                               | (278,591 )              |
| Financial results, net   | (220,956 )                      |               | 1,489                   |               | 309                               | (219,158 )              |
| Other income and expenses,<br>net                                    | (8,623 )                        | iii           | 8,623                   |               | -                                 | -                       |
| Profit before Income Tax   | 180,480                         |               | -                       |               | (50,762 )                         | 129,718                 |
| Income tax   | 47,474                          |               | -                       | Q             | (570 )                            | 46,904                  |
| Profit of the period   | 227,954                         |               | -                       |               | (51,332 )                         | 176,622                 |

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

## 2.3.6. Reconciliation of statement of income for the three-month period ended March 31, 2012

|   | Argentine<br>GAAP<br>balances I | Reclassifications<br>II (*) | Measurement<br>adjustments<br>III (*) | RT 26<br>balances<br>IV |
|---|---------------------------------|-----------------------------|---------------------------------------|-------------------------|
| Revenues  | 70,540                          | (8,656 )                    | (25 )                                 | 61,859                  |
| Costs   | (30,615 )                       | 6,696                       | 1,551                                 | (22,368 )               |
| Gross profit  | 39,925                          | (1,960 )                    | 1,526                                 | 39,491                  |
| Gain from disposal of investment properties                             | -                               | 1,573                       | 16,437                                | 18,010                  |
| General and Administrative expenses                                     | (17,227 )                       | (40 )                       | -                                     | (17,267 )               |
| Selling expenses  | (3,908 )                        | 443                         | -                                     | (3,465 )                |
| Gain from recognition of inventories at net realizable value            | 1,254                           | -                           | (1,254 )                              | -                       |
| Other results, net  | -                               | (1,898 )                    | -                                     | (1,898 )                |
| Profit from operations  | 20,044                          | (1,882 )                    | 16,709                                | 34,871                  |
| Share of profit / (loss) of subsidiaries, associates and joint ventures | 113,718                         | (343 )                      | (3,362 )                              | 110,013                 |
| Profit from operations before financial results and income tax          | 133,762                         | (2,225 )                    | 13,347                                | 144,884                 |
| Amortization of goodwill, net   | 519                             | -                           | (519 )                                | -                       |
| Finance income  | 33,554                          | 809                         | -                                     | 34,363                  |
| Finance cost  | (89,634 )                       | (552 )                      | 1,959                                 | (88,227 )               |
| Financial results, net  | (56,080 )                       | 257                         | 1,959                                 | (53,864 )               |
| Other income and expenses, net  | (1,968 )                        | 1,968                       | -                                     | -                       |
| Profit before income tax  | 76,233                          | -                           | 14,787                                | 91,020                  |
| Income tax  | 10,537                          | -                           | (6,486 )                              | 4,051                   |
| Profit for the period   | 86,770                          | -                           | 8,301                                 | 95,071                  |

(\*) Corresponds to the same references explained in Notes 2.3.5 and 2.3.7

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

## 2.3.7. Reconciliation of statement of income for the year ended June 30, 2012

|   | Argentine<br>GAAP<br>balances I | Ref. 2.3.12.1 | Reclassifications<br>II | Ref. 2.3.12.2 | Measurement<br>adjustments<br>III | RT 26<br>balances<br>IV |
|---|---------------------------------|---------------|-------------------------|---------------|-----------------------------------|-------------------------|
| Revenues  | 344,010                         | i,ii          | (90,424 )               | B,H           | (135 )                            | 253,451                 |
| Costs   | (96,207 )                       | i,ii          | (1,732 )                | C,E           | 4,339                             | (93,600 )               |
| Gross profit  | 247,803                         |               | (92,156 )               |               | 4,204                             | 159,851                 |
| Gain from disposal of<br>investment properties                                | -                               | ii            | 92,156                  | J             | 24,532                            | 116,688                 |
| General and Administrative<br>expenses  | (68,141 )                       |               | -                       |               | -                                 | (68,141 )               |
| Selling expenses  | (19,142 )                       |               | -                       |               | -                                 | (19,142 )               |
| Gain from recognition of<br>inventories at net realizable<br>value            | 28,033                          |               | -                       | C,J           | (28,033 )                         | -                       |
| Other operating results, net  | -                               | iii           | 11,466                  | D,E           | (1,139 )                          | 10,327                  |
| Profit from operations  | 188,553                         |               | 11,466                  |               | (436 )                            | 199,583                 |
| Share of profit / (loss) of<br>subsidiaries, associates and<br>joint ventures | 368,474                         | iv            | (2,133 )                | K,L,M         | (73,348 )                         | 292,993                 |
| Profit from operations<br>before financial results and<br>income tax          | 557,027                         |               | 9,333                   |               | (73,784 )                         | 492,576                 |
| Amortization of goodwill,<br>net  | 2,078                           |               | -                       | E             | (2,078 )                          | -                       |
| Finance income  | 46,429                          |               | 2,133                   |               | -                                 | 48,562                  |
| Finance cost  | (396,791 )                      | iv            | -                       | F,H,O,I       | (741 )                            | (397,532 )              |
| Financial results, net  | (350,362 )                      |               | 2,133                   |               | (741 )                            | (348,970 )              |
| Other income and expenses,<br>net   | 11,466                          | iii           | (11,466 )               |               | -                                 | -                       |
| Profit before income tax  | 220,209                         |               | -                       |               | (76,603 )                         | 143,606                 |
| Income tax  | 59,872                          |               | -                       | Q             | 413                               | 60,285                  |
| Profit for the year   | 280,081                         |               | -                       |               | (76,190 )                         | 203,891                 |

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## 2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

## 2.3.8. Reconciliation of statement of comprehensive income for the nine-month period ended March 31, 2012

|   | Argentine GAAP<br>balances I | Ref.<br>2.3.12.2 | Measurement<br>adjustments III | RT 26 balances IV |
|---|------------------------------|------------------|--------------------------------|-------------------|
| Profit for the period   | 227,954                      |                  | (51,332 )                      | 176,622           |
| Other comprehensive income:   |                              |                  |                                |                   |
| Items that may be reclassified<br>subsequently to profit or loss:                     |                              |                  |                                |                   |
| Currency translation adjustments of<br>subsidiaries, associates and joint<br>ventures | 28,888                       | L                | (16,810 )                      | 12,078            |
| Other comprehensive income / (loss)<br>for the period                                 | 28,888                       |                  | (16,810 )                      | 12,078            |
| Total comprehensive income / (loss)<br>for the period                                 | 256,842                      |                  | (68,142 )                      | 188,700           |

## 2.3.9. Reconciliation of statement of comprehensive income for the three-month period ended March 31, 2012

|  | Argentine GAAP<br>balances I |  | Measurement<br>adjustments III (*) | RT 26 balances IV |
|--|------------------------------|--|------------------------------------|-------------------|
| Profit for the period  | 86,770                       |  | 8,301                              | 95,071            |
| Other comprehensive income:  |                              |  |                                    |                   |
| Items that may be reclassified subsequently<br>to profit or loss:                  |                              |  |                                    |                   |
| Currency translation adjustments of<br>subsidiaries, associates and joint ventures | 8,827                        |  | (5,533 )                           | 3,294             |
| Other comprehensive income / (loss) for the<br>period                              | 8,827                        |  | (5,533 )                           | 3,294             |
| Total comprehensive Income / (loss) for the<br>period                              | 95,597                       |  | 2,768                              | 98,365            |

(\*) Corresponds to the same references explained in Notes 2.3.8 and 2.3.10.

## 2.3.10. Reconciliation of statement of comprehensive income for the year ended June 30, 2012

|                             | Argentine GAAP<br>balances I | Ref.<br>2.3.12.2 | Measurement<br>adjustments III | RT 26 balances IV |
|-----------------------------|------------------------------|------------------|--------------------------------|-------------------|
| Profit for the year         | 280,081                      |                  | (76,190 )                      | 203,891           |
| Other comprehensive income: |                              |                  |                                |                   |

Items that may be reclassified  
subsequently to profit or loss:

|   |         |   |            |         |
|---|---------|---|------------|---------|
| Currency translation adjustments of subsidiaries, associates and joint ventures | 45,851  | L | (31,349 )  | 14,502  |
| Other comprehensive income/(loss) for the year                                  | 45,851  |   | (31,349 )  | 14,502  |
| Total comprehensive income/(loss) for the year                                  | 325,932 |   | (107,539 ) | 218,393 |



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## 2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

## 2.3.11. Reconciliation of statements of cash flows for the nine-month period ended March 31, 2012 and for the year ended June 30, 2012

Based on IAS 7 “Statement of Cash Flows” requirements, the Company has made the following reclassification between operating, investing and financing activities in the cash flows statements presented under Argentine GAAP and the cash flows statements under RT 26 as further detailed below:

## (a) Operating activities

|   | 03.31.2012 | 06.30.2012 |
|---|------------|------------|
| Cash generated by operating activities under Argentine GAAP                   | 177,001    | 244,489    |
| Proceeds from sale of investment properties and property, plant and equipment | (52,827 )  | (132,941 ) |
| Foreign exchange gain on cash and cash equivalents                            | (519 )     | (517 )     |
| Cash generated by operating activities under RT 26                            | 123,655    | 111,031    |

## (b) Investing activities

|   | 03.31.2012 | 06.30.2012 |
|---|------------|------------|
| Cash generated by investing activities under Argentine GAAP                   | 80,887     | 191,012    |
| Proceeds from sale of investment properties and property, plant and equipment | 52,827     | 132,941    |
| Cash generated by investing activities under RT 26                            | 133,714    | 323,953    |

## (c) Financing activities

|  | 03.31.2012 | 06.30.2012 |
|--|------------|------------|
| Cash used in financing activities under Argentine GAAP | (250,052 ) | (403,791 ) |
| Cash used in financing activities under RT 26          | (250,052 ) | (403,791 ) |

## (d) Net increase / (decrease) in cash and cash equivalents

|  | 03.31.2012 | 06.30.2012 |
|--|------------|------------|
| Net increase in cash and cash equivalents under Argentine GAAP | 7,836      | 31,710     |
| Exchange gain on cash and cash equivalents                     | (519 )     | (517 )     |
| Net increase in cash and cash equivalents under RT 26          | 7,317      | 31,193     |

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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.12. Explanation of the transition to IFRS

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the Argentine GAAP accounting policies and the RT No. 26 applied by the Company. Only the differences having an impact on the Company are explained below. The following is not a complete summary of all of the differences between Argentine GAAP and RT No. 26. The descriptive caption next to each numbered item below corresponds to the same numbered and descriptive caption in the summary tables above, which reflect the quantitative impacts from each change. Unless the quantitative impact is disclosed, the change impact is not significant to the Company.

Column I in the tables included on previous pages represents the Argentine GAAP balances prior to transition as published in the latest Company’s Argentine GAAP financial statements as of and for the year ended June 30, 2012 compared to the transition date (July 1st, 2011) and in the financial statements of the Company prepared under Argentine GAAP as of and for the nine-month period ended March 31, 2012. However, certain reclassifications and/or groupings have already been made to that information in Column I to avoid lengthy explanations of certain format changes introduced in these first financial statements according to RT 26. The following changes have been made to the previous Argentine GAAP statement of financial position included in Column I:

- (1) The line items “Trade receivables” and “Other receivables” have been grouped into the new line item “Trade and other receivables, net”.
- (2) The line items “Trade payables”, “Customer advances”, “Taxes payable” and “Other liabilities” have been also grouped into the new line item “Trade and other payables”, with the exception of income tax and deferred income taxes which have been shown separately.
- (3) Goodwill which was previously disclosed separately offsetting negative goodwill has been included as part of “Intangible assets, net”.
- (4) Cash equivalents previously disclosed as part of the line item current investments have been grouped together with cash and banks, and the resulting line renamed “Cash and cash equivalents”.
- (5) Derivative financial instruments which were previously included as part of the non-current line items “Other receivables”, “Other payables” and/ or “Non-current investments” have been disclosed as separate assets or liabilities as appropriate.
- (6) Investments in subsidiaries, associates and joint ventures previously included as part of “Non-current investments” have been separately disclosed in the new line item “Investments in subsidiaries, associates and joint ventures”.



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2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

The following changes have been made to the statements of income for the year ended June 30, 2012 and for the nine and three-month periods ended March 31, 2012:

- (1) The format of the statements of income has been restructured to simplify its reading. To that effect, all revenue streams of the Company which were previously disclosed separately (i.e. sale of development properties, leases and services revenue), together with its corresponding costs of sales, have been aggregated into two line items titled "Revenues" and "Costs" in Column I. Revenues and Costs are then cross-referenced to respective notes in the financial statements where a detailed breakdown of the items included is provided per line of business.
- (2) According to Argentine GAAP, the share of losses and profits from subsidiaries, associates and joint ventures is shown after the financial results. Likewise, under IFRSs, the share of profits and losses from subsidiaries, associates and joint ventures is generally shown after the financial results. However, where subsidiaries, associates and joint ventures are an integral vehicle to carry out the Company's operations, it is more adequate to show the share of profits and losses of subsidiaries, associates and joint ventures before financial results. In accordance with its strategy, the Company conducts its operations through controlled companies, associates or joint ventures. Therefore, under RT 26, the Company shows the profits or losses from subsidiaries, associates and joint ventures before the financial results. For simplicity, the share of profits and losses from subsidiaries, associates and joint ventures is shown before financial results, in Column I.
- (3) According to Argentine GAAP, the financial results are separated between those generated by assets from those generated by liabilities. According to RT 26, the Company adopted the policy based on showing the finance income and the finance cost separately in the statements of income. In order to simplify the explanations, the Company reclassified the accounts according to Argentine GAAP presented in the captions "Financial results generated by assets" and "Financial results generated by liabilities" to "Finance Income" and "Finance Cost", respectively, in Column I.
- (4) According to RT 26, income and expense items not recognized in the statements of income (that is, exchange differences related to translation of foreign businesses) are shown in the statement of comprehensive income as "Other comprehensive income". According to Argentine GAAP in force, the statements of comprehensive income are not mandatory and, therefore, such items are recognized as part of shareholders' equity, in a separate reserve account. For simplicity, these items are shown in "Other comprehensive income" in Column I.

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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.12.1

Reclassifications (Column II)

Reclassifications affecting the statements of financial position

The column titled “Reclassifications” reflects the various differences in disclosure and format between the statements of financial position according to Argentine GAAP and RT 26. Unless otherwise stated, amounts have been reclassified for presentational purposes under RT 26 prior to affecting the corresponding RT 26 adjustments, as applicable, to the Argentine GAAP amounts. The impact of the RT 26 adjustments on reclassified balances is included in Column III titled “Measurement Adjustments” and is further discussed in Note 2.3.12.2 below. Unless otherwise stated, these reclassifications affect both the statements of financial position as of the transition date, i.e. July 1st, 2011, March 31, 2012 and as of June 30, 2012.

(a) Investment properties

The reclassification is consistent with the one described in Note 2.3.12.2 a) to the Unaudited Condensed Interim Consolidated Financial Statements.

(b) Trading properties

The reclassification is consistent with the one described in Note 2.3.12.2 b) to the Unaudited Condensed Interim Consolidated Financial Statements.

(c) In-kind receivables from barter transactions

The reclassification is consistent with the one described in Note 2.3.12.2 c) to the Unaudited Condensed Interim Consolidated Financial Statements.

(d) Non-current investments – investments in financial assets

The reclassification is consistent with the one described in Note 2.3.12.2 d) to the Unaudited Condensed Interim Consolidated Financial Statements.

(e) Current investments – investments in financial assets

The reclassification is consistent with the one described in Note 2.3.12.2 e) to the Unaudited Condensed Interim Consolidated Financial Statements.

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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

(f) Advances for purchases of property, plant and equipment, inventories and investments in associates and joint ventures

The reclassification is consistent with the one described in Note 2.3.12.2 f) to the Unaudited Condensed Interim Consolidated Financial Statements.

(g) Computer Software

The reclassification is consistent with the one described in Note 2.3.12.2 g) to the Unaudited Condensed Interim Consolidated Financial Statements.

Reclassifications affecting the statements of income for the nine and three-month periods ended March 31, 2012 and for the year ended June 30, 2012

(i) Revenues – service income and service charges

The reclassification is consistent with the one described in Note 2.3.12.2 i) to the Unaudited Condensed Interim Consolidated Financial Statements.

(ii) Gain from disposal of investment properties

The reclassification is consistent with the one described in Note 2.3.12.2 ii) to the Unaudited Condensed Interim Consolidated Financial Statements.

(iii) Other operating results, net

The reclassification is consistent with the one described in Note 2.3.12.2 iii) to the Unaudited Condensed Interim Consolidated Financial Statements.

