IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
December 06, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15b-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the month of December, 2011

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)

Republic of Argentina

(Jurisdiction of incorporation or organization)

Bolívar 108

(C1066AAB)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F x 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 x

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA

(THE COMPANY)

REPORT ON FORM 6-K

Attached is a copy of the English translation of the Financial Statements for the three-month period ended on September 30, 2011 and on September 30, 2010 filed by the Company with the *Bolsa de Comercio de Buenos* Aires and with the *Comisión Nacional de Valores.*

IRSA Inversiones y Representaciones

Sociedad Anónima and subsidiaries

Free translation of the Unaudited

Consolidated Financial Statements

For the three-month periods

beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

IRSA Inversiones y Representaciones

Sociedad Anónima

Free translation of the Unaudited Financial Statements

For the three-month periods

beginning on July 1, 2011 and 2010 and

ended September 30, 2011 and 2010

Company:	**IRSA Inversiones y Representaciones Sociedad Anónima**
Corporate domicile:	Bolívar 108 1º Floor Autonomous City of Buenos Aires
Principal activity:	Real estate investment and development

Financial Statements as of September 30, 2011

Presented in comparative form with the previous fiscal year

Stated in thousands of pesos

Fiscal year No. 69 beginning July 1st, 2011

DATE OF REGISTRATION WITH THE PUBLIC REGISTRY OF COMMERCE

Of the By-laws:	June 23, 1943
Of last amendment:	February 12, 2008
Registration number with the	
Superintendence of Corporations:	213,036
Duration of the Company:	April 05, 2043.
Controlling Company:	Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria (Cresud S.A.C.I.F. y A.)
Corporate Domicile:	Moreno 877, 23rd Floor, Autonomous City of Buenos Aires
Principal Activity:	Agricultural, livestock and real estate investment
Shareholding:	63.22%

Information related to subsidiaries is shown in Note 1.a.

CAPITAL COMPOSITION (Note 14 a. to the Basic Financial Statements)

Type of share	Authorized for Public Offer of Shares (*)	In thousands of pesos Subscribed	Paid in
Common share, 1 vote each	578,676,460	578,676	578,676

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

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Unaudited Consolidated Balance Sheets as of September 30 and June 30, 2011

In thousands of pesos (Notes 1 and 2)

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

	September 30, 2011	June 30, 2011		September 30, 2011	June 30, 2011
ASSETS			**LIABILITIES**		
CURRENT ASSETS			**CURRENT LIABILITIES**		
Cash and banks (Note 4)	206,965	168,170	Trade accounts payable (Note 11)	145,239	153,149
Investments (Note 5)	163,461	210,183	Customer advances (Note 12)	236,046	232,863
Accounts receivable, net (Note 6)	248,561	248,998	Short-term debt (Note 13)	696,559	683,813
Other receivables (Note 7)	270,515	155,169	Salaries and social security payable (Note 14)	26,926	35,792
Inventories (Note 8)	241,860	262,660	Taxes payable (Note 15)	99,371	119,053
Total Current Assets	1,131,362	1,045,180	Other liabilities (Note 16)	84,825	79,068
			Subtotal Current Liabilities	1,288,966	1,303,738
			Provisions (Note 17)	4,454	2,019
			Total Current Liabilities	1,293,420	1,305,757
			NON-CURRENT LIABILITIES		
			Trade accounts payable (Note 11)	290	47
NON-CURRENT ASSETS			Customer advances (Note 12)	96,679	94,244
Accounts receivable, net (Note 6)	17,375	14,300	Long-term debt (Note 13)	1,813,000	1,756,919
Other receivables (Note 7)	170,228	161,331	Taxes payable (Note 15)	352,075	328,692
Inventories (Note 8)	90,425	89,441	Other liabilities (Note 16)	19,903	18,129
Investments (Note 5)	1,926,580	1,946,145	**Subtotal Non-Current Liabilities**	2,281,947	2,198,031
Fixed assets, net (Note 9)	3,384,332	3,405,851	Provisions (Note 17)	12,961	12,881
Intangible assets, net	50,826	42,362	**Total Non-Current Liabilities**	2,294,908	2,210,912
Subtotal Non-Current Assets	5,639,766	5,659,430	**Total Liabilities**	3,588,328	3,516,669
Negative Goodwill, net (Note 10)	(372,833)	(389,300)	Minority interest	310,850	316,826
Total Non-Current Assets	5,266,933	5,270,130	**SHAREHOLDERS EQUITY**	2,499,117	2,481,815
Total Assets	6,398,295	6,315,310	**Total Liabilities and Shareholders Equity**	6,398,295	6,315,310