(iv) Investments in financial assets

The reclassification is consistent with the one described in Note 2.3.12.2 iv) to the Unaudited Condensed Interim Consolidated Financial Statements.

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

Reclassifications affecting the statements of cash flows for the nine-month period ended March 31, 2012 and for the fiscal year ended June 30, 2012.

Under Argentine GAAP, the effect of changes in exchange rate of cash and cash equivalents were shown as operating activities and were not presented as a fourth category in the statement of cash flow, as RT 26 required.

Additionally, pursuant to Argentine GAAP, proceeds derived from sale of property, plant and equipment (including properties classified as investment properties under RT 26) were reported as operating activities. In accordance with RT 26, proceeds derived from sale of investment properties and property, plant and equipment are reported as investment activities.

Finally, according to Argentine GAAP, the acquisition of non-controlling interests was reported as investing activities, while under RT 26 are reported as cash from financing activities.

Thus, cash flows generated by or used in operating, investing and financing activities were different in the statement of cash flow prepared under Argentine GAAP.

2.3.12.2 Measurement adjustments (Column III)

Argentine GAAP differs in certain significant respects from RT 26. Such differences involve methods of measuring the amounts shown in the consolidated financial statements, as further described below:

(A) Foreign currency translation

The Company has applied the one-time exemption to set the foreign currency cumulative translation adjustment (“CTA”) to zero as of July 1st, 2011

(B) Revenue recognition – “scheduled rent increases”

The adjustment is consistent with the one described in Note 2.3.12.3 B) to the Unaudited Condensed Interim Consolidated Financial Statement.

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

(C) Trading properties

The adjustment is consistent with the one described in Note 2.3.12.3 D) to the Unaudited Condensed Interim Consolidated Financial Statements.

(D) Pre-operating and organization expenses

The adjustment is consistent with the one described in Note 2.3.12.3 E) to the Unaudited Condensed Interim Consolidated Financial Statements.

(E) Goodwill

Goodwill:

The adjustment is consistent with the one described in Note 2.3.12.3 F) to the Unaudited Condensed Interim Consolidated Financial Statements.

Negative goodwill:

The adjustment is consistent with the one described in Note 2.3.12.3 G) to the Unaudited Condensed Interim Consolidated Financial Statements.

(F) Non-current investments – financial assets

The adjustment is consistent with the one described in Note 2.3.12.3 H) to the Unaudited Condensed Interim Consolidated Financial Statements.

(G) Initial direct costs on operating leases

The adjustment is consistent with the one described in Note 2.3.12.3 I) to the Unaudited Condensed Interim Consolidated Financial Statements.

(H) Tenant deposits

The adjustment is consistent with the one described in Note 2.3.12.3 J) to the Unaudited Condensed Interim Consolidated Financial Statements.



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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

(I) Present value accounting – tax credits

The adjustment is consistent with the one described in Note 2.3.12.3 L) to the Unaudited Condensed Interim Consolidated Financial Statements.

(J) Investment properties

The adjustment is consistent with the one described in Note 2.3.12.3 M) to the Unaudited Condensed Interim Consolidated Financial Statements.

(K) Impact of adjustments according to RT 26 in investments in subsidiaries

Argentine GAAP - Investment in entities in which the Company exercises control, are accounted for under equity method. Under this method, the investment is recognized at its original cost and periodically increased (decreased) for the investor share in profits (loss) of the subsidiary, and decreased by dividends received from the subsidiary. The Company applies its share to the financial statements of its investments booked under the equity method, prepared in accordance with Argentine GAAP.

As of July 1st, 2011, and June 30, 2012, the subsidiaries of the Company are those detailed in Exhibit I.

RT 26 – The Company has assessed all of its interests in the companies indicated in the preceding paragraph and has determined that it exercises control over all of them. Consequently, under RT 26, the Company also accounts for such investments under the equity method. Nevertheless, the Company has assessed the impact of adjustments to RT 26 to financial statements of such entities prepared under the Argentine GAAP in force, before the application of the equity method.

In Notes 2.3.12.3 (B),(C),(D),(E),(F),(G),(H),(I),(J),(K),(L),(N),(O),(P),(S) and (T) to the Unaudited Condensed Interim Consolidated Financial Statements, there is a description of the most significant adjustments to the shareholders’ equity and profit or loss of subsidiaries, as per RT 26.

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

(L) Impact of adjustments according to RT 26 in investments in associates

The adjustment is consistent with the one described in Note 2.3.1.12.3 N) to the Unaudited Condensed Interim Consolidated Financial Statements.

(M) Impact of adjustments to RT 26 in investments in joint ventures

The adjustment is consistent with the one described in Note 2.3.1.12.3 O) to the Unaudited Condensed Interim Consolidated Financial Statements.

(N) Acquisition of non-controlling interest

The adjustment is consistent with the one described in Note 2.3.12.3 P) to the Unaudited Condensed Interim Consolidated Financial Statements.

(O) Amortization of borrowing costs

The adjustment is consistent with the one described in Note 2.3.12.3 Q) to the Unaudited Condensed Interim Consolidated Financial Statements.

(P) Currency translation adjustments

The adjustment is consistent with the one described in Note 2.3.12.3 R) to the Unaudited Condensed Interim Consolidated Financial Statements.

(Q) Deferred income tax

The adjustment is consistent with the one described in Note 2.3.12.3 S) to the Unaudited Condensed Interim Consolidated Financial Statements.

2.4. Significant accounting policies

The principal accounting policies adopted for the preparation of these Unaudited Condensed Interim Separate Financial Statements are consistent with those used in preparing the information under RT 26 as of June 30, 2012 (which is shown in Exhibit I), and are based on those IFRS expected to be in force on June 30, 2013 (except for the accounting of investments in subsidiaries, associates and joint ventures, as described in Note 2.1). In addition, the most significant accounting policies are described in Exhibit I.



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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.5. Use of estimates

The preparation of financial statements at a certain date requires the Management to make estimates and evaluations affecting the amount of assets and liabilities recorded and contingent assets and liabilities disclosed at such date, as well as income and expenses recorded during the period. Actual results might differ from the estimates and evaluations made at the date of preparation of these financial statements.

In the preparation of the Unaudited Condensed Interim Separate Financial Statements, the main significant judgments made by Management in applying the Company’s accounting policies and the major sources of uncertainty were the same that the Company used in the preparation of financial statements as of and for the fiscal year ended June 30, 2012, which are described in Exhibit I.

Acquisitions and disposals

3.

On January 14, 2013, IRSA accepted the repurchase offer submitted by APSA in connection with all of the Series I notes issued by APSA, which are convertible into shares (“ONC” as per the initials in Spanish), mature in July 2014 and amount to a face value of US\$ 31.7 million, for a total price of US\$ 35.4 million, or US\$ 1.1148554 per each CN. On January 15, 2013, APSA paid IRSA the amount of Ps. 175.2 million, thus recording a gain derived from the repurchase of Ps. 10.3 million, shown in the financial income (expenses) line.

See other acquisitions and disposals made by the Company for the nine-month period ended March 31, 2013 in Note 3 to the Unaudited Condensed Interim Consolidated Financial Statements.

Financial risk management

4.

Risk management principles and processes

4.1.

The Company’s activities are exposed to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk.

Exhibit I provides information on financial risk management as of June 30, 2012 and July 1st, 2011. Since June 30, 2012 there have been no changes in the risk management or risk management policies applied by the Company.

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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## Financial risk management (Continued)

4.

## 4.2. Fair value estimates

Since June 30, 2012 there have been no significant changes in business on economic circumstances affecting the fair value of the Company's financial assets or liabilities (either measured at fair value or amortized cost), nor any transfers between the different hierarchies used to assess the fair value of the Company's financial instruments and/ or reclassifications between categories of financial instruments.

## 5. Information about principal subsidiaries, associates and joint ventures

The Company conducts its business through several operating and holding subsidiaries, associates and joint ventures.

Set out below is the summarized financial information for investments in subsidiaries, associates and joint ventures for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012:

## Subsidiaries

|   | 03.31.2013 | 06.30.2012 |
|---|------------|------------|
| Beginning of the period/year            | 3,031,541  | 2,984,283  |
| Acquisition of subsidiaries             | -          | 202        |
| Capital contribution                    | 113,886    | 68,857     |
| Disposal of subsidiaries                | -          | (19,448 )  |
| Share of profit, net                    | 415,272    | 274,690    |
| Translation adjustment (iii)            | 23,998     | 5,344      |
| Dividend payments (ii)                  | (139,417 ) | (284,431 ) |
| Reimbursement of expired dividends      | 591        | -          |
| Acquisition of non-controlling interest | (892 )     | -          |
| Reserve for share-based compensation    | 4,624      | 2,044      |
| End of the period/year (i) year         | 3,449,603  | 3,031,541  |

- (i) Includes (Ps. 226) of investments with negative equity as of March 31, 2013, which are classified to Provisions (Note 16).
- (ii) During the period, the Company collected dividends from APSA and Nuevas Fronteras S.A. for an amount of Ps. 133.8 million and Ps. 5.6 million, respectively.
- (iii) As of March 31, 2013, corresponds to the translation adjustment of the period plus the reclassification of translation adjustment.

## Associates

03.31.2013 06.30.2012

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|                              |          |         |
|------------------------------|----------|---------|
| Beginning of the period/year | 206,245  | 188,317 |
| Acquisition of associates    | -        | 1,429   |
| Share of profit, net         | 13,195   | 16,499  |
| Dividend payments            | (8,452 ) | -       |
| End of the period/year       | 210,988  | 206,245 |

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 5. Information about principal subsidiaries, associates and joint ventures (Continued)

## Joint ventures

|                              | 03.31.2013 | 06.30.2012 |
|------------------------------|------------|------------|
| Beginning of the period/year | 119,644    | 117,125    |
| Capital contributions        | 509        | 715        |
| Share of profit, net         | 10,632     | 1,804      |
| End of the period/year       | 130,785    | 119,644    |

## 6. Investment properties

Changes in Company's investment properties for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|                            | 03.31.2013 | 06.30.2012 |
|----------------------------|------------|------------|
| Beginning of period / year | 890,433    | 925,906    |
| Additions                  | 2,242      | 12,343     |
| Sales (ii)                 | (27,340 )  | (27,365 )  |
| Depreciation charge (i)    | (21,222 )  | (20,451 )  |
| End of period / year       | 844,113    | 890,433    |

(i) Depreciation charges of investment properties were included in "Costs" in the Statement of Income (Note 22).

(ii) See Note 3 to the Unaudited Condensed Interim Consolidated Financial Statements.

The following amounts have been recognized in the statement of income:

|   | 03.31.2013 | 03.31.2012 |
|---|------------|------------|
| Rental and service income                   | 191,282    | 169,413    |
| Direct operating expenses                   | (75,114 )  | (61,993 )  |
| Gain from disposal of investment properties | 63,783     | 42,737     |

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 7. Property, plant and equipment, net

Changes in Company's property, plant and equipment for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|   | 03.31.2013 | 06.30.2012 |
|---|------------|------------|
| Beginning of period / year                        | 8,765      | 10,138     |
| Additions   | 1,023      | 2,705      |
| Disposals of unused property, plant and equipment | (931 )     | (2,366 )   |
| Depreciation charge (i)                           | (563 )     | (1,712 )   |
| End of period / year                              | 8,294      | 8,765      |

(i) Depreciation charges of property, plant and equipment were included in "Costs" and "General and administrative expenses" in the statement of income (Note 22).

## 8. Trading properties

Changes in Company's trading properties for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|                            | 03.31.2013 | 06.30.2012 |
|----------------------------|------------|------------|
| Beginning of period / year | 71,117     | 76,092     |
| Additions                  | -          | 1,886      |
| Sales                      | (3,867 )   | (6,861 )   |
| End of period / year       | 67,250     | 71,117     |



## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 9. Intangible assets

Changes in Company's intangible assets for the nine-month period ended March 31, 2013 and for the year ended June 30, 2012 were as follows:

|                            | 03.31.2013 | 06.30.2012 |
|----------------------------|------------|------------|
| Beginning of period / year | 5,987      | 8,724      |
| Additions                  | 156        | 1,188      |
| Disposals                  | -          | (2,951 )   |
| Amortization charge (i)    | (209 )     | (974 )     |
| End of period / year       | 5,934      | 5,987      |

(i) Amortization charges of intangible assets are included in "General and administrative expenses" in the statement of income (Note 22).

## 10. Inventories

Company's inventories as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|                                     | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|-------------------------------------|------------|------------|------------|
| Current                             |            |            |            |
| Materials and other inventories (i) | 511        | 474        | 427        |
| Current inventories                 | 511        | 474        | 427        |
| Total inventories                   | 511        | 474        | 427        |

(i) The cost of inventories is recorded in "Costs" in the statement of income (Note 22).

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 11. Trade and other receivables, net

Company's trade and other receivables, as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|   | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|---|------------|------------|------------|
| <b>Non-current</b>                                  |            |            |            |
| Sale, leases and services receivable                | 10,701     | 10,322     | 3,072      |
| Non-current trade receivables                       | 10,701     | 10,322     | 3,072      |
| Minimum Presumed Income tax (MPIT)                  | 95,200     | 76,328     | 54,278     |
| Others  | 526        | -          | 366        |
| Non-current other receivables                       | 95,726     | 76,328     | 54,644     |
| Related parties (Note 27)                           | 41,906     | 52,799     | 2,851      |
| Total non-current trade and other receivables, net  | 148,333    | 139,449    | 60,567     |
| <b>Current</b>                                      |            |            |            |
| Sale, leases and services receivable                | 26,489     | 29,663     | 32,700     |
| Checks to be deposited                              | -          | 16         | 6,908      |
| Notes receivable                                    | -          | 381        | -          |
| Overdue debtors and debtors under legal proceedings | 2,911      | 2,911      | 8,596      |
| Less: allowance for trade receivables               | (5,521 )   | (4,783 )   | (9,822 )   |
| Trade receivables, net                              | 23,879     | 28,188     | 38,382     |
| Gross sales tax credit                              | 35         | 414        | -          |
| Other tax receivables                               | 2,218      | 2,530      | 2,363      |
| Prepaid expenses                                    | 1,574      | 4,974      | 5,417      |
| Expenses and services to recover                    | 1,666      | 2,369      | -          |
| Advance payments                                    | 2,989      | 1,255      | 1,904      |
| Others  | 947        | 1,222      | 8,395      |
| Less: allowance for other receivables               | (23 )      | -          | -          |
| Current other receivables, net                      | 9,406      | 12,764     | 18,079     |
| Related parties (Note 27)                           | 30,331     | 26,902     | 70,144     |
| Current trade and other receivables, net            | 63,616     | 67,854     | 126,605    |
| Total trade and other receivables, net              | 211,949    | 207,303    | 187,172    |

Movements on the Company's allowance for trade and other receivables are as follows:

|                                | 03.31.2013 | 06.30.2012 |
|--------------------------------|------------|------------|
| Beginning of period / year     | 4,783      | 9,822      |
| Additions of the period / year | 1,352      | 938        |
| Unused amounts reversed        | (591 )     | (533 )     |
| Used during the period / year  | -          | (5,444 )   |
| End of period / year           | 5,544      | 4,783      |

The creation and release of provision for impaired receivables have been included in "Selling expenses" in the statement of income (Note 22). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.



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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 12. Investments in financial assets

Company's investments in financial assets as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|   | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|---|------------|------------|------------|
| <b>Non-current</b>                                |            |            |            |
| Financial assets at fair value                    |            |            |            |
| Investment in equity securities in TGLT           | 77         | 86         | 105        |
| Investment in equity securities in Hersha         | -          | 19,608     | 18,337     |
| Other equity securities in public companies       | 25         | 221        | 271        |
| Financial assets at amortized cost                |            |            |            |
| Convertible notes APSA 2014 (i)                   | -          | 143,679    | 130,444    |
| Total Non-current investments in financial assets | 102        | 163,594    | 149,157    |
| <b>Current</b>                                    |            |            |            |
| Financial assets at fair value                    |            |            |            |
| Mutual funds                                      | 2,709      | 2,494      | 2,170      |
| Public companies securities                       | -          | 11,643     | 2,892      |
| Financial assets at amortized cost                |            |            |            |
| Notes APSA 2012                                   | -          | -          | 13,367     |
| Interest on convertible notes APSA 2014 (i)       | -          | 6,534      | 5,861      |
| Other investments                                 | 11         | 9          | 12         |
| Total Current investments in financial assets     | 2,720      | 20,680     | 24,302     |
| Total investments in financial assets             | 2,822      | 184,274    | 173,459    |

(i) As a result of the sale of convertible notes APSA 2014, the company posted income of Ps. 10,299. See Note 25.