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

Eduardo S. Elsztain
President

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Unaudited Consolidated Statements of Income

For the three-month periods beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

In thousands of pesos, except earnings per share (Notes 1 and 2)

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

	September 30, 2011	**September 30, 2010**
Revenues	343,681	306,784
Costs	(129,514)	(103,059)
Gross profit	214,167	203,725
Selling expenses	(20,228)	(34,658)
Administrative expenses	(43,902)	(49,760)
Subtotal	(64,130)	(84,418)
Gain from recognition of inventories at net realizable value	13,648	13,453
Net gain from retained interest in securitized receivables		5,213
Operating income (Note 3)	163,685	137,973
Amortization of negative goodwill, net	5,194	629
Financial results generated by assets:		
Interest income	7,843	7,185
Foreign exchange gain	6,807	11,314
Other holding results	(56,019)	(16,551)
Subtotal	(41,369)	1,948
Financial results generated by liabilities:		
Interest expense	(65,580)	(50,638)
Foreign exchange loss	(43,759)	(13,683)
Other financial expenses	(2,672)	(754)
Subtotal	(112,011)	(65,075)
Financial results, net (Note 18 a.)	(153,380)	(63,127)
Gain on equity investees	11,476	21,756
Other expenses, net (Note 18 b.)	(5,068)	(3,366)
Income before taxes and minority interest	21,907	93,865
Income tax and Minimum Presumed Income Tax (MPIT)	(23,051)	(12,133)

Minority interest	6,837	(25,539)
Net income for the period	5,693	56,193
Earnings per share (Note 13 to the Unaudited Basic Financial Statements)		
Basic net income per share	0.010	0.097
Diluted net income per share	0.010	0.097

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

Eduardo S. Elsztain
President

IRSA Inversiones y Representaciones Sociedad Anónima

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Unaudited Consolidated Statements of Cash Flows

For the three-month periods beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

In thousands of pesos (Notes 1 and 2)

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

	September 30, 2011	September 30, 2010
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of the beginning of the year	312,274	151,354
Cash and cash equivalents as of the end of the period	289,084	454,774
Net (decrease) increase in cash and cash equivalents	(23,190)	303,420
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	5,693	56,193
Income tax and MPIT accrued during the period	23,051	12,133
- Adjustments to reconcile net income to cash flows from operating activities:		
Gain on equity investees	(11,476)	(21,756)
Amortization of negative goodwill, net	(5,194)	(629)
Minority interest	(6,837)	25,539
Gain from recognition of inventories at net realizable value	(13,648)	(13,453)
Allowances and provisions	12,523	13,006
Depreciation and amortization	44,181	39,607
Accrued interest	64,052	29,727
Financial results, net	96,934	35,483
Long-term incentive program reserve (Note 23)	1,774	
Gain for fixed assets retired	435	42
Net (loss) gain from the derecognition of intangible assets	(535)	9,292
Additions of intangible assets	(540)	
- Changes in certain assets and liabilities net of non-cash transactions and effects of acquisitions:		
Decrease (Increase) in accounts receivable, net	5,538	(78,957)
Increase in other receivables	(1,437)	(36,045)
Decrease (Increase) in inventories	35,667	(21,042)
(Decrease) Increase in trade accounts payable	(5,692)	61,982
Decrease in customer advances, taxes payable, salaries and social security payable	(37,896)	(31,949)
Decrease in other liabilities	(5,930)	(7,304)
Net cash provided by operating activities	200,663	71,869
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection from sale of real estate		2,652
Increase in current investments	(28,942)	(5,856)
Increase in other investments		(33,319)
Share-holding increase in equity investees	(2,617)	(36,415)
Increase in intangible assets, net		(1,117)
Advance payments for the acquisition of shares		(29,438)

Acquisition of undeveloped parcels of land	(243)	(1,613)
Acquisition and improvements of fixed assets	(15,473)	(16,143)
(Outflows) Inflows for the acquisition / sale of subsidiaries, net	(6,651)	57,508
Collection of dividends	2,929	1,975
Payments for the acquisition of equity investees		(6,053)
Loans granted to related parties, net	(109,459)	15,403
Net cash used in investing activities	(160,456)	(52,416)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (Payments) in short-term and long term debt, net	9,648	(20,176)
Bank overdrafts, net	13,327	(268,089)
Capital contribution by minority owners in related parties	3,036	474
Interest paid	(79,587)	(31,741)
Proceeds from issuance of Non-Convertible Notes, net of expenses		607,449
Payment of seller financing	(9,821)	(3,950)
Net cash (used in) provided by financing activities:	(63,397)	283,967
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(23,190)	303,420

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

Eduardo S. Elsztain

President

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IRSA Inversiones y Representaciones Sociedad Anónima

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Unaudited Consolidated Statements of Cash Flows (Continued)

For the three-month periods beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

In thousands of pesos (Notes 1 and 2)

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

	September 30, 2011	September 30, 2010
Supplemental cash flow information		
Income tax paid	8,931	4,394
Non-cash activities:		
Issuance of Trust Certificates		18,786
Increase in non-current investments through a decrease in other liabilities		6,053
Increase in non-current investments through a decrease in other receivables		36,036
Increase in fixed assets, net through an increase in trade accounts payable		5,352
Decrease in inventories through a decrease in trade accounts payable	11,970	
Transfer of fixed assets to inventories	5,893	
Cumulative translation adjustment of subsidiaries	9,898	1,507
Transfer of undeveloped parcels of land to inventories		3,030
Increase in inventories through an increase in customer advances	2,738	1,920
Increase in fixed assets, net through an increase in long-term debt		53,896
Composition of cash and cash equivalents at the period end		
Cash and Banks	206,965	67,667
Current investments	163,461	462,778
Subtotal cash and banks and current investments	370,426	530,445
Less: (items not considered cash and cash equivalents)		
Mutual funds	61,853	59,257
Retained interest in securitized receivables of Tarshop S.A. (CPs)		4,550
Stock shares	13,688	11,369
Mortgage bonds issued by Banco Hipotecario S.A.	481	480
Interest receivable Non-Convertible Notes Cresud S.A.C.I.F. y A.	5,308	
Other investments	12	15
Cash and cash equivalents	289,084	454,774

Eduardo S. Elsztain
President

IRSA Inversiones y Representaciones Sociedad Anónima

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Unaudited Consolidated Statements of Cash Flows (Continued)

For the three-month periods beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

In thousands of pesos (Notes 1 and 2)

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

	September 30, 2011	**September 30, 2010**
Sale /Acquisition of subsidiaries		
- Accounts receivable, net	(1,307)	278,805
- Other receivables	(2,040)	65,144
- Investments		125,694
- Fixed assets, net	(11,885)	2,829
- Intangible assets, net	(9,434)	
- Trade accounts payable	1,577	(204,255)
- Customer advances	97	
- Short-term and long-term debt		(91,173)
- Salaries and social security payable	49	(11,221)
- Taxes payable	418	(14,654)
- Other liabilities	64	(62)
Net value of assets acquired/sold not considered cash and cash equivalents	(22,461)	151,107
- Impairment and sale of investment		(12,119)
- Remaining investment		(32,175)
- Minority interest	(1,434)	(31,369)
- Negative goodwill, net	(11,344)	3,316
Net value of assets acquired/sold	(35,239)	78,760
- Seller financing	27,050	
- Cash in advance	1,538	(21,252)
Payment /Collection of cash from sale/acquisition of subsidiaries	(6,651)	57,508

Eduardo S. Elsztain
President

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements

For the three-months periods beginning on July 1, 2011 and 2010 and

ended September 30, 2011 and 2010

In thousands of pesos

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

NOTE 1: BASIS OF CONSOLIDATION CORPORATE CONTROL

a. Basis of consolidation

Financial Statements have been prepared in constant currency.