## 13. Cash flow information

The following table shows the amounts of cash and cash equivalents as of March 31, 2013, June 30, 2012 and July 1st, 2011:

|                                 | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|---------------------------------|------------|------------|------------|
| Cash at bank and on hand        | 81,464     | 76,405     | 27,276     |
| Mutual funds                    | 40,874     | 467        | 17,887     |
| Total cash and cash equivalents | 122,338    | 76,872     | 45,163     |

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 13. Cash flow information (Continued)

Following is a detailed description of cash flows generated by the Company's operations for the nine-month periods ended March 31, 2013 and 2012.

|  | Note   | 03.31.2013 | 03.31.2012 |
|--|--------|------------|------------|
| Profit for the period  |        | 320,638    | 176,622    |
| Adjustments for:   |        |            |            |
| Income tax   | 18     | (71,774 )  | (46,904 )  |
| Depreciation and amortization  | 22     | 21,994     | 17,285     |
| Gain from disposal of investment property                              | 6      | (63,783 )  | (42,737 )  |
| Disposals of unused property, plant and equipment                      | 7      | 931        | -          |
| Gain from disposal of financial assets                                 | 25     | (10,299 )  | -          |
| Share-based payments   | 23, 26 | 1,102      | 606        |
| Loss of derivative financial instruments                               | 25     | -          | 887        |
| Changes in fair value of investments in financial assets               | 25     | (26,440 )  | 3,665      |
| Dividend income  | 25     | -          | (634 )     |
| Interest expense, net  | 25     | 155,941    | 155,017    |
| Provisions and allowances  |        | 38,472     | 29,636     |
| Share of (profit)/ loss of subsidiaries, associates and joint ventures |        | (439,099 ) | (255,403 ) |
| Unrealized foreign exchange (gain) / loss, net                         |        | 176,222    | 76,002     |
| Increase in inventories  |        | (37 )      | (16 )      |
| Decrease in trading properties   |        | 3,867      | 4,783      |
| Decrease in trade and other receivables, net                           |        | 1,095      | 14,679     |
| Decrease in trade and other payables                                   |        | (26,517 )  | (8,009 )   |
| Decrease in salaries and social security liabilities                   |        | (4,218 )   | (1,824 )   |
| Net cash generated by operating activities                             |        | 78,095     | 123,655    |

## Additional information

|   |   | 03.31.2013 | 03.31.2012 |
|---|---|------------|------------|
| Increase in investments in financial assets through an increase in borrowings             |   | 18,767     | -          |
| Dividends receivable  |   | 5,615      | 1,000      |
| Increase in investments in subsidiaries through a decrease in trade and other receivables |   | 25,678     | 7,850      |
| Reserve for share-based payment   | 5 | 4,624      | 2,092      |
| Cumulative translation adjustment   |   | 23,998     | 12,078     |
| Acquisition of non-controlling interest   |   | 1,540      | 15,311     |
| Reimbursement of expired dividends  | 5 | 591        | 3,640      |
| Dividends payable   |   | 52,487     | -          |

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## 14. Trade and other payables

Company's trade and other payables as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|   | 03.31.2013 | 06.30.2012 | 07.01.2011 |
|---|------------|------------|------------|
| <b>Non-current</b>                                    |            |            |            |
| Sales, rent and services payments received in advance | 4,139      | 617        | -          |
| Guarantee deposits                                    | 3,759      | 5,739      | 4,285      |
| Trade payables  | 7,898      | 6,356      | 4,285      |
| Tax on Shareholders' personal assets payable          | 1,067      | -          | -          |
| Others  | 299        | 327        | 747        |
| Non-current other payables                            | 1,366      | 327        | 747        |
| Related parties (Note 27)                             | 17         | 16         | -          |
| Non-current trade and other payables                  | 9,281      | 6,699      | 5,032      |
| <b>Current</b>  |            |            |            |
| Trade payables  | 5,063      | 7,061      | 6,635      |
| Invoices to be received                               | 7,980      | 10,019     | 6,746      |
| Sales, rent and services payments received in advance | 23,043     | 10,216     | 4,971      |
| Guarantee deposits                                    | 4,250      | 1,336      | 2,901      |
| Total current trade payables                          | 40,336     | 28,632     | 21,253     |
| VAT payables  | 2,411      | 6,961      | 6,635      |
| Other tax payables                                    | 13,629     | 10,098     | 6,116      |
| Dividends payable to non-controlling shareholders     | 52,487     | 28,632     | -          |
| Others  | 2,532      | 3,254      | 1,302      |
| Current other payables                                | 71,059     | 48,945     | 14,053     |
| Related parties (Note 27)                             | 21,373     | 35,651     | 17,387     |
| Current trade and other payables                      | 132,768    | 113,228    | 52,693     |
| Total trade and other payables                        | 142,049    | 119,927    | 57,725     |

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## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 15. Salaries and social security liabilities

Company's Salaries and social security liabilities as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|   | 03.31.2013   | 06.30.2012   | 07.01.2011   |
|---|--------------|--------------|--------------|
| <b>Current</b>  |              |              |              |
| Provision for vacation and bonuses                            | 3,076        | 4,475        | 2,720        |
| Salaries payable  | 18           | 252          | 72           |
| Social security payable                                       | 426          | 424          | 294          |
| <b>Total current salaries and social security liabilities</b> | <b>3,520</b> | <b>5,151</b> | <b>3,086</b> |
| <b>Total salaries and social security liabilities</b>         | <b>3,520</b> | <b>5,151</b> | <b>3,086</b> |

## 16. Provisions

The table below shows the movements in Company's provisions categorized by type of provision:

|                    | Labor,<br>legal and<br>other<br>claims | Investments<br>in<br>subsidiaries<br>(*) | Total  |
|--------------------|--|--|--------|
| At July 1st, 2011  | 1,082                                  | -  | 1,082  |
| Additions          | 5,992                                  | 99                                       | 6,091  |
| Used during year   | (100 )                                 | -  | (100 ) |
| At June 30, 2012   | 6,974                                  | 99                                       | 7,073  |
| Additions          | 6,095                                  | 127                                      | 6,222  |
| Used during period | (485 )                                 | -  | (485 ) |
| At March 31, 2013  | 12,584                                 | 226                                      | 12,810 |

(\*) Corresponds to investments in subsidiaries with negative equity.

The analysis of total provisions is as follows:

|                    | 03.31.2013    | 06.30.2012   | 07.01.2011   |
|--------------------|---------------|--------------|--------------|
| <b>Non-current</b> | <b>7,065</b>  | <b>6,198</b> | <b>-</b>     |
| <b>Current</b>     | <b>5,745</b>  | <b>875</b>   | <b>1,082</b> |
|                    | <b>12,810</b> | <b>7,073</b> | <b>1,082</b> |



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## 17. Borrowings

Company's borrowings as of March 31, 2013, June 30, 2012 and July 1st, 2011 were as follows:

|                                    | Secured/<br>unsecured | Currency | Fixed/<br>floating | Effective<br>interest<br>rate %  |   | Nominal<br>value | Book value |            |            |
|------------------------------------|-----------------------|----------|--------------------|----------------------------------|---|------------------|------------|------------|------------|
|                                    |                       |          |                    |                                  |   |                  | 03.31.2013 | 06.30.2012 | 07.01.2011 |
| Non-current                        |                       |          |                    |                                  |   |                  |            |            |            |
| IRSA NCN due<br>2013               | Unsecured             | Ps.      | Floating           | Badlar<br>+2.49%                 |   | 153,152          | -          | 51,032     | -          |
| IRSA NCN due<br>2014               | Unsecured             | US\$     | Fixed              | 7.45                             | % | 33,832           | -          | 114,665    | -          |
| IRSA NCN due<br>2017 (Note 27)     | Unsecured             | US\$     | Fixed              | 8.50                             | % | 150,000          | 765,749    | 675,852    | 612,419    |
| IRSA NCN due<br>2020               | Unsecured             | US\$     | Fixed              | 11.50                            | % | 150,000          | 749,681    | 661,078    | 598,116    |
| Long-term<br>loans                 | Secured               | US\$     | Fixed              | 12                               | % | -                | -          | -          | 27,585     |
| Related parties<br>(Note 27)       | Unsecured             | Ps.      | Floating           | Badlar                           |   | 13,532           | 14,442     | -          | -          |
| Related parties<br>(Note 27)       | Unsecured             | US\$     | Floating           | Libor 3m<br>+200                 |   | 8,012            | 41,038     | 36,271     | 55,139     |
| Related parties<br>(Note 27)       | Unsecured             | US\$     | Fixed              | 7.50                             | % | 2,224            | 17,516     | 11,418     | -          |
| Finance lease<br>obligations       | Secured               | US\$     | Fixed              | 7.50                             | % | 126              | 30         | 53         | -          |
| Total<br>non-current<br>borrowings |                       |          |                    |                                  |   |                  | 1,588,456  | 1,550,369  | 1,293,259  |
| Current                            |                       |          |                    |                                  |   |                  |            |            |            |
| IRSA NCN due<br>2013               | Unsecured             | Ps.      | Floating           | Badlar<br>+2.49%                 |   | 153,152          | 104,344    | 102,888    | -          |
| IRSA NCN due<br>2014               | Unsecured             | US\$     | Fixed              | 7.45                             | % | 33,832           | 174,388    | 38,278     | -          |
| IRSA NCN due<br>2017 (Note 27)     | Unsecured             | US\$     | Fixed              | 8.5                              | % | 150,000          | 9,647      | 23,175     | 20,960     |
| IRSA NCN due<br>2020               | Unsecured             | US\$     | Fixed              | 11.5                             | % | 150,000          | 15,985     | 34,003     | 30,800     |
| Bank overdrafts                    | Unsecured             | Ps.      | Floating           | Badlar +<br>400 Bps<br>or 18.85% |   | -                | 90,045     | 143,997    | 365,198    |
| Short-term<br>loans                | Unsecured             | Ps.      | Floating           | the lowest                       |   | -                | -          | 50,004     | 50,240     |
|                                    | Unsecured             | Ps.      | Fixed              | 14                               | % | -                | -          | 30,335     | 29,890     |

Short-term  
loans

|                              |           |      |          |                  |   |        |           |           |           |
|------------------------------|-----------|------|----------|------------------|---|--------|-----------|-----------|-----------|
| Short-term<br>loans          | Secured   | US\$ | Fixed    | 12               | % | 968    | -         | 914       | 28,728    |
| Finance lease<br>obligations | Secured   | US\$ | Fixed    | 7.50             | % | 126    | 111       | 157       | -         |
| Related parties<br>(Note 27) | Unsecured | Ps.  | Floating | Badlar           |   | 67,369 | 83,484    | 7         | -         |
| Related parties<br>(Note 27) | Unsecured | Ps.  | Fixed    | 7.50             | % | 6,000  | 31,414    | -         | -         |
| Related parties<br>(Note 27) | Unsecured | US\$ | Floating | Libor 3m<br>+200 |   | 8,012  | 654       | 410       | 198       |
| Related parties<br>(Note 27) | Unsecured | US\$ | Fixed    | 5                | % | 5,950  | 31,747    | 27,447    | 5,172     |
| Total Current<br>borrowings  |           |      |          |                  |   |        | 541,819   | 451,615   | 531,186   |
| Total<br>borrowings          |           |      |          |                  |   |        | 2,130,275 | 2,001,984 | 1,824,445 |

NCN: Non-convertible Notes

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## 18. Current and deferred income tax

The details of the provision for the Company's income tax are as follows:

|                     | 03.31.2013 | 03.31.2012 |
|---------------------|------------|------------|
| Current income tax  | -          | -          |
| Deferred income tax | (71,774 )  | (46,904 )  |
| Income tax          | (71,774 )  | (46,904 )  |

The gross movement on the deferred income tax account is as follows:

|                            | 03.31.2013 | 06.30.2012 |
|----------------------------|------------|------------|
| Beginning of period / year | (19,179 )  | (79,464 )  |
| Income tax gain            | 71,774     | 60,285     |
| End of period / year       | 52,595     | (19,179 )  |

Below is a reconciliation between income tax expense and the amount that would arise using the income tax rate applicable to Profit Before Income Tax for the nine-month periods ended March 31, 2013 and 2012:

|   | 03.31.2013 | 03.31.2012 |
|---|------------|------------|
| Net income at tax rate  | 87,102     | 45,401     |
| Permanent differences:  |            |            |
| Share of profit/(loss) from subsidiaries, associates and joint ventures | (153,685 ) | (89,391 )  |
| Others  | (6,307 )   | (4,874 )   |
| Non-deductible items  | 1,116      | 1,960      |
| Income tax expense  | (71,774 )  | (46,904 )  |

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## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 19. Dividends

During the period ended March 31, 2013 the Company has paid dividends for an amount of Ps. 163.2 million.

Dividends for the year ended June 30, 2012 amounted to Ps. 180.0 million, which were approved at the Annual General Shareholders' Meeting on October 31, 2012. As of March 31, 2013, dividends corresponding to the non-controlling shareholders' for Ps. 52.3 million are not yet paid.

## 20. Revenues

|                                     | 03.31.2013 | 03.31.2012 |
|-------------------------------------|------------|------------|
| Rental and scheduled rent increases | 139,289    | 127,589    |
| Expenses                            | 49,123     | 40,014     |
| Property management fee             | 2,701      | 1,737      |
| Others                              | 169        | 73         |
| Total rental and service income     | 191,282    | 169,413    |
| Sale of trading properties          | 15,914     | 18,053     |
| Total other revenue                 | 15,914     | 18,053     |
| Total revenues                      | 207,196    | 187,466    |

## 21. Costs

|                                   | 03.31.2013 | 03.31.2012 |
|-----------------------------------|------------|------------|
| Leases and service costs          | 75,114     | 61,993     |
| Cost of sales and development     | 5,569      | 7,062      |
| Total cost of property operations | 80,683     | 69,055     |
| Total costs                       | 80,683     | 69,055     |

## 22. Expenses by nature

The Company disclosed expenses in the statements of income by function as part of the line items "Costs", "General and administrative expenses" and "Selling expenses".

The following tables provide the additional required disclosure of expenses by nature and their relationship to the function within the Company.