The Company has consolidated its balance sheets at September 30 and June 30, 2011, statements of income and cash flows for the three-months periods ended September 30, 2011 and 2010 line by line with the financial statements of its subsidiaries, following the procedure established in Technical Resolution No. 21 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (F.A.C.P.C.E.) and approved by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires and by the National Securities Commission. All significant intercompany balances and transactions have been eliminated in consolidation. The Unaudited Consolidated Financial Statements include the assets, liabilities and results of operations of the following controlled subsidiaries:

	September 30, 2011	June 30, 2011	September 30, 2011	June 30, 2011
	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
COMPANIES				
Ritelco S.A.	100.00	100.00	100.00	100.00
Palermo Invest S.A.	100.00	100.00	100.00	100.00
Inversora Bolívar S.A.	100.00	100.00	100.00	100.00
E-Commerce Latina S.A.	100.00	100.00	100.00	100.00
Solares de Santa María S.A. (1)	100.00	100.00	100.00	100.00
Hoteles Argentinos S.A.	80.00	80.00	80.00	80.00
Alto Palermo S.A. (APSA) (2)	94.89	94.89	94.89	94.89
Llao Llao Resorts S.A.	50.00	50.00	50.00	50.00
Tyrus S.A.	100.00	100.00	100.00	100.00
Nuevas Fronteras S.A.	76.34	76.34	76.34	76.34
Unicity S.A. (1)	100.00	100.00	100.00	100.00

(1) See Note 16.7. to the Unaudited Basic Financial Statements
(2) See Note 16.2. and 18.2. to the Unaudited Basic Financial Statements

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

a. (Continued)

In addition, the assets, liabilities and results of operations of the Company subsidiaries (of which the Company holds a direct interest) that follow have been included in the Unaudited Consolidated Financial Statements, applying the proportionate consolidation method.

	September 30, 2011	June 30, 2011	September 30, 2011	June 30, 2011
COMPANIES	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
Cyrsa S.A. (CYRSA) (1)	50.00	50.00	50.00	50.00
Canteras Natal Crespo S.A. (2)	50.00	50.00	50.00	50.00
Quality Invest S.A.(Quality) (3)	50.00	50.00	50.00	50.00

(1) The Company holds joint control with Cyrela Brazil Realty S.A. Empreendimentos y Partiçipacões (CYRELA). (see Note 22 A.1.).
(2) The Company holds joint control of this company with Euromayor S.A.
(3) The Company has joint control of this company with EFESUL S.A (See Note 16.9. to the Unaudited Basic Financial Statements).
They also include assets, liabilities and net income of the companies controlled indirectly through subsidiaries.

b. Comparative Information

Balance items as of June 30, 2011 shown in these unaudited financial statements for comparative purposes arise from audited annual financial statements for the year then ended.

Balances for the three-month period ended September 30, 2011 of income and cash flows statements are shown for comparative purposes with the same period of the previous fiscal year.

The financial statements as of June 30, 2011 and September 30, 2010 originally issued have been subject to certain reclassifications required in order to present these figures comparatively with those stated as of September 30, 2011.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

c. Additional information about Tarshop S.A.´s sale

On September 13, 2010, APSA sold 80% of Tarshop S.A.. Consequently, the Unaudited Statement of Income and the Unaudited Statement of Cash Flows as of September 30, 2010 include income and cash flows, respectively, for the two-month period in which APSA still controlled it. As from the sale, results generated from the remaining investment are disclosed under caption Gain on equity investees .

The following table shows a summary of the effect that would have had Tarshop S.A. s de-consolidation on the Statement of Income and Statement of Cash Flows as of September 30, 2010.