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
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## 22. Expenses by nature (Continued)

For the period ended March 31, 2013:

|  | Costs                       |                              |                                     |                  | Total   |
|--|-----------------------------|------------------------------|-------------------------------------|------------------|---------|
|  | Cost of rental and services | Cost of sale and development | General and administrative expenses | Selling expenses |         |
| Leases and service charges                                   | 10,219                      | 787                          | 558                                 | -                | 11,564  |
| Depreciation and amortization                                | 21,321                      | -                            | 640                                 | 33               | 21,994  |
| Allowances for trade and other receivables                   | -                           | -                            | -                                   | 761              | 761     |
| Salaries, social security costs and other personnel expenses | 7,905                       | 86                           | 19,837                              | 4,319            | 32,147  |
| Director's fees  | -                           | -                            | 26,645                              | -                | 26,645  |
| Fees and payments for services                               | 2,619                       | 40                           | 4,051                               | 985              | 7,695   |
| Maintenance, security, cleaning, repairs and others          | 26,209                      | 44                           | 1,636                               | 124              | 28,013  |
| Taxes, rates and contributions                               | 6,074                       | 728                          | 275                                 | 4,424            | 11,501  |
| Advertising and others selling expenses                      | -                           | -                            | -                                   | 1,549            | 1,549   |
| Cost of sale of trading properties                           | -                           | 3,867                        | -                                   | -                | 3,867   |
| Others   | 767                         | 17                           | 3,186                               | 220              | 4,190   |
| Total expenses by nature                                     | 75,114                      | 5,569                        | 56,828                              | 12,415           | 149,926 |

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## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 22. Expenses by nature (Continued)

For the period ended March 31, 2012:

|  | Costs                       |                              |                                     |                  | Total   |
|--|-----------------------------|------------------------------|-------------------------------------|------------------|---------|
|  | Cost of rental and services | Cost of sale and development | General and administrative expenses | Selling expenses |         |
| Leases and service charges                                   | 8,287                       | 1,073                        | 626                                 | 8                | 9,994   |
| Depreciation and amortization                                | 16,803                      | -                            | 482                                 | -                | 17,285  |
| Allowances for trade and other receivables                   | -                           | -                            | -                                   | 125              | 125     |
| Salaries, social security costs and other personnel expenses | 7,984                       | 66                           | 20,545                              | 2,428            | 31,023  |
| Director's fees  | -                           | -                            | 17,996                              | -                | 17,996  |
| Fees and payments for services                               | 1,139                       | 296                          | 5,374                               | 1,525            | 8,334   |
| Maintenance, security, cleaning, repairs and others          | 21,013                      | 39                           | 1,333                               | 118              | 22,503  |
| Taxes, rates and contributions                               | 6,168                       | 850                          | 204                                 | 4,112            | 11,334  |
| Advertising and others selling expenses                      | -                           | -                            | -                                   | 2,108            | 2,108   |
| Cost of sale of trading properties                           | -                           | 4,738                        | -                                   | -                | 4,738   |
| Others   | 599                         | -                            | 2,012                               | 126              | 2,737   |
| Total expenses by nature                                     | 61,993                      | 7,062                        | 48,572                              | 10,550           | 128,177 |

## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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## 23. Employee costs

|   | 03.31.2013 | 03.31.2012 |
|---|------------|------------|
| Salaries, bonuses and social security costs | 29,546     | 29,121     |
| Share-based compensation                    | 1,102      | 606        |
| Pension costs – defined contribution plan   | 74         | 89         |
| Other expenses and benefits                 | 1,425      | 1,207      |
| Employee costs                              | 32,147     | 31,023     |

## 24. Other operating results, net

|   | 03.31.2013 | 03.31.2012 |
|---|------------|------------|
| Related parties management fees (Note 27) | 486        | 612        |
| Personal assets tax                       | (2,968 )   | (3,065 )   |
| Donations                                 | (221 )     | (2,389 )   |
| Lawsuits and other contingencies (1)      | (6,019 )   | (5,278 )   |
| Others                                    | (2,358 )   | 1,567      |
| Total other operating results, net        | (11,080 )  | (8,553 )   |

(1) Includes judicial costs and expenses

## 25. Financial results, net

|   | 03.31.2013 | 03.31.2012 |
|---|------------|------------|
| Finance income:                                       |            |            |
| - Interest income                                     | 11,775     | 15,664     |
| - Foreign exchange gains                              | 42,503     | 43,135     |
| - Fair value gains of investments in financial assets | 26,440     | -          |
| - Gain from sale of financial assets (i)              | 10,299     | -          |
| - Dividends income                                    | -          | 634        |
| Total finance income                                  | 91,017     | 59,433     |
| Finance costs:  |            |            |
| - Interest expense                                    | (168,965 ) | (170,681 ) |
| - Foreign exchange losses                             | (213,601 ) | (94,389 )  |
| - Loss on derivatives financial instruments           | -          | (887 )     |
| - Fair value loss of investments in financial assets  | -          | (3,665 )   |
| - Other finance costs                                 | (8,659 )   | (8,969 )   |
| Total finance costs                                   | (391,225 ) | (278,591 ) |
| Total financial results, net                          | (300,208 ) | (219,158 ) |

(i) See Note 3.

26. Share-based payments

For more details on share-based payments, see Note 30 to the Unaudited Condensed Interim Consolidated Financial Statements.

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## 27. Related party transactions

The following is a summary of the balances with related parties as of March 31, 2013:

| Related party                     | Ref. | Description of transaction | Trade and other receivables, net non-current | Trade and other receivables, net current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|-----------------------------------|------|----------------------------|--|--|--------------------------------------|----------------------------------|------------------------|--------------------|
| Consultores Asset Management S.A. | (5)  | Reimbursement of expenses  | -  | 2,412                                    | -                                    | (36 )                            | -                      | -                  |
| Estudio Zang, Bergel & Viñes      | (6)  | Advances                   | -  | 23                                       | -                                    | -                                | -                      | -                  |
|                                   |      | Legal service fees         | -  | -  | -                                    | (248 )                           | -                      | -                  |
| Fundación IRSA                    | (5)  | Reimbursement of expenses  | -  | 40                                       | -                                    | (2 )                             | -                      | -                  |
| Museo de los Niños                | (5)  | Reimbursement of expenses  | -  | 51                                       | -                                    | (12 )                            | -                      | -                  |
| Directors                         |      | Reimbursement of expenses  | -  | -  | -                                    | -                                | -                      | -                  |
|                                   |      | Fees                       | -  | -  | -                                    | (7,455 )                         | -                      | -                  |
|                                   |      | Guarantee deposits         | -  | -  | (8 )                                 | -                                | -                      | -                  |
| Quality Invest S.A.               | (10) | Reimbursement of expenses  | -  | 5  | -                                    | (38 )                            | -                      | -                  |
| New Lipstick LLC                  | (11) | Reimbursement of expenses  | -  | 1,233                                    | -                                    | -                                | -                      | -                  |
| Banco Hipotecario S.A.            | (3)  | Reimbursement of expenses  | -  | -  | -                                    | (81 )                            | -                      | -                  |
| Cyrsa S.A.                        | (4)  | Reimbursement of expenses  | -  | 926                                      | -                                    | (70 )                            | -                      | -                  |
|                                   |      | Borrowings                 | -  | -  | -                                    | -                                | -                      | (83,476)           |
| Tarshop S.A.                      | (8)  | Reimbursement of expenses  | -  | 1  | -                                    | -                                | -                      | -                  |
| Alto Palermo S.A.                 | (2)  | Reimbursement of expenses  | -  | -  | -                                    | (5 )                             | -                      | -                  |
|                                   |      | Rental                     | -  | 477                                      | -                                    | -                                | -                      | -                  |
|                                   |      |                            | -  | 31                                       | -                                    | (132 )                           | -                      | -                  |

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|                        |     |  |                      |        |       |   |          |
|------------------------|-----|--|----------------------|--------|-------|---|----------|
|                        |     |  | Share-based payments |        |       |   |          |
|                        |     |  | Shared services      | -      | 2,405 | - | -        |
|                        |     |  | Borrowings           | -      | -     | - | (31,414) |
|                        |     |  | Reimbursement        |        |       |   |          |
| Doneldon S.A.          | (2) |  | of expenses          | -      | 34    | - | -        |
|                        |     |  | Reimbursement        |        |       |   |          |
| Arcos del Gourmet S.A. | (7) |  | of expenses          | -      | 7     | - | -        |
|                        |     |  | Reimbursement        |        |       |   |          |
| E-Commerce Latina S.A. | (2) |  | of expenses          | -      | 14    | - | -        |
|                        |     |  | Management fees      | -      | 3     | - | -        |
|                        |     |  | Borrowings           | -      | -     | - | (10,460) |
|                        |     |  | Reimbursement        |        |       |   |          |
| Efanur S.A.            | (2) |  | of expenses          | -      | 72    | - | -        |
|                        |     |  | Borrowings           | 41,900 | -     | - | -        |

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## 27. Related party transactions (Continued)

| Related party                 | Ref. | Description of transaction             | Trade and other receivables, net non-current | Trade and other receivables, net current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|-------------------------------|------|--|--|--|--------------------------------------|----------------------------------|------------------------|--------------------|
| Emprendimientos Recoleta S.A. | (7)  | Reimbursement of expenses              |  |  |                                      | (1 )                             | -                      | -                  |
|                               |      | Non-Convertible Note IRSA Class I 2017 |  |  |                                      | -                                | (7,391 )               | (161 )             |
| Fibesa S.A.                   | (7)  | Reimbursement of expenses              | -  | 106                                      | -                                    | -                                | -                      | -                  |
| Hoteles Argentinos S.A.       | (2)  | Reimbursement of expenses              | -  | 54                                       | -                                    | -                                | -                      | -                  |
|                               |      | Other liabilities                      | -  | -  | -                                    | (986 )                           | -                      | -                  |
| Imadison LLC                  | (12) | Reimbursement of expenses              | -  | 864                                      | -                                    | -                                | -                      | -                  |
| Inversora Bolivar S.A.        | (2)  | Reimbursement of expenses              | -  | 43                                       | -                                    | (81 )                            | -                      | -                  |
|                               |      | Borrowings                             | -  | 1,367                                    | -                                    | -                                | (12,529 )              | -                  |
| IRSA International LLC        | (12) | Reimbursement of expenses              | -  | 946                                      | -                                    | (684 )                           | -                      | -                  |
| Jiwin S.A.                    | (12) | Reimbursement of expenses              | -  | 3  | -                                    | -                                | -                      | -                  |
| Llao Llao Resorts S.A.        | (2)  | Reimbursement of expenses              | -  | 2,083                                    | -                                    | -                                | -                      | -                  |
|                               |      | Guarantee deposits                     | -  | -  | (9 )                                 | -                                | -                      | -                  |
|                               |      | Borrowings                             | -  | 84                                       | -                                    | -                                | -                      | -                  |
| Nuevas Fronteras S.A.         | (2)  | Reimbursement of expenses              | -  | 1  | -                                    | (7 )                             | -                      | -                  |
|                               |      | Management fees                        | -  | 70                                       | -                                    | -                                | -                      | -                  |
|                               |      | Dividends                              | -  | 5,615                                    | -                                    | -                                | -                      | -                  |
|                               |      | Borrowings                             | -  | -  | -                                    | -                                | -                      | (31,747 )          |
| Palermo Invest S.A.           | (2)  | Reimbursement of expenses              | -  | 41                                       | -                                    | -                                | -                      | -                  |
|                               |      | Borrowings                             | -  | 83                                       | -                                    | -                                | (5,240 )               | (8 )               |
| Panamerican Mall S.A.         | (7)  | Reimbursement of expenses              | -  | 103                                      | -                                    | -                                | -                      | -                  |
|                               |      | Non-Convertible Note IRSA Class I 2017 | -  | -  | -                                    | -                                | (12,585 )              | (273 )             |
| Real Estate Investment Group  | (12) | Reimbursement of expenses              | -  | 36                                       | -                                    | (27 )                            | -                      | -                  |

LP

|  |                                   |   |    |   |   |   |   |
|--|-----------------------------------|---|----|---|---|---|---|
| Real Estate<br>Investment Group<br>LPV | Reimbursement of<br>(12) expenses | - | 12 | - | - | - | - |
|--|-----------------------------------|---|----|---|---|---|---|

|                                       |                                   |   |       |   |   |   |   |
|---------------------------------------|-----------------------------------|---|-------|---|---|---|---|
| Real Estate<br>Strategies Group<br>LP | Reimbursement of<br>(13) expenses | - | 1,282 | - | - | - | - |
|---------------------------------------|-----------------------------------|---|-------|---|---|---|---|

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## 27. Related party transactions (Continued)

| Related party                | Ref. | Description of transaction          | Trade and other receivables, net non-current | Trade and other receivables, net current | Trade and other payables current | Trade and other payables non-current | Borrowings non-current | Borrowings current |
|------------------------------|------|-------------------------------------|--|--|----------------------------------|--------------------------------------|------------------------|--------------------|
| Ritelco S.A.                 | (2)  | Reimbursement of expenses           | -  | 21                                       | -                                | (15 )                                | -                      | -                  |
|                              |      | Borrowings                          | -  | -  | -                                | -                                    | (44,767)               | (654 )             |
| Sedelor S.A.                 | (2)  | Reimbursement of expenses           | -  | 33                                       | -                                | -                                    | -                      | -                  |
| Solares de Santa María S.A.  | (2)  | Reimbursement of expenses           | -  | 3,614                                    | -                                | -                                    | -                      | -                  |
|                              |      | Borrowings                          | 6  | -  | -                                | -                                    | -                      | -                  |
| Torodur S.A.                 | (7)  | Reimbursement of expenses           | -  | 155                                      | -                                | -                                    | -                      | -                  |
| Tyrus S.A.                   | (2)  | Reimbursement of expenses           | -  | 105                                      | -                                | -                                    | -                      | -                  |
| Unicity S.A.                 | (2)  | Reimbursement of expenses           | -  | 7  | -                                | -                                    | -                      | -                  |
| Zetol S.A.                   | (12) | Reimbursement of expenses           | -  | 142                                      | -                                | -                                    | -                      | -                  |
| Codalis S.A.                 | (2)  | Reimbursement of expenses           | -  | 42                                       | -                                | -                                    | -                      | -                  |
| Canteras Natal Crespo S.A.   | (4)  | Reimbursement of expenses           | -  | 487                                      | -                                | -                                    | -                      | -                  |
|                              |      | Management fees                     | -  | 547                                      | -                                | -                                    | -                      | -                  |
|                              |      | Capital contribution to be received | -  | 155                                      | -                                | -                                    | -                      | -                  |
|                              |      | Borrowings                          | -  | 95                                       | -                                | -                                    | -                      | -                  |
| B a i c o m Networks S.A.    | (14) | Reimbursement of expenses           | -  | 13                                       | -                                | (2 )                                 | -                      | -                  |
| Puerto Retiro S.A.           | (9)  | Reimbursement of expenses           | -  | 157                                      | -                                | -                                    | -                      | -                  |
| Cresud S.A.C.I.F. y A.       | (1)  | Reimbursement of expenses           | -  | 3,426                                    | -                                | -                                    | -                      | -                  |
|                              |      | Shared services                     | -  | -  | -                                | (11,489)                             | -                      | -                  |
|                              |      | Borrowings                          | -  | 329                                      | -                                | -                                    | -                      | -                  |
|                              |      | Rental                              | -  | 429                                      | -                                | -                                    | -                      | -                  |
| Futuros y Opciones .Com S.A. | (15) | Reimbursement of expenses           | -  | -  | -                                | (2 )                                 | -                      | -                  |
| Irsa Development LP          | (12) | Reimbursement of expenses           | -  | 2  | -                                | -                                    | -                      | -                  |

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|             |                                   |        |        |       |           |           |           |
|-------------|-----------------------------------|--------|--------|-------|-----------|-----------|-----------|
| Alafox S.A. | Reimbursement of<br>(2) expenses  | -      | 44     | -     | -         | -         | -         |
| Helmir S.A. | Reimbursement of<br>(15) expenses | -      | 1      | -     | -         | -         | -         |
| Total       |                                   | 41,906 | 30,331 | (17 ) | (21,373 ) | (92,972 ) | (147,733) |

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## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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## 27. Related party transactions (Continued)

The following is a summary of the results and transactions with related parties for the nine-month period ended March 31, 2013:

| Related party                         | Ref. | Leases | Fees      | Income / Loss<br>from services and<br>share expenses | Legal<br>services | Interest<br>Income /<br>(Loss) |
|---------------------------------------|------|--------|-----------|--|-------------------|--------------------------------|
| Alto Palermo S.A.                     | (2)  | 3,002  | 1,633     | 6,100  | -                 | 17,713                         |
| Canteras Natal Crespo<br>S.A.         | (4)  | -      | -         | 72   | -                 | 8                              |
| Consultores Assets<br>Management S.A. | (5)  | 140    | -         | -  | -                 | -                              |
| Cresud S.A.C.I.F. y A.                | (1)  | 1,258  | (12,267 ) | (6,339 )   | -                 | -                              |
| Cyrsa S.A.                            | (4)  | -      | -         | -  | -                 | (5,397 )                       |
| Directors                             |      | -      | (26,245 ) | -  | -                 | -                              |
| E-Commerce Latina S.A.                | (2)  | -      | -         | 4  | -                 | (634 )                         |
| Estudio Zang, Bergel &<br>Viñes       | (6)  | -      | -         | -  | (576 )            | -                              |
| Fibesa S.A.                           | (7)  | 666    | -         | 53   | -                 | -                              |
| Inversora Bolivar S.A.                | (2)  | -      | -         | -  | -                 | (678 )                         |
| Llao Llao Resorts S.A.                | (2)  | 91     | -         | -  | -                 | 83                             |
| Nuevas Fronteras S.A.                 | (2)  | -      | -         | 410  | -                 | (1,064 )                       |
| Tyrus S.A.                            | (2)  | -      | -         | -  | -                 | 138                            |
| Efanur S.A.                           | (2)  | -      | -         | -  | -                 | 978                            |
| Palermo Invest S.A.                   | (2)  | -      | -         | -  | -                 | (335 )                         |
| Emprendimiento                        |      |        |           |  |                   |                                |
| Recoleta S.A.                         | (7)  | -      | -         | -  | -                 | (472 )                         |
| Ritelco S.A.                          | (2)  | -      | -         | -  | -                 | (868 )                         |
| Tarshop S.A.                          | (8)  | 2,470  | -         | 233  | -                 | -                              |
| Panamerican Mall S.A.                 | (7)  | -      | -         | -  | -                 | (803 )                         |
| Total                                 |      | 7,627  | (36,879 ) | 533  | (576 )            | 8,669                          |

(1) Parent

(2) Subsidiary

(3) Associate

(4) Joint venture

(5) Related to the President

(6) Legal advisors related to the Board of Directors

(7) Subsidiary of APSA

(8) Associate of APSA

(9) Joint venture through Inversora Bolívar S.A.

(10) Joint venture of APSA

(11) Direct / indirect associate of Tyrus

- (12) Direct / indirect subsidiary of Tyrus
- (13) Subsidiary of Efanur
- (14) Joint venture through E-Commerce Latina S.A.
- (15) Subsidiary of the parent



IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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28. Negative working capital

At the end of the period, the Company had negative working capital. This situation is presently being considered by the Board of Directors and by Management.

29. Subsequent Events

See subsequent events in Note 33 to Unaudited Condensed Interim Consolidated Financial Statements.

## IRSA Inversiones y Representaciones Sociedad Anónima

Information required by Section 68 of the Buenos Aires Stock Exchange Regulations

Unaudited Statement of Financial Position as of March 31, 2013

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1. Specific and significant legal systems that imply contingent lapsing or rebirth of benefits envisaged by such provisions.

None.

2. Significant changes in the Company's activities or other similar circumstances that occurred during the fiscal years included in the financial statements, which affect their comparison with financial statements filed in previous fiscal years, or that could affect those to be filed in future fiscal years.

See Note 2.1.

3. Receivables and liabilities by maturity date.

| Items                                    | 03.31.13 | Falling due<br>(Point 3.a.) | Without term<br>(Point 3.b.) | Without term<br>(Point 3.b.) | Up to 3 months | To be due (Point 3.c.) |                     |                   |                   |                   |                 |
|--|----------|-----------------------------|------------------------------|------------------------------|----------------|------------------------|---------------------|-------------------|-------------------|-------------------|-----------------|
|  |          | Current                     | Non-current                  | From 3 to 6 months           |                | From 6 to 9 months     | From 9 to 12 months | From 1 to 2 years | From 2 to 3 years | From 3 to 4 years | From 4 years on |
| Trade and Accounts receivable, net       | 2,837    | 470                         | 95,515                       | 47,969                       | 1,454          | 9,893                  | 993                 | 50,887            | 768               | 579               | 584             |
| Total                                    | 2,837    | 470                         | 95,515                       | 47,969                       | 1,454          | 9,893                  | 993                 | 50,887            | 768               | 579               | 584             |
| Trade and other payables                 | 1,160    | -                           | -                            | 110,573                      | 1,099          | 18,904                 | 1,032               | 8,860             | 95                | 326               | -               |
| Borrowings                               | -        | -                           | -                            | 188,402                      | 121,134        | 126,306                | 105,977             | 25                | 60,968            | 12,032            | 1,515,431       |
| Salaries and social security liabilities | -        | -                           | -                            | 806                          | 2,028          | -                      | 686                 | -                 | -                 | -                 | -               |
| Provisions                               | -        | 5,745                       | -                            | -                            | -              | -                      | -                   | 7,065             | -                 | -                 | -               |
| Total                                    | 1,160    | 5,745                       | -                            | 299,781                      | 124,261        | 145,210                | 107,695             | 15,950            | 61,063            | 12,358            | 1,515,431       |

## IRSA Inversiones y Representaciones Sociedad Anónima

Information required by Section 68 of the Buenos Aires Stock Exchange Regulations

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## 4.a. Breakdown of accounts receivable and liabilities by currency and maturity.

| Concepts             |  | Current           |                     |         | Non-current       |                     |           | Totals            |                     |           |
|----------------------|--|-------------------|---------------------|---------|-------------------|---------------------|-----------|-------------------|---------------------|-----------|
|                      |  | Local<br>currency | Foreign<br>currency | Total   | Local<br>currency | Foreign<br>currency | Total     | Local<br>currency | Foreign<br>currency | Total     |
| Accounts receivables | Trade and other receivables, net         | 43,461            | 20,155              | 63,616  | 95,742            | 52,591              | 148,333   | 139,203           | 72,746              | 211,949   |
|                      | Total                                    | 43,461            | 20,155              | 63,616  | 95,742            | 52,591              | 148,333   | 139,203           | 72,746              | 211,949   |
| Liabilities          | Trade and other payables                 | 117,842           | 14,926              | 132,768 | 3,920             | 5,361               | 9,281     | 121,762           | 20,287              | 142,049   |
|                      | Borrowings                               | 275,802           | 266,017             | 541,819 | 12,973            | 1,575,483           | 1,588,456 | 288,775           | 1,841,500           | 2,130,275 |
|                      | Salaries and social security liabilities | 3,520             | -                   | 3,520   | -                 | -                   | -         | 3,520             | -                   | 3,520     |
|                      | Provisions                               | 5,745             | -                   | 5,745   | 7,065             | -                   | 7,065     | 12,810            | -                   | 12,810    |
|                      | Total                                    | 402,909           | 280,943             | 683,852 | 23,958            | 1,580,844           | 1,604,802 | 426,867           | 1,861,787           | 2,288,654 |

## 4.b. Breakdown of accounts receivable and liabilities by adjustment clause.

As of March 31, 2013 there are not receivable and liabilities subject to adjustment clause.

IRSA Inversiones y Representaciones Sociedad Anónima

Information required by Section 68 of the Buenos Aires Stock Exchange Regulations

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4.c. Breakdown of accounts receivable and liabilities by interest clause

| Concepts                                 | Current    |               |                   | Total   | Non-current |               |                   | Total     | Non-current |               |                   |
|--|------------|---------------|-------------------|---------|-------------|---------------|-------------------|-----------|-------------|---------------|-------------------|
|  | Fixed rate | Floating rate | Accruing interest |         | Fixed rate  | Floating rate | Accruing interest |           | Fixed rate  | Floating rate | Accruing interest |
| Accounts receivables, net                | 1,616      | -             | 62,000            | 63,616  | 41,900      | 6             | 106,427           | 148,333   | 43,516      | 6             | 168,427           |
| Total                                    | 1,616      | -             | 62,000            | 63,616  | 41,900      | 6             | 106,427           | 148,333   | 43,516      | 6             | 168,427           |
| Liabilities                              |            |               |                   |         |             |               |                   |           |             |               |                   |
| Trade and other payables                 | -          | -             | 132,768           | 132,768 | -           | -             | 9,281             | 9,281     | -           | -             | 142,049           |
| Borrowings                               | 234,613    | 180,192       | 127,014           | 541,819 | 1,531,416   | 59,640        | (2,600)           | 1,588,456 | 1,766,029   | 239,832       | 124,414           |
| Salaries and social security liabilities | -          | -             | 3,520             | 3,520   | -           | -             | -                 | -         | -           | -             | 3,520             |
| Provisions                               | -          | -             | 5,745             | 5,745   | -           | -             | 7,065             | 7,065     | -           | -             | 12,810            |
| Total                                    | 234,613    | 180,192       | 269,047           | 683,852 | 1,531,416   | 59,640        | 13,746            | 1,604,802 | 1,766,029   | 239,832       | 282,793           |

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5. Related parties.

a. Interest in related parties:

| Name of the entity                          | % of ownership<br>interest held by<br>the Company |
|---|---|
| <b>Direct Controlling interest of IRSA:</b> |   |
| Alafox S.A.                                 | 100.00%   |
| APSA  | 95.68%  |
| Codalis S.A.                                | 100.00%   |
| Doneldon S.A.                               | 100.00%   |
| E-Commerce Latina S.A.                      | 100.00%   |
| Efanur S.A.                                 | 100.00%   |
| Hoteles Argentinos S.A.                     | 80.00%  |
| Inversora Bolívar S.A.                      | 100.00%   |
| Llao Llao Resorts S.A.                      | 50.00%  |
| Nuevas Fronteras S.A.                       | 76.34%  |
| Palermo Invest S.A.                         | 100.00%   |
| Ritelco S.A.                                | 100.00%   |
| Sedelor S.A.                                | 100.00%   |
| Solares de Santa María S.A.                 | 100.00%   |
| Tyrus S.A.                                  | 100.00%   |
| Unicity S.A.                                | 100.00%   |

b. Related parties debit/credit balances. See Note 27 to the Unaudited Condensed Interim Separate Financial Statements.

6. Loans to directors.

See Note 27 to the Unaudited Condensed Interim Separate Financial Statements.

7. Inventories.

In view of the nature of the inventories, no physical inventories are performed and there are no slow turnover assets.

8. Current values.

See Notes 6, 7, 8 and 10 to the Unaudited Condensed Interim Separate Financial Statements.

9. Appraisal revaluation of property, plant and equipment.

None.

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IRSA Inversiones y Representaciones Sociedad Anónima

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10. Obsolete unused property, plant and equipment.

None.

11. Equity interest in other companies in excess of that permitted by section 31 of law N° 19,550.

None.

12. Recovery values.

See Notes 6, 7, 8 and 10 to the Unaudited Condensed Interim Separate Financial Statements.

13. Insurances.

Insured Assets

| Real Estate        | Insured amounts (1) | Accounting values | Risk covered  |
|--------------------|---------------------|-------------------|---|
| EDIFICIO REPÚBLICA | 96,361              | 208,105           | All operational risk with additional coverage and minor risks |
| BOUCHARD 551       | 63,303              | 123,373           | All operational risk with additional coverage and minor risks |
| MORENO 877         | 49,508              | 65,534            | All operational risk with additional coverage and minor risks |
| BOUCHARD 710       | 39,587              | 63,247            | All operational risk with additional coverage and minor risks |
| MAIPU 1300         | 25,787              | 34,735            | All operational risk with additional coverage and minor risks |
| SUIPACHA 652       | 17,041              | 9,379             | All operational risk with additional coverage and minor risks |
| AVDA. DE MAYO 595  | 5,148               | 3,524             | All operational risk with additional coverage and minor risks |
| LIBERTADOR 498     | 3,423               | 3,702             | All operational risk with additional coverage and minor risks |
| DIQUE IV           | 3,056               | 62,244            |   |

|                   |         |         |   |
|-------------------|---------|---------|---|
|                   |         |         | All operational risk with additional coverage and minor risks |
| RIVADAVIA 2768    | 369     | 146     | All operational risk with additional coverage and minor risks |
| MADERO 1020       | 216     | 160     | All operational risk with additional coverage and minor risks |
| CONSTITUCIÓN 1159 | 98      | 6,948   | All operational risk with additional coverage and minor risks |
| CONSTITUCIÓN 1111 | 93      | 779     | All operational risk with additional coverage and minor risks |
| SUBTOTAL          | 303,990 | 581,876 |   |
| SINGLE POLICY     | 15,000  |         | - Third party liability                                       |

(1) The insured amounts are in thousands of U.S. dollars.

In our opinion, the above-described insurance policies cover current risks adequately.



IRSA Inversiones y Representaciones Sociedad Anónima

Information required by Section 68 of the Buenos Aires Stock Exchange Regulations

Unaudited Statement of Financial Position as of March 31, 2013

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14. Allowances and provisions that, taken individually or as a whole, exceed 2% of the shareholder's equity.

None.

15. Contingent situations at the date of the financial statements which probabilities are not remote and the effects on the Company's financial position have not been recognized.

Not applicable.

16. Status of the proceedings leading to the capitalization of irrevocable contributions towards future subscriptions.

Not applicable.

Unpaid accumulated dividends on preferred shares.

17.

None.

Restrictions on distributions of profits.

18.

See Note 27 of Exhibit I to the Unaudited Condensed Interim Consolidated Financial Statements.

Autonomous City of Buenos Aires, May 17, 2013.

## IRSA Inversiones y Representaciones Sociedad Anónima

## Business Overview

In thousands of pesos

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1. Brief comments on the Company's activities during the period, including references to significant events occurred after the end of the period.

See attached.

2. Comparative summarized consolidated shareholders' equity structure

|                          | 03.31.13  | 06.30.12  | 07.01.11  |
|--------------------------|-----------|-----------|-----------|
| Non-Current Assets       | 6,868,010 | 6,050,293 | 5,812,347 |
| Current Assets           | 1,242,841 | 839,328   | 819,565   |
| Total Assets             | 8,110,851 | 6,889,621 | 6,631,912 |
| Non-Current Liabilities  | 3,258,906 | 2,644,108 | 2,372,540 |
| Current Liabilities      | 1,527,731 | 1,205,744 | 1,176,759 |
| Total Liabilities        | 4,786,637 | 3,849,852 | 3,549,299 |
| Non-controlling interest | 505,460   | 390,428   | 331,609   |
| Shareholders' Equity     | 2,818,754 | 2,649,341 | 2,751,004 |
| Total                    | 8,110,851 | 6,889,621 | 6,631,912 |

3. Comparative summarized consolidated income structure

|  | 03.31.13   | 03.31.12   |
|--|------------|------------|
| Operating result                                 | 749,679    | 540,693    |
| Share of profit of associates and joint ventures | 15,112     | 15,922     |
| Profit before financial results and income tax   | 764,791    | 556,615    |
| Finance income                                   | 267,300    | 114,325    |
| Finance cost                                     | (571,737 ) | (384,173 ) |
| Financial loss, net                              | (304,437 ) | (269,848 ) |
| Profit Before Income Tax                         | 460,354    | 286,767    |
| Income tax                                       | (81,093 )  | (91,296 )  |
| Profit for the period                            | 379,261    | 195,471    |
| Attributable to:                                 |            |            |
| Equity holders of the parent                     | 320,638    | 176,622    |
| Non-controlling interest                         | 58,623     | 18,849     |

## IRSA Inversiones y Representaciones Sociedad Anónima

## Business Overview

In thousands of pesos

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4. Statistical data as compared with the same period of previous year.

Summary of properties sold in units and in thousands of pesos.

|  | 03.31.13 | 03.31.12 |
|--|----------|----------|
| <b>Apartments &amp; Loft Buildings</b> |          |          |
| Torres Jardín                          | -        | -        |
| Torres de Abasto (1)                   | -        | -        |
| Barrio chico                           | -        | 371      |
| Caballito Nuevo                        | 6,983    | 9,248    |
| Edificios Cruceros                     | -        | -        |
| Torres Renoir                          | -        | -        |
| Torres Renoir II                       | -        | -        |
| Alto Palermo Park                      | -        | -        |
| San Martín de Tours                    | -        | -        |
| Terreno Caballito                      | -        | -        |
| Torres de Rosario                      | 4,260    | 4,777    |
| Libertador 1703 and 1755 (Horizons)    | 96,963   | 39,337   |
| Others                                 | 811      | -        |
| <b>Residential Communities</b>         |          |          |
| Abril / Baldovinos (2)                 | 1,113    | -        |
| El Encuentro                           | 7,008    | 8,434    |
| Villa Celina I, II and III             | -        | -        |
| <b>Undeveloped plots of land</b>       |          |          |
| Pereiraola                             | -        | -        |
| Santa María del Plata                  | -        | -        |
| Terreno Rosario (1)                    | -        | 27,273   |
| Caballito Mz 35 (1)                    | -        | -        |
| Neuquén (1)                            | -        | -        |
| Aguero 596 (1)                         | -        | -        |
| Canteras Natal                         | 39       | 17       |
| C.Gardel 3134 (1)                      | -        | -        |
| Thames                                 | -        | -        |
| C.Gardel 3128 (1)                      | -        | -        |
| Terreno Beruti (1)                     | -        | -        |
| Club de Campo Valle Escondido (1)      | -        | -        |
| Terreno Mendoza                        | -        | -        |
| Torres Jardín IV                       | -        | -        |
| <b>Others</b>                          |          |          |
| Dique III                              | -        | -        |

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|                    |         |        |
|--------------------|---------|--------|
| Bouchard 551       | -       | -      |
| Madero 1020        | -       | -      |
| Della Paolera 265  | -       | -      |
| Madero 942         | -       | -      |
| Dock del Plata     | -       | -      |
| Libertador 498     | -       | -      |
| Edificios Costeros | -       | -      |
| Sarmiento 517      | -       | -      |
| Libertador 602     | -       | -      |
| Laminar            | -       | -      |
| Museo Renault      | -       | -      |
| Reconquista 823    | -       | -      |
| Locales Crucero I  | -       | -      |
| Others             | -       | -      |
|                    | 117,177 | 89,457 |

## IRSA Inversiones y Representaciones Sociedad Anónima

## Business Overview

In thousands of pesos

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## 5. Key ratios as compared.

|   | 03.31.13        | 06.30.12        |
|---|-----------------|-----------------|
| <b>Liquidity</b>                          |                 |                 |
| Current assets                            | 1,242,841       | 839,328         |
| Current liabilities                       | 1,527,731 =0.81 | 1,205,744 =0.70 |
| <b>Debt</b>                               |                 |                 |
| Total liabilities                         | 4,786,637       | 3,849,852       |
| Shareholders' Equity                      | 2,818,754 =1.70 | 2,649,341 =1.45 |
| <b>Solvency</b>                           |                 |                 |
| Shareholders' Equity                      | 2,818,754       | 2,649,341       |
| Total liabilities                         | 4,786,637 =0.59 | 3,849,852 =0.69 |
| <b>Non-Current Assets to total Assets</b> |                 |                 |
| Non-Current Assets                        | 6,868,010       | 6,050,293       |
| Total assets                              | 8,110,851 =0.85 | 6,889,621 =0.88 |

## 6. Brief comment on the outlook for the coming period.

See attached.