Statements of income	Financial Statements issued as of September 30, 2010 Ps.	Tarshop S.A. as of September 30, 2010 Ps.	Financial Statements assuming the sale as of September 30, 2010 Ps.
Revenues	306,784	(53,887)	252,897
Costs	(103,059)	18,032	(85,027)
Gross profit	**203,725**	**(35,855)**	**167,870**
Operating income (Note 3)	**137,973**	**(16,454)**	**121,519**
Gain on equity investees	**21,756**	**17,525**	**39,281**
Net income for the period	**56,193**		**56,193**

Statements of Cash Flows	Financial Statements issued as of September 30, 2010 Ps.	Tarshop S.A. as of September 30, 2010 Ps.	Financial Statements assuming the sale as of September 30 2010 Ps.
Cash Flow:			
- Provided by operating activities	66,013	22,002	88,015
- (Used in) provided by investing activities	(50,510)	101	(50,409)

- Provided by (used in) financing activities	287,917	(28,553)	259,364

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the subsidiaries mentioned in Note 1 a., have been prepared on a consistent basis with those applied by the Company. The Note 1 a. to the Unaudited Basic Financial Statements details the most significant accounting policies. Below are the most relevant accounting policies adopted by the subsidiaries, which are not included in that note.

In addition to the description in the Unaudited Basic Financial Statements:

a. Revenue recognition

Revenues from admission rights, leases and services

Leases with tenants are accounted for as operating leases. Tenants are generally charged a rent, which consists of the higher of: (i) a monthly base rent (the Base Rent) and (ii) a specified percentage of the tenant s monthly gross retail revenues (the Percentage Rent) (which generally ranges between 4% and 10% of tenant s gross revenues).

Furthermore, pursuant to the rent escalation clause in most leases, a tenant s Base Rent generally increases between 7% and 12% each year during the term of the lease. Minimum rental income is recognized on the accrued criteria.

Certain lease agreements contain provisions, which provide for rents based on a percentage of revenues or based on a percentage of revenues volume above a specified threshold. APSA determines the compliance with specific targets and calculates the additional rent on a monthly basis as provided for in the contracts. Thus, these contingent rents are not recognized until the required thresholds are exceeded.

Generally, APSA s lease agreements vary from 36 to 120 months. Law No. 24,808 provides that tenants may rescind commercial lease agreements after the initial six-months, upon not less than 60 days written notice, subject to penalties which vary from one to one and a half months rent if the tenant rescinds during the first year of its lease, and one month of rent if the tenant rescinds after the first year of its lease.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 2: (Continued)

a. (Continued)

Additionally, APSA charges its tenants a monthly administration fee related to the administration and maintenance of the common area and the administration of contributions made by tenants to finance promotional efforts for the overall shopping centers operations. The administration fee is prorated among the tenants according to their leases, which varies from shopping center to shopping center. Administration fees are recognized monthly when earned.

In addition to rent, tenants are generally charged admission rights , a non-refundable admission fee that tenants may be required to pay upon entering into a lease or upon lease renewal. Admission right is normally paid in one lump sum or in a small number of monthly installments. Admission rights are recognized using the straight-line method over the life of the respective lease agreements.

Lease agent operations

Fibesa S.A., company in which Alto Palermo S.A. has shares of 99.99996%, acts as the leasing agent for APSA bringing together APSA and potential lessees for the retail space available in certain of the APSA s shopping centers. Fibesa S.A. s revenues are derived primarily from collected commissions calculated as a percentage of the final rental income value, admission rights and commissions for rental of advertising spaces. Revenues are recognized at the time that the transaction is successfully concluded.

Consumer Financing operations

Revenues derived from credit card transactions consist of commissions and financing income, charges to clients for life and disability insurance and for statements of account, among other. Commissions are recognized at the time the merchants transactions are processed, while the rest financing income is recognized when accrued. Income generated from granting consumer loans mainly includes financial interests, which are recognized by the accrual method during the period, irrespective of whether collection has or has not been made.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 2: (Continued)

a. (Continued)

Hotel operations

The Company recognizes revenues from its rooms, catering and restaurant facilities as accrued on the close of each business day.

b. Investments

Equity investees and other non-current investments

The interests held in entities over which the Company does not exert control, joint control or significant influence have been measured for accounting purposes at cost plus any declared dividends.

Given the sale of 80% of Tarshop S.A. s shares described in Note 22 B.3., as of the date of issuance of these unaudited financial statements, APSA maintains a 20% investment in Tarshop S.A. that is valued by the equity method due to the existence of significant influence by the group of companies on Tarshop S.A. s decisions and the intention to keep it as a long-term investment.

The equity investments in TGLT S.A. and Hersha Hospitality Trust were valued at their acquisition cost.

c. Intangible assets, net

Intangible assets are carried at restated cost less accumulated amortization and corresponding allowances for impairment in value, if applicable. Included in the intangible assets caption are the following:

Concession

Intangible assets include Arcos del Gourmet S.A. s concession right, which will be amortized over the life of the concession agreement (see Notes 22 B.1. and 24 B.5.), after the opening of the shopping center.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 2: (Continued)

c. (Continued)

Trademarks

Trademarks include the expenses and fees related to their registration.

Pre-operating and organization expenses

These expenses are amortized by the straight-line method in 3 years, starting upon the opening of the shopping center.

The net carrying value of these assets does not exceed their estimated recoverable value at period / year end.

Non-compete agreement

These expenses were amortized by the straight-line method in 28 months, starting upon December 1st, 2009.

Under the agreement executed with Banco Hipotecario S.A. for the sale of Tarshop S.A. s shares, APSA has signed a non-compete agreement in favor of BHSA and has thus written off this intangible (See Note 22 B.3.).

d. Negative Goodwill, net

Amortizations were calculated through the straight-line method on the basis of an estimated useful life considering the weighted average of the remaining useful life of the assets acquired.

The residual value of goodwill arising from the acquisition of net assets and shares in companies has been shown in the Negative goodwill, net caption. Amortizations were classified in the Amortization of the negative goodwill, net caption of the Statement of Income. Goodwill related to the acquisition of interest in subsidiaries is included in non-current investments.

Values thus obtained do not exceed the respective estimated recoverable values at period / year end.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 2: (Continued)

e. Liabilities in kind related to barter transactions

Liabilities in kind corresponding to obligations to deliver units to be built are valued considering the value of the assets received or the cost of construction of the units to deliver plus necessary additional costs to transfer the assets to the creditor, the largest, thus reducing its value pro rata the units that are granted notarial titled deed. Liabilities in kind have been shown in the Trade account payables caption.

NOTE 3: NET INCOME BY BUSINESS SEGMENT

The Company has determined that its reportable segments are those that are based on the Company s method of internal reporting. Accordingly, the Company has six reportable segments. These segments are Development and Sale of properties, Office and other Non-Shopping center Rental Properties, Shopping centers, Hotel Operations, Consumer financing and Financial operations and others.

A general description of each segment follows:

Development and Sale of properties

This segment includes the operating results of the Company s construction and/or sale of property business.

Office and other Non-Shopping center Rental Properties

This segment includes the operating results of lease and service revenues of office space and other building properties from tenants.

Shopping centers

This segment includes the operating results of shopping centers activities.

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NOTE 3: (Continued)

Hotel operations

This segment includes the operating results of the Company s hotels principally comprised of room, catering and restaurant revenues.

Consumer financing

Includes the results of granting of consumer credits, of credit cards receivables and related securitization programs carried through Tarshop S.A. (see Note 1 c.) and APSAMEDIA S.A. (see Note 22 B.11.).

Financial operations and others

This segment primarily includes results related to or generated by security transactions and other non-core activities of the Company. This segment also includes gain/loss in equity investees of the Company related to the banking industry.

The Company measures its reportable segments based on operating result. Inter-segment transactions, if any, are accounted for at current market prices. The Company evaluates performance of its segments and allocates resources to them based on operating result. The Company is not dependent on any single customer.

The accounting policies of the segments are the same as those described in Note 1 to the Unaudited Basic Financial Statements and in Note 2 to the Unaudited Consolidated Financial Statements.