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Limited Review Report

To the Shareholders, President and Board of Directors of  
IRSA Inversiones y Representaciones Sociedad Anónima  
Legal address: Bolívar 108 - 1° floor  
Autonomous City of Buenos Aires  
C.U.I.T.: 30-52532274-9

1. We have reviewed the accompanying unaudited condensed interim separate statement of financial position of IRSA Inversiones y Representaciones Sociedad Anónima as of March 31, 2013, and the related unaudited condensed interim separate statements of income, unaudited condensed interim separate statements of comprehensive income for the nine and three-month periods ended March 31, 2013 and the unaudited condensed interim separate statements of changes of shareholders' equity and unaudited condensed interim separate statements of cash flows for the nine-month period ended March 31, 2013 and selected explanatory notes. The balances and other information corresponding to the fiscal year ended June 30, 2012 and the interim periods within that fiscal period are an integral part of these financial statements and, therefore, they should be considered in relation to these financial statements.
2. The Board of Directors of the Company is responsible for the preparation and presentation of these unaudited condensed interim separate financial statements in accordance with professional accounting standards of Technical Pronouncement No. 26 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) added by the National Securities Commission (CNV) to its regulations. Those standards differ from the International Financial Reporting Standards (IFRS) and, especially, from the International Accounting Standard No. 34 "Interim Financial Reporting" (IAS 34) approved by the International Accounting Standard Board (IASB) and used for the preparation of the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima with its subsidiaries as to the aspects mentioned in note 2.1 to the unaudited condensed interim separate financial statements attached. Our responsibility is to express a conclusion based on the review that we have performed with the scope detailed in paragraph 3.
3. We conducted our review in accordance with Technical Resolution No. 7 issued by the FACPCE for a review of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of personnel responsible for financial and accounting matters. It is substantially less in scope than an audit, the objective of which is to express an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Free translation from the original prepared in Spanish for publication in Argentina

Limited Review Report (Continued)

4. As mentioned in note 2.1 to the unaudited condensed interim separate financial statements, these unaudited condensed interim separate financial statements have been prepared in accordance to Technical Pronouncement No. 26 of the FACPCE, which differ from the IFRS, and especially, from the IAS 34 used in the preparation of the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima with its subsidiaries as to the aspects mentioned in note 2.3 to the unaudited condensed interim separate financial statements attached. The fiscal year ended June 30, 2013 will be the first year of application of IFRS. The adjustments and other effects of the transition to IFRS are presented in note 2.3 to these unaudited condensed interim separate financial statements. The amounts included in the reconciliations shown in note 2.3 are subject to change as a consequence of potential changes in IFRS which may occur until June 30, 2013, and should only be considered as final upon issuance of the annual financial statements for the fiscal year ended June 30, 2013.
5. Nothing came to our attention as a result of our review that caused us to believe that these unaudited condensed interim separate financial statements have not been prepared in all material respects in accordance with Technical Pronouncement No. 26 of the FACPCE for separate financial statements of a parent company.

6. In accordance with current regulations, we hereby inform that:

- a) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima are recorded in the "Inventory and Balance Sheet Book" and carried in all formal respects in conformity with legal requirements, and comply, as regards those matters that are within our competence, with the provisions set forth in the Commercial Companies Law and the corresponding resolutions of the CNV;
- b) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima arise from accounting records carried in all formal respects in accordance with applicable legal provisions;
- c) we have read the Additional Information to the notes to the unaudited condensed interim separate financial statements required by Article 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence, we have no observations to make;
- d) at March 31, 2013, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentine Integrated Pension System which arises from accounting records and submissions amounted to Ps. 283,208, which was not callable at that date.

Autonomous City of Buenos Aires, May 17, 2013.

PRICE WATERHOUSE & Co. S.R.L.

ABELOVICH, POLANO &  
ASOCIADOS S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Carlos Martín Barbaína

Public Accountant (UCA)

C.P.C.E.C.A.B.A. T° 175 F° 65

(Partner)

C.P.C.E. C.A.B.A. T° 1 F° 30

Marcelo Héctor Fuxman

Public Accountant (U.B.A.)

C.P.C.E. C.A.B.A. T° 134 F° 85



## IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

I. Brief comment on the Company's activities during the period, including references to significant events occurred after the end of the period.

Buenos Aires, May 17, 2013 - IRSA Inversiones y Representaciones Sociedad Anónima (NYSE: IRS) (BASE: IRSA), Argentina's leading real estate company, announces today the results of its operations for the nine-month period ended March 31, 2013.

## Consolidated Income

(In millions of ARS, excluding joint businesses)

|                               | IIIQ 13 | IIIQ 12 | YoY var |   | 9M 13   | 9M 12   | YoY var |   |
|-------------------------------|---------|---------|---------|---|---------|---------|---------|---|
| Revenues                      | 518.0   | 415.6   | 24.6    | % | 1,604.1 | 1,328.5 | 20.7    | % |
| Operating Income / (Loss)     | 190.8   | 168.4   | 13.3    | % | 749.7   | 540.7   | 38.7    | % |
| Depreciation and Amortization | 55.7    | 42.9    | 29.6    | % | 162.7   | 128.7   | 26.4    | % |
| EBITDA                        | 246.5   | 211.3   | 16.6    | % | 912.4   | 669.4   | 36.3    | % |
| Net Income for the period     | 133.4   | 116.1   | 14.9    | % | 379.3   | 195.5   | 94.0    | % |

„ Revenues grew by 24.6% in the third quarter of 2013 compared to the same quarter of 2012, and recorded a cumulative growth of 20.7% for the nine-month period, mainly explained by the performance of the Shopping Centers and Offices segments.

„ Operating income grew 13.3% during the third quarter of 2013 and 38.7% for the cumulative nine-month period, mainly reflecting the consolidation of our investment in the 183 Madison building in New York during the past quarter. Additionally, all cumulative translation adjustment from interest held in Rigby before the business combination has been recycled to the income statement. EBITDA as of March 31, 2013 reached ARS 912.4 million (36.3% higher than in the same period of 2012). Excluding the effect of the consolidation of 183 Madison (ARS 137 million for the nine months of fiscal year 2013), EBITDA grew 16.0% compared to the same period of 2012.

„ Net income increased by 94.0% for the first nine months of fiscal year 2013 compared to the same period of 2012, mainly due to the increase in operating income.

## II. Shopping Centers (through our subsidiary Alto Palermo S.A.)

According to the Shopping Centers' poll made by the INDEC<sup>1</sup>, as of March 31, 2013, cumulative tenants' sales for the past twelve months recorded a 23.3% increase compared to the same period of the previous year and a 26.3% increase compared to the previous quarter.

Our tenants' sales grew 24.8% in the nine-month period of fiscal year 2013 compared to the same period of the previous fiscal year, and 28.9% if we compare the third quarter of 2013 to the same quarter of 2012. This performance was driven by the growth in sales from the shopping centers in Greater Buenos Aires and the interior of Argentina. Portfolio occupancy remained stable, at 98.7%.

In this way, Revenues and EBITDA from this segment recorded increases of 25.7% and 23.3%, respectively, during the third quarter of 2013 and of 22.0% and 18.8% in the cumulative nine-month period. The EBITDA/revenue margin, excluding revenues from common expense and commercial advertising funds, reached 79.3% in the nine-month period ended March 31, 2013.



## IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

Financial indicators of the Shopping Centers segment  
(In millions of ARS)

|                               | IIIQ 13 | IIIQ 12 | YoY var |   | 9M 13   | 9M 12 | YoY var |   |
|-------------------------------|---------|---------|---------|---|---------|-------|---------|---|
| Revenues                      | 374.6   | 298.1   | 25.7    | % | 1,183.6 | 969.8 | 22.0    | % |
| Operating Income              | 160.7   | 127.9   | 25.6    | % | 514.1   | 426.8 | 20.5    | % |
| Depreciation and Amortization | 38.4    | 33.5    | 14.6    | % | 114.7   | 102.4 | 12.0    | % |
| EBITDA                        | 199.1   | 161.4   | 23.3    | % | 628.8   | 529.2 | 18.8    | % |

## Operating indicators of the Shopping Centers segment

|  | IIIQ 13 | IIQ 13  | IQ 13   | IVQ 12  | IIIQ 12 |
|--|---------|---------|---------|---------|---------|
| Gross Leaseable Area (sqm)[2]  | 308,793 | 309,021 | 309,021 | 309,021 | 307,685 |
| Tenants' Sales (12 month cumulative, ARS million)                                  | 11,751  | 13,967  | 10,471  | 9,966   | 9,393   |
| Tenants' Sales in the same Shopping Centers [1] (12 month cumulative, ARS million) | 11,553  | 13,397  | 10,037  | 9,577   | 9,056   |
| Occupancy [2]  | 98.7    | % 98.8  | % 98.4  | % 98.4  | % 97.8  |

[1] Excludes "Ribera Shopping" shopping center.

[2] Percentage over gross leaseable area as of period end.

## Operating data of our Shopping Centers

| Shopping Center          | Date of Acquisition | Gross Leaseable Area (sqm)[1] | Stores | APSA's Interest | Occupancy [2] | Book Value (ARS thousand) [3] |
|--------------------------|---------------------|-------------------------------|--------|-----------------|---------------|-------------------------------|
| Alto Palermo             | Nov-97              | 18,690                        | 146    | 100.0           | % 98.5        | 241,207                       |
| Abasto Shopping[4]       | Jul-94              | 37,708                        | 175    | 100.0           | % 100.0       | 298,295                       |
| Alto Avellaneda          | Nov-97              | 36,943                        | 140    | 100.0           | % 100.0       | 145,521                       |
| Paseo Alcorta            | Jun-97              | 14,141                        | 109    | 100.0           | % 100.0       | 126,390                       |
| Patio Bullrich           | Oct-98              | 11,683                        | 82     | 100.0           | % 100.0       | 125,919                       |
| Alto Noa Shopping        | Mar-95              | 19,141                        | 91     | 100.0           | % 100.0       | 35,705                        |
| Buenos Aires Design      | Nov-97              | 13,746                        | 61     | 53.7            | % 97.7        | 17,360                        |
| Alto Rosario Shopping[5] | Nov-04              | 27,691                        | 146    | 100.0           | % 97.1        | 129,364                       |
| Mendoza Plaza Shopping   | Dec-94              | 42,238                        | 147    | 100.0           | % 95.3        | 116,794                       |
| Córdoba Shopping         | Dec-06              | 15,106                        | 105    | 100.0           | % 99.7        | 73,273                        |
| Dot Baires Shopping      | May-09              | 49,719                        | 153    | 80.0            | % 99.9        | 469,884                       |
| Soleil                   | Jul-10              | 13,609                        | 75     | 100.0           | % 97.3        | 83,395                        |
| La Ribera Shopping       | Aug-11              | 8,378                         | 50     | 50.0            | % 99.4        | 18,405                        |
| Total Shopping Centers   |                     | 308,793                       | 1,480  |                 | 98.7          | 1,881,512                     |

- [1] Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.
- [2] Calculated dividing occupied square meters by leaseable area on the last day of the period.
- [3] Cost of acquisition plus improvements, less cumulative depreciation, plus adjustment for inflation, less allowance for impairment in value, plus recovery of allowances, if applicable.
- [4] Excludes Museo de los Niños (3,732 sqm).
- [5] Excludes Museo de los Niños (1,261 sqm).

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IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

Cumulative tenants' sales as of March 31

(By Shopping Center, for the quarter and for the first nine months of each fiscal year, in millions of ARS)

| Shopping Center        | IIIQ 13 | IIIQ 12 | YoY var |   | 9M 13   | 9M 12   | YoY var |   |
|------------------------|---------|---------|---------|---|---------|---------|---------|---|
| Alto Palermo           | 339.0   | 257.8   | 31.5    | % | 1,152.5 | 945.3   | 21.9    | % |
| Abasto Shopping        | 403.7   | 311.9   | 29.5    | % | 1,393.5 | 1,113.0 | 25.2    | % |
| Alto Avellaneda        | 401.9   | 313.1   | 28.4    | % | 1,354.9 | 1,054.4 | 28.5    | % |
| Paseo Alcorta          | 166.1   | 129.8   | 27.9    | % | 586.1   | 481.7   | 21.7    | % |
| Patio Bullrich         | 110.0   | 98.6    | 11.6    | % | 393.0   | 366.2   | 7.3     | % |
| Alto Noa Shopping      | 144.7   | 115.9   | 24.9    | % | 451.1   | 364.9   | 23.6    | % |
| Buenos Aires Design    | 55.7    | 49.8    | 11.8    | % | 175.6   | 168.5   | 4.2     | % |
| Alto Rosario Shopping  | 225.4   | 169.6   | 32.9    | % | 761.1   | 586.2   | 29.8    | % |
| Mendoza Plaza Shopping | 278.4   | 210.1   | 32.5    | % | 865.8   | 667.7   | 29.7    | % |
| Córdoba Shopping       | 93.5    | 70.6    | 32.6    | % | 314.7   | 244.9   | 28.5    | % |
| Dot Baires Shopping    | 340.0   | 266.8   | 27.4    | % | 1,138.0 | 921.0   | 23.6    | % |
| Soleil                 | 76.4    | 52.7    | 45.0    | % | 234.9   | 186.0   | 26.3    | % |
| La Ribera Shopping [1] | 50.3    | 36.9    | 36.3    | % | 151.4   | 88.0    | 72.2    | % |
| Total                  | 2,685.1 | 2,083.6 | 28.9    | % | 8,972.6 | 7,187.6 | 24.8    | % |

[1] APSA took possession of this Shopping Center on August 15, 2011.

Cumulative tenants' sales as of March 31

(By Type of Business, for the quarter and for the first nine months of each fiscal year, in millions of ARS)

| Type of Business     | IIIQ 13 | IIIQ 12 | YoY var |   | 9M 13   | 9M 12   | YoY var |   |
|----------------------|---------|---------|---------|---|---------|---------|---------|---|
| Anchor Store         | 184.3   | 148.3   | 24.3    | % | 623.1   | 518.0   | 20.3    | % |
| Clothes and Footwear | 1,214.9 | 938.8   | 29.4    | % | 4,359.3 | 3,493.2 | 24.8    | % |
| Entertainment        | 109.9   | 86.4    | 27.1    | % | 328.9   | 249.6   | 31.8    | % |
| Home                 | 539.5   | 400.2   | 34.8    | % | 1,680.9 | 1,309.3 | 28.4    | % |
| Restaurant           | 288.8   | 230.9   | 25.1    | % | 847.5   | 687.9   | 23.2    | % |
| Miscellaneous        | 325.5   | 264.7   | 23.0    | % | 1,077.0 | 890.0   | 21.0    | % |
| Services             | 22.2    | 14.3    | 55.5    | % | 55.9    | 39.6    | 41.3    | % |
| Total                | 2,685.1 | 2,083.6 | 28.9    | % | 8,972.6 | 7,187.6 | 24.8    | % |

Cumulative revenues from leases as of March 31

(Detailed revenues, for the quarter and for the first nine months of each fiscal year, in millions of ARS)

| Detailed Revenues | IIIQ13 | IIIQ12 | YoY var |   | 9M 13 | 9M 12 | YoY var |   |
|-------------------|--------|--------|---------|---|-------|-------|---------|---|
| Base Rent         | 150.2  | 121.5  | 23.6    | % | 437.5 | 357.2 | 22.5    | % |
| Percentage Rent   | 42.0   | 31.7   | 32.4    | % | 186.7 | 154.0 | 21.2    | % |
| Total Rent        | 192.2  | 153.3  | 25.4    | % | 624.2 | 511.2 | 22.1    | % |
| Admission rights  | 26.9   | 22.2   | 21.1    | % | 78.3  | 63.9  | 22.6    | % |

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|                         |       |       |        |    |         |       |      |   |
|-------------------------|-------|-------|--------|----|---------|-------|------|---|
| Fees                    | 15.1  | 6.0   | 152.7  | %  | 28.1    | 23.0  | 22.1 | % |
| Parking                 | 14.2  | 10.6  | 34.4   | %  | 45.0    | 32.0  | 40.7 | % |
| Management fees         | 4.4   | 4.2   | 4.6    | %  | 13.0    | 10.3  | 26.2 | % |
| Other                   | 0.1   | 1.3   | (89.5) | )% | 1.8     | 1.6   | 12.5 | % |
| Total Revenues before   |       |       |        |    |         |       |      |   |
| Common Expenses and     |       |       |        |    |         |       |      |   |
| Common Promotional Fund | 253.0 | 197.6 | 28.0   | %  | 790.4   | 642.0 | 23.1 | % |
| Common Expenses and     |       |       |        |    |         |       |      |   |
| Common Promotional Fund | 121.6 | 100.6 | 21.0   | %  | 393.2   | 327.8 | 20.0 | % |
| Total Revenues          | 374.6 | 298.1 | 25.7   | %  | 1,183.6 | 969.8 | 22.0 | % |

## IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

## III. Offices

During the first quarter of calendar year 2013, the Premium office market of the City of Buenos Aires recorded a slight decrease in sales and rental prices measured in dollars and a vacancy rate of 6.1% in line with the same period of calendar year 2012.

## Vacancy rates and rental and sales prices of A+ offices in the City of Buenos Aires

Source: LJ Ramos

|                             | IIIQ 13 |   | IIQ 13 |   | IQ13 |   | IVQ12 |      | IIIQ12 |  |
|-----------------------------|---------|---|--------|---|------|---|-------|------|--------|--|
| Premium portfolio occupancy | 97.3    | % | 96.4   | % | 96.8 | % | 96.5  | 97.0 | %      |  |
| Rent USD/sqm                | 25.7    |   | 25.7   |   | 25.6 |   | 25.7  | 25.3 |        |  |

Our A+ buildings recorded an occupancy rate of 97.3%, higher than in the second quarter of this fiscal year, due to higher occupancy rates in Juana Manso 295 and República buildings, and above the market average. Meanwhile, rental prices in USD/sqm remained stable during the quarter under review and in line with average revenues in the Buenos Aires Premium market.

| in ARS MM                     | IIIQ 13 | IIIQ 12 | YoY var |   | 9M 13 | 9M 12 | YoY var |   |
|-------------------------------|---------|---------|---------|---|-------|-------|---------|---|
| Revenues                      | 72.7    | 65.2    | 11.4    | % | 213.1 | 185.4 | 14.9    | % |
| Operating Income              | 31.1    | 29.5    | 5.7     | % | 84.9  | 77.0  | 10.4    | % |
| Depreciation and Amortization | 8.8     | 6.5     | 36.8    | % | 27.1  | 18.1  | 50.3    | % |
| EBITDA                        | 39.9    | 36.0    | 11.3    | % | 112.1 | 95.1  | 18.0    | % |

„ Revenues from the Offices segment increased by 11.4% in the quarter under review compared to the same period of the previous fiscal year and 14.9% compared to the first nine months of the previous fiscal year.

„ EBITDA grew 18.0% in the first nine months of 2013 compared to 2012 and the EBITDA/Revenue margin for the period, excluding revenues from common maintenance expenses, stood at 66.8%, higher than the 65.3% recorded in the same period of 2012.

## IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

Below is information on our offices and other rental properties segment as of March 31, 2013.

Operating Data of the Offices segment  
(In thousands of ARS, except as indicated)

|                                  | Date of Acquisition | Gross Leaseable Area sqm (1) | Occupancy (2) | Interest | Book Value(3)    |
|----------------------------------|---------------------|------------------------------|---------------|----------|------------------|
| <b>Offices</b>                   |                     |                              |               |          |                  |
| Edificio República               | Apr-08              | 19,884                       | 95.2 %        | 100 %    | 208,105          |
| Torre Bankboston                 | Aug-07              | 14,873                       | 96.4 %        | 100 %    | 147,530          |
| Bouchard 551                     | Mar-07              | 21,021                       | 100.0 %       | 100 %    | 123,373          |
| Intercontinental Plaza           | Nov-97              | 22,535                       | 100.0 %       | 100 %    | 49,845           |
| Bouchard 710                     | Jun-05              | 15,014                       | 100.0 %       | 100 %    | 63,247           |
| Dique IV, Juana Manso 295        | Dec-97              | 11,298                       | 94.4 %        | 100 %    | 62,244           |
| Maipú 1300                       | Sep-95              | 10,280                       | 97.5 %        | 100 %    | 34,735           |
| Libertador 498                   | Dec-95              | 620                          | 100.0 %       | 100 %    | 3,702            |
| Suipacha 652/64                  | Nov-91              | 11,453                       | 89.9 %        | 100 %    | 9,379            |
| Dot Building (7)                 | May-09              | 11,242                       | 100.0 %       | 96 %     | 103,069          |
| Other(4)                         | N/A                 | 3,067                        | 90.8 %        | -        | 861              |
| <b>Subtotal Offices</b>          |                     | <b>141,287</b>               | <b>97.3 %</b> | <b>-</b> | <b>806,090</b>   |
| <b>Other Properties</b>          |                     |                              |               |          |                  |
| Commercial Properties(5)         | N/A                 | 312                          | -             | -        | 779              |
| Santa María del Plata S.A.       | Jul-97              | 60,100                       | 100.0 %       | 100 %    | 12,495           |
| Nobleza Piccardo (7)             | May-11              | 13,814                       | 100.0 %       | 50 %     | 88,665           |
| Catalinas Norte Plot             | Dec-09              | -                            | -             | -        | 109,159          |
| Other Properties(6)              | N/A                 | 2,072                        | 100.0 %       | -        | 7,728            |
| <b>Subtotal Other Properties</b> |                     | <b>76,298</b>                | <b>99.6 %</b> | <b>-</b> | <b>218,826</b>   |
| <b>TOTAL OFFICES AND OTHER</b>   |                     | <b>217,585</b>               | <b>98.1 %</b> | <b>-</b> | <b>1,024,916</b> |

## Notes:

- (1) Total leaseable area for each property as of March 31, 2013. Excludes common areas and parking.
- (2) Calculated dividing occupied square meters by leaseable area as of March 31, 2013.
- (3) Cost of acquisition, plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for impairment.
- (4) Includes the following properties: Av. de Mayo 595, Rivadavia 2774, Madero 1020 and Costeros Dique IV.
- (5) Includes the following properties: Constitución 1111 and Casona de Abril.
- (6) Includes Constitución 1159 and Canteras.
- (7) Through Alto Palermo S.A.





## IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

## IV. Sales and Developments

During the first quarter of calendar year 2013, the construction business experienced a drop in its growth rate, evidenced by a reduction in the number of deeds of conveyance recorded, whereas sales prices of new apartments in the district of Recoleta remained stable, at USD/sqm 3,400.

Development of prices (USD/sqm) and number of deeds of conveyance

Source: Reporte Inmobiliario

## Sales and Developments in

| ARS MM                        | IIIQ 13 | IIIQ 12 | YoY var |    | 9M 13 | 9M 12 | YoY var |   |
|-------------------------------|---------|---------|---------|----|-------|-------|---------|---|
| Revenues                      | 31.5    | 23.7    | 32.4    | %  | 117.2 | 89.5  | 30.9    | % |
| Operating Income              | 1.8     | 13.0    | (86.2   | )% | 43.0  | 42.3  | 1.7     | % |
| Depreciation and Amortization | 0.0     | 0.0     | -       |    | 0.0   | 0.1   | -       |   |
| EBITDA                        | 1.8     | 13.0    | (86.2   | )% | 43.0  | 42.4  | 1.7     | % |

Sales totaled ARS 31.5 million during the third quarter of 2013 and ARS 117.2 million for the first nine months of fiscal year 2013, mainly explained by the recognition of revenues from the “Horizons” project recorded in the second quarter of the period, offset by lower revenues from the Terreno Rosario project, which was sold during the first half of 2012. Cumulative EBITDA for the first nine months of fiscal year 2013 was 1.7% higher than in the same period of 2012.

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IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

Sales and Developments Table

(In thousands of ARS, except as indicated)

| DEVELOPMENT                           | 9M 13          | 9M 12         | YoY var       |
|---------------------------------------|----------------|---------------|---------------|
| <b>Residential Apartments</b>         |                |               |               |
| Caballito Nuevo (10)                  | 6,983          | 9,248         | (24.5 )%      |
| Torres de Rosario (5)                 | 4,260          | 4,777         | (10.8 )%      |
| Libertador 1703 & 1755 (Horizons) (8) | 96,963         | 39,337        | 146.5 %       |
| Other Residential Apartments(6)       | 811            | 371           | 118.6 %       |
| Subtotal Residential Apartments       | 109,017        | 53,733        | 102.9 %       |
| <b>Residential Communities</b>        |                |               |               |
| Abril/Baldovinos (7)                  | 1,113          | -             | -             |
| El Encuentro (11)                     | 7,008          | 8,434         | (16.9 )%      |
| Subtotal Residential Communities      | 8,121          | 8,434         | (3.7 )%       |
| <b>Land Reserves</b>                  |                |               |               |
| Terreno Rosario(5)                    | -              | 27,273        | -             |
| Canteras Natal Crespo                 | 39             | 17            | 129.4 %       |
| Subtotal Land Reserves                | 39             | 27,290        | (99.9 )%      |
| <b>TOTAL</b>                          | <b>117,177</b> | <b>89,457</b> | <b>31.0 %</b> |

| DEVELOPMENT                            | Date of Acquisition | Area intended for sale (sqm) (1) | Total Units / Lots (2) | IRSA's Effective Interest | Percentage Built | Percentage Sold (3) | Book Value (4) |
|--|---------------------|----------------------------------|------------------------|---------------------------|------------------|---------------------|----------------|
| <b>Residential Apartments</b>          |                     |                                  |                        |                           |                  |                     |                |
| Torres Renoir                          | Sep-99              | 5,383                            | 28                     | 100.00 %                  | 100.00 %         | 100.00 %            |                |
| Caballito Nuevo                        | Nov-97              | 67                               | 1                      | 100.00 %                  | 100.00 %         | 99.07 %             |                |
| Torres de Rosario(5)                   | Apr-99              | 2,661                            | 17                     | 95.67 %                   | 100.00 %         | 60.00 %             | 4,077          |
| Libertador 1703 y 1755 (Horizons) (9)  | Jan-07              | 44,648                           | 467                    | 50.00 %                   | 100.00 %         | 100.00 %            | 33,750         |
| Other residential apartments (6)       | N/A                 | 138,520                          | 1,438                  |                           |                  |                     | 84,395         |
| <b>Subtotal Residential Apartments</b> |                     | <b>191,279</b>                   | <b>1,951</b>           |                           |                  |                     | <b>122,222</b> |
| <b>Residential Communities</b>         |                     |                                  |                        |                           |                  |                     |                |
| Abril/Baldovinos (7)                   | Jan-95              | 5,137                            | 4                      | 100.00 %                  | 100.00 %         | 99.50 %             | 521            |
| El Encuentro                           | Nov-97              | 13,690                           | 9                      | 100.00 %                  | 100.00 %         | 85.00 %             | 1,722          |
|  | May-92              | 75,970                           | 219                    | 100.00 %                  | 100.00 %         | 100.00 %            | 0              |

Villa Celina I, II  
& III

|                                  |        |            |       |        |   |        |   |        |       |         |
|----------------------------------|--------|------------|-------|--------|---|--------|---|--------|-------|---------|
| Subtotal Residential Communities |        | 94,797     | 232   |        |   |        |   |        | 2,243 |         |
| Land Reserves                    |        |            |       |        |   |        |   |        |       |         |
| Puerto Retiro                    | May-97 | 82,051     |       | 50.00  | % | 0.00   | % | 0.00   | %     | 51,337  |
| Santa María del Plata            | Jul-97 | 715,951    |       | 100.00 | % | 0.00   | % | 10.00  | %     | 158,951 |
| Pereiraola                       | Dec-96 | 1,299,630  |       | 100.00 | % | 0.00   | % | 100.00 | %     |         |
| Terreno Rosario (5)              | Apr-99 | 31,000     |       | 95.67  | % | 0.00   | % | 100.00 | %     |         |
| Terreno Caballito                | Nov-97 | 7,451      |       | 100.00 | % | 0.00   | % | 100.00 | %     |         |
| Neuquén (5)                      | Jul-99 | 4,332      | 1     | 95.67  | % | 0.00   | % | 100.00 | %     | 45,226  |
| Terreno Baicom                   | Dec-09 | 34,500     | 1     | 50.00  | % | 0.00   | % | 0.00   | %     | 4,459   |
| Canteras Natal                   |        |            |       |        |   |        |   |        |       |         |
| Crespo                           | Jul-05 | 4,320,000  |       | 50.00  | % | 0.00   | % | 0.00   | %     | 5,978   |
| Terreno Beruti (5)               | Jun-08 | 3,207      |       | 95.67  | % | 0.00   | % | 100.00 | %     | 9,264   |
| Pilar                            | May-97 | 740,237    |       | 100.00 | % | 0.00   | % | 0.00   | %     | 1,550   |
| Coto air space(5)                | Sep-97 | 16,167     | 284   | 95.67  | % | 0.00   | % | 0.00   | %     | 8,946   |
| Torres Jardín IV                 | Jul-96 | 3,176      |       | 100.00 | % | 0.00   | % | 100.00 | %     |         |
| Terreno Caballito (5)            | Oct-98 | 23,389     |       | 95.67  | % | 0.00   | % | 0.00   | %     | 31,868  |
| Patio Olmos (5)                  | Sep-07 | 5,147      | 0     | 95.67  | % | 100.00 | % | 0.00   | %     |         |
| Other land reserves (8)          | N/A    | 13,680,711 | 1     |        |   |        |   |        |       | 141,683 |
| Subtotal Land Reserves           |        | 20,966,949 | 287   |        |   |        |   |        |       | 459,262 |
| TOTAL                            |        | 21,253,025 | 2,470 |        |   |        |   |        |       | 583,727 |

IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

Notes:

- (1) Total property area intended for sale upon completion of the development or acquisition and before sale of any of the units (including parking and storage spaces, but excluding common areas). In the case of Land Reserves, the land area was considered.
- (2) Represents the total units or plots upon completion of the development or acquisition (excludes parking and storage spaces).
- (3) The percentage sold is calculated dividing the square meters sold by the total saleable square meters.
- (4) Corresponds to the company's total consolidated sales.
- (5) Through Alto Palermo S.A. As of March 31, 2013, 4 apartments, 4 parking spaces, and one storage space remained available for sale in parcel 2-G and 13 apartments, 25 parking spaces and 2 storage spaces remained available for sale in parcel 2-H.
- (6) Includes the following properties: Torres de Abasto through APSA (fully sold), units to be received in Beruti through APSA, Torres Jardín, Edificios Cruceros (fully sold), San Martín de Tours, Rivadavia 2768, Alto Palermo Park (fully sold), Minetti D (fully sold), Dorrego 1916 (fully sold), Padilla 902 (fully sold), Caballito swap receivable and Pereiraola plots through IRSA.
- (7) Includes sales of shares in Abril. As of March 31, 2013, 4 lots with a surface area of 5,137 sqm were pending sale.
- (8) Includes the following land reserves: Terreno Pontevedra, Isla Sirgadero, Terreno San Luis, Mariano Acosta, Merlo and Intercontinental Plaza II through IRSA, Zetol and Vista al Muelle through Liveck and C.Gardel 3134 (fully sold), C.Gardel 3128 (fully sold), Aguero 596 (fully sold), República Árabe Siria (fully sold), Terreno Mendoza (fully sold), Zelaya 3102, Conil, Soleil air space and Others APSA (through APSA).-
- (9) Owned by CYRSA S.A.
- (10) As of March 31, 2013, one apartment and 13 parking spaces were pending sale.
- (11) As of March 31, 2013, 9 plots with a surface area of 11,569 sqm were pending sale.

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1 Survey of Shopping Centers. March 2013. INDEC [www.indec.gov.ar](http://www.indec.gov.ar)

## IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

## V. Hotels

According to surveys made by the tourism development secretariat, Argentina received 500 thousand foreign tourists during the first two months of 2013, a lower number than in 2012, mainly explained by a smaller inflow of Chilean and Brazilian visitors. According to the INDEC, hotel occupancy in the City of Buenos Aires reached 45.34% during the quarter, and the city of Bariloche, where our “Llao Llao” premium resort is located, recorded a similar occupancy rate (43.75%).

The smaller inflow of international tourists was reflected in the operating results of our hotels, which were adversely affected by higher operating costs, although their occupancy levels were higher than the market average.

| Hotels (in ARS MM)            | IIIQ 13 | IIIQ 12 | YoY var  | 9M 13  | 9M 12 | YoY var  |
|-------------------------------|---------|---------|----------|--------|-------|----------|
| Revenues                      | 57.9    | 45.0    | 28.7 %   | 174.7  | 130.0 | 34.4 %   |
| Operating Income              | (1.8 )  | 2.0     | -        | (8.7 ) | 0.8   | -        |
| Depreciation and Amortization | 4.4     | 3.4     | 31.5 %   | 14.3   | 9.9   | 45.2 %   |
| EBITDA                        | 2.6     | 5.4     | (50.8 )% | 5.6    | 10.7  | (47.4 )% |

  

|                                   | IIIQ 13 | IIQ 13 | IQ 13  | IVQ 12 | IIIQ 12 |
|-----------------------------------|---------|--------|--------|--------|---------|
| Average Occupancy                 | 67.2 %  | 69.4 % | 62.4 % | 53.4 % | 62.4 %  |
| Average Rate per Room (ARS/night) | 892     | 882    | 862    | 688    | 703     |

During the third quarter of 2013 the hotel segment recorded an increase in revenues of 28.7%. However, EBITDA decreased due to higher operating costs.

The following is information on our hotels as of March 31, 2013:

|                        | Date of Acquisition | IRSA's Interest | Number of Rooms | Average Occupancy (1) | Average Rate per Room (ARS)(2) | Book Value (in thousands of ARS) |
|------------------------|---------------------|-----------------|-----------------|-----------------------|--------------------------------|----------------------------------|
| Intercontinental (3)   | Nov-97              | 76.3 %          | 309             | 68.0 %                | 724                            | 48,703                           |
| Sheraton Libertador(4) | Mar-98              | 80.0 %          | 200             | 74.0 %                | 672                            | 34,211                           |
| Llao Llao(5)           | Jun-97              | 50.0 %          | 201             | 59.1 %                | 1,463                          | 66,189                           |
| Terrenos Bariloche(5)  | Dec-06              | 50.0 %          | -               |                       |                                | 21,900                           |
| Total                  |                     | 76.3 %          | 710             | 67.2 %                | 892                            | 171,002                          |

Notes:

- 1) Cumulative average for the 9-month period.
- 2) Cumulative average for the 9-month period.
- 3) Through Nuevas Fronteras S.A. (IRSA's subsidiary).
- 4) Through Hoteles Argentinos S.A. (IRSA's subsidiary).
- 5) Through Llao Llao Resorts S.A. (IRSA's subsidiary).



## IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

## VI. International

Interest in Metropolitan 885 Third Ave. LLC (“Metropolitan”) through New Lipstick LLC (“New Lipstick”)

IRSA indirectly holds a 49.3% interest in New Lipstick LLC, a holding company that is owner of Metropolitan, a company whose main asset is the so-called “Lipstick” office building, and the debt associated to this asset, which amounts to approximately USD 115.0 million, following a restructuring previously reported by IRSA.

The Lipstick Building is a landmark building in the City of New York, located in Midtown Manhattan. As of March 31, 2013, its occupancy rate had increased by 5.8%, mainly explained by the lease of the 18th floor that was vacant. This lease represents 1792 sqm, for a term of 10 years, at a monthly base rent of USD 62 per sqm for the first 5 years and 67 USD/sqm for the rest of the contract term.

| Lipstick                   | Mar-13 | Mar-12 | YoY var |   |
|----------------------------|--------|--------|---------|---|
| Gross Leaseable Area (sqm) | 58,019 | 57,824 | 0.3     | % |
| Occupancy                  | 89.0   | 86.1   | 5.8     | % |
| Rental price (USD/sqm)     | 62.6   | 62.1   | 0.8     | % |

Investment in Building located at 183 Madison Ave, New York, NY

As of the end of this quarter, through our subsidiaries we held a 74.50% interest in the stock capital of the company that owns the building located at 183 Madison Ave., New York, NY. The property has 19 floors and a gross leaseable area of 23,489 sqm. As of March 31, 2013, 96.1% of the building was occupied, at an average rental price of approximately 41.4 USD/sqm.

| Madison 183                | Mar-13 | Mar-12 | YoY var |   |
|----------------------------|--------|--------|---------|---|
| Gross Leaseable Area (sqm) | 23,489 | 23,477 | 0.1     | % |
| Occupancy                  | 96.1   | 83.8   | 14.7    | % |
| Rental price (USD/sqm)     | 41.4   | 35.3   | 17.3    | % |

Interest in Hersha Hospitality Trust (“Hersha”)

Hersha is a Real Estate Investment Trust (REIT) listed on the New York Stock Exchange (NYSE: HT), and is the holder of an indirect controlling interest in 64 hotels, mainly distributed in the northeastern coast of the United States, totaling 9,307 rooms.

During the third quarter of 2013, 1,823,412 common shares of Hersha were sold for a total of approximately USD 9.7 million. Consequently, the Group’s interest in Hersha’s stock capital decreased from 8.12% to 7.19%. As a result of this transaction, holding results for ARS 3.5 million were recorded. The accumulated result for the nine-month period ended March 31, 2013 generated by the Group’s investment in Hersha reached ARS 85.4 millions.

Investment in Supertel Hospitality Inc.



As of March 31, 2013, we, together with other shareholders, held 34% of the voting power at the shareholders' meetings of Supertel Hospitality Inc., a REIT listed in NASDAQ under the symbol "SPPR". This REIT has a portfolio of 85 middle-class and long-stay hotels with 7,614 rooms in 22 states in the United States of America, which are managed by various operators and franchises such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn, Sleep Inn and Super 8, among others.

## IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

## VII. Financial Transactions and Others

## Interest in Banco Hipotecario S.A. ("BHSA")

BHSA is a leading bank in the mortgage lending segment, in which IRSA held a 29.77% interest as of March 31, 2013 (excluding portfolio shares). For further information please refer to <http://www.cnv.gob.ar> or <http://www.hipotecario.com.ar>. For the first nine months of fiscal year 2013, BHSA's contribution to IRSA's income amounted to ARS 60.3 million, 3.8% higher than the ARS 58.1 million generated in 2012.

## VIII. Total Segment Information

|                               | Shopping Centers |       | Offices |      | Sales and Developments |      | Hotels |      | International |       | Financial Transactions and Others |      | Total |      |
|-------------------------------|------------------|-------|---------|------|------------------------|------|--------|------|---------------|-------|-----------------------------------|------|-------|------|
|                               | 9M 13            | 9M12  | 9M 13   | 9M12 | 9M 13                  | 9M12 | 9M 13  | 9M12 | 9M 13         | 9M12  | 9M 13                             | 9M12 | 9M 13 | 9M12 |
| Operating income              | 514.1            | 426.8 | 84.9    | 77.0 | 43.0                   | 42.3 | (8.7)  | 0.8  | 130.7         | (6.1) | (0.8)                             | 4.9  | 763.2 | 545  |
| Depreciation and amortization | 114.7            | 102.4 | 27.1    | 18.1 | -                      | 0.1  | 14.3   | 9.9  | 11.1          | -     | -                                 | -    | 167.2 | 130  |
| EBITDA                        | 628.8            | 529.2 | 112.1   | 95.1 | 43.0                   | 42.4 | 5.6    | 10.7 | 141.8         | (6.1) | (0.8)                             | 4.9  | 930.4 | 675  |

## IX. Reconciliation with Income Statement as of March 31\*

Below is an explanation of the reconciliation of the company's income by segment with its consolidated income statement. The difference lies in the presence of joint businesses included in the segment but not in the income statement.

|  | Total Segment Information |         | Interest in Joint Businesses |        | Income Statement |         | YoY var |
|--|---------------------------|---------|------------------------------|--------|------------------|---------|---------|
|  | 9M 13                     | 9M 12   | 9M 13                        | 9M 12  | 9M 13            | 9M 12   |         |
| Revenues   | 1,715.3                   | 1,378.9 | (111.2)                      | (50.3) | 1,604.1          | 1,328.5 | 20.7 %  |
| Costs  | (888.6)                   | (673.9) | 87.4                         | 36.7   | (801.2)          | (637.3) | 25.7 %  |
| Gross Profit /(Loss                                | 826.7                     | 704.9   | (23.9)                       | (13.6) | 802.9            | 691.3   | 16.1 %  |
| Income / (loss) from sale of investment properties | 64.0                      | 42.7    | -                            | -      | 64.0             | 42.7    | 49.8 %  |
| General and administrative expenses                | (152.2)                   | (126.4) | 1.0                          | 1.3    | (151.1)          | (125.1) | 20.9 %  |
| Selling expenses                                   | (81.6)                    | (61.9)  | 8.4                          | 5.7    | (73.2)           | (56.3)  | 30.2 %  |
| Other operating income, net                        | 106.2                     | (13.8)  | 1.0                          | 1.8    | 107.2            | (12.0)  | -       |
|  | 763.2                     | 545.6   | (13.5)                       | (4.9)  | 749.7            | 540.7   | 38.7 %  |

|  |       |       |        |        |       |       |         |  |
|--|-------|-------|--------|--------|-------|-------|---------|--|
| Operating Income /<br>(Loss) before income /<br>(loss) from interests in<br>equity investees and<br>joint businesses |       |       |        |        |       |       |         |  |
| Income / (loss) from<br>interests in equity<br>investees and joint<br>businesses                                     | 6.0   | 18.8  | 9.2    | (2.9 ) | 15.1  | 15.9  | (5.1 )% |  |
| Operating Income /<br>(Loss) before financial<br>income / (loss) and<br>income tax                                   | 769.1 | 564.4 | (4.3 ) | (7.8 ) | 764.8 | 556.6 | 37.4 %  |  |

\*Does not include Puerto Retiro, Baicom, CYRSA, Canteras Natal Crespo, Nuevo Puerto Santa Fe and Quality (San Martín Plot).

„ The accumulated result of ARS 106.2 million recorded in “Other Operating Income, net” is mainly explained by the income generated by the consolidation of our investment in the building located at 183 Madison Avenue in the City of New York during the past quarter as a result of its equity value revaluation at fair value. Also noteworthy is the ARS 64.0 million result recorded in “Income / (loss) from sale of investment properties” reflecting the sales of “La Nación” and “El Rulero” buildings during the past quarter.

## IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

## X. Financial Debt and Other Indebtedness

Consolidated Financial Debt as of March 31, 2013

| Description                          | Currency | Amount (USD MM) (1) | Interest Rate           | Maturity   |
|--------------------------------------|----------|---------------------|-------------------------|------------|
| Bank Overdraft                       | ARS      | 23.3                | Floating                | < 180 days |
| IRSA's Tranche I Series I Notes      | USD      | 150.0               | 8.50%                   | Feb-17     |
| IRSA's Tranche II Series II Notes(2) | USD      | 150.0               | 11.50%                  | Jul-20     |
| IRSA's Tranche III Series III Notes  | ARS      | 19.9                | BADLAR + 249 bps        | Aug-13     |
| IRSA's Tranche III Series IV Notes   | USD      | 33.8                | 7.45%                   | Feb-14     |
| Other Loans                          | USD      | 5.0                 | Libor 1 month + 275 bps | Dec-13     |
| Belmont Madison Building mortgage    | USD      | 75.0                | 4.22%                   | Aug-17     |
| IRSA's Total Debt                    |          | 457.0               |                         |            |
| Short Term Debt                      | ARS      | 55.1                | 15.01%                  | Dec-15     |
| APSA's Tranche I Series I Notes(2)   | USD      | 120.0               | 7.875%                  | May-17     |
| Other Debt                           | USD      | 19.6                | 5.00%                   | Jul-17     |
| APSA's Total Debt                    |          | 194.7               |                         |            |
| Total Consolidated Debt              |          | 651.8               |                         |            |
| Consolidated Cash                    |          | 78.0                |                         |            |
| Repurchase of Debt                   |          | 13.9                |                         |            |
| Net Consolidated Debt                |          | 559.9               |                         |            |

(1) Principal face value in USD at an exchange rate of 5.122 ARS = 1 USD, without considering accrued interest or elimination of balances with subsidiaries.

(2) As of June 30, 2012 APSA had repurchased USD 10.0 million in principal amount.

(3) As of June 30, 2012 APSA had repurchased USD 3.9 million in principal amount.

## Significant Events occurred during the Quarter and Subsequent Events

- On January 14, 2013, IRSA accepted APSA's repurchase offer for all its Convertible Series I Notes due in July 2014, currently amounting to USD 31,738,262 in principal amount, for a total price of USD 35.4 million or USD 1.1148554 per Convertible Note.
- On March 22, 2013 the Board of Directors of our subsidiary APSA resolved to call a General Ordinary Shareholders' Meeting to be held on May 3, 2013, to consider the distribution of an interim cash dividend for the fiscal year started on July 1, 2012, based on the audited quarterly balance sheet as of December 31, 2012, for up to ARS 166,500,000.
-

On May 3, 2013, the General Ordinary Shareholders' Meeting of our subsidiary APSA was held, which approved the payment of an interim cash dividend for the current fiscal year for up to ARS 166,500,000 (equivalent to ARS/share 0.1321 and ARS/ADR 5.2851).

IRSA Inversiones y Representaciones Sociedad Anónima

Summary as of March 31, 2013

XI. Brief comment on prospects for the next period

Our shopping centers, managed through our subsidiary APSA, have continued to exhibit sound invoicing figures and occupancy rates close to 100%. During the fourth quarter of this fiscal year we expect to maintain the sales, visitors' traffic and occupancy levels recorded in the first nine months, so as to continue consolidating our position as the leading shopping center company in Argentina.

We will make progress in the final stage of development of our fourteenth shopping center "Arcos del Gourmet" located in the neighborhood of Palermo, in the City of Buenos Aires. This development combines a "Fashion & Outlet" concept, offering a variety of premium brands in an open-air environment, with approximately 14,000 sqm of gross leaseable area and 65 stores. Over the last months the project has been eagerly accepted among tenants, and to date 63% of the lease agreements have been executed and more than 80%, negotiated. We expect that this new proposal, planned to be opened in the spring of 2013, will be just as successful as our former developments.

On the other hand, we continue working on the development of a new shopping center in the City of Neuquén, which has recorded significant economic growth in the past decades. Through this project we hope to achieve the same level of acceptance by the public as we had in the other five locations in the interior of Argentina where we landed.

In addition, we will continue making efforts to improve our shopping centers' service offerings, so as to maintain our successful occupancy rates and visitors' traffic.

Regarding the Offices business, we expect to continue our sales of non-strategic portfolio assets for attractive prices as we have actively done during the past months. Moreover, we will strive to achieve maximum occupancy in our buildings and the best possible lease agreements, trying to attract new firms wishing to relocate in the spaces we offer. Moreover, we are deciding on the most suitable timing for launching our "Catalinas Norte" project, which is strategically located and will add approximately 35,000 sqm of gross leaseable area to our portfolio.

As concerns the hotel business, the lower inflow of international visitors, mainly from Brazil and Chile, and the higher operating costs in our Llao Llao hotel, affected by the eruption of the Chilean volcano in 2012, adversely impacted on our hotels' results. Betting on the growth of local tourism, we expect to recover occupancy levels in our Sheraton and Intercontinental hotels in the next fiscal year.

Regarding the Sales and Developments segment, we expect to continue selling non-strategic assets and small land reserves and to make progress in the sale of last units received following barter agreements in the residential projects Caballito Nuevo, Condominios del Alto (Rosario) and Barrio el Encuentro.

As concerns our investments outside Argentina, operating indicators in our New York buildings have improved in the first nine months of fiscal year 2013, thanks to our management's experience in managing real estate assets. We will continue to work towards increasing occupancy and income levels in our Lipstick and Madison buildings. Moreover, we sold a portion of our interest the hotel REIT Hersha Hospitality Trust at a profit, and we maintained our investment in the REIT Supertel Hospitality Inc. In the future, we expect to obtain high returns from these highly opportune investments at the shares' present values.

Given the quality of the real estate assets in our portfolio, the Company's financial position and low indebtedness level, its experience in taking advantage of market opportunities and its credentials in the capital markets, we are confident that that we will remain on the growth track, consolidating the best real estate portfolio of Argentina and taking

advantage of opportunities that may arise abroad.

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SIGNATURES

Pursuant to the requirements of the Security Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Buenos Aires, Argentina.

IRSA Inversiones y Representaciones S.A.

June 3, 2013

By: /s/ Saúl Zang  
Saúl Zang  
Responsible for the Relationship  
with the Markets