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NOTE 3: (Continued)

The following information provides the operating results from each business segment:

As of September 30, 2011:

	Development and Sale of Properties	Office and Other Non-Shopping Center Rental Properties (a)	Shopping Centers	Hotel Operations	Consumer Financing	Financial Operations and Others	Total
Revenues	55,421	44,071	202,568	39,556	2,065		343,681
Costs	(49,639)	(9,402)	(44,499)	(25,225)	(749)		(129,514)
Gross profit	**5,782**	**34,669**	**158,069**	**14,331**	**1,316**		**214,167**
Selling expenses	(4,834)	(1,601)	(10,807)	(5,348)	2,362		(20,228)
Administrative expenses	(7,029)	(8,075)	(18,822)	(9,925)	(51)		(43,902)
Subtotal	**(11,863)**	**(9,676)**	**(29,629)**	**(15,273)**	**2,311**		**(64,130)**
Gain from recognition of inventories at net realizable value	13,648						13,648
Operating income	**7,567**	**24,993**	**128,440**	**(942)**	**3,627**		**163,685**
Depreciation and amortization (b)	24	6,490	34,452	3,213	2		44,181
Acquisition of fixed assets, net and intangible assets, net		3,038	11,583	1,392			16,013
Non-current investments in equity investees	87,313	207,120		243,869	53,007	933,438	1,524,747
Operating assets	656,290	1,350,271	2,411,893	203,516	22,542	337,381	4,981,893
Non-operating assets	68,696	103,722	(154,039)	67,268	33,089	1,297,666	1,416,402
Total assets	724,986	1,453,993	2,257,854	270,784	55,631	1,635,047	6,398,295
Operating liabilities	19,801	132,614	409,380	37,535	5,221		604,551
Non-operating liabilities	498,360	448,146	1,617,428	211,773	25,586	182,484	2,983,777
Total liabilities	518,161	580,760	2,026,808	249,308	30,807	182,484	3,588,328

(a) Includes offices, commercial and residential premises.
(b) Included in operating income.

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NOTE 3: (Continued)

The following information provides the operating results from each business segment:

As of September 30, 2010:

	Development and Sale of Properties	Office and Other Non-Shopping Center Rental Properties (a)	Shopping Centers	Hotel Operations	Consumer Financing (1)	Financial Operations and Others	Total
Revenues	10,979	40,598	148,802	48,565	57,840		306,784
Costs	(5,951)	(7,193)	(40,309)	(30,191)	(19,415)		(103,059)
Gross profit	**5,028**	**33,405**	**108,493**	**18,374**	**38,425**		**203,725**
Selling expenses	(696)	(971)	(8,575)	(5,128)	(19,288)		(34,658)
Administrative expenses	(9,672)	(9,952)	(15,183)	(9,673)	(5,280)		(49,760)
Subtotal	**(10,368)**	**(10,923)**	**(23,758)**	**(14,801)**	**(24,568)**		**(84,418)**
Gain from recognition of inventories at net realizable value	13,453						13,453
Gain from retained interest in securitized receivables					5,213		5,213
Operating income	**8,113**	**22,482**	**84,735**	**3,573**	**19,070**		**137,973**
Depreciation and amortization (b)	75	6,171	29,111	3,690	560		39,607
Acquisition of fixed assets, net and intangible assets, net	14	356	14,760	2,040	90		17,260
Non-current investments in equity investees (c)	84,062	207,074		277,248	49,459	923,807	1,541,650
Operating assets (c)	671,738	1,367,767	2,413,943	202,633	26,198	367,427	5,049,706
Non-operating assets (c)	40,754	44,846	(175,462)	36,913	22,510	1,296,043	1,265,604
Total assets (c)	712,492	1,412,613	2,238,481	239,546	48,708	1,663,470	6,315,310
Operating liabilities (c)	24,491	137,990	402,523	39,030	31,112		635,146
Non-operating liabilities (c)	483,151	436,886	1,568,627	198,135		194,724	2,881,523
Total liabilities (c)	507,642	574,876	1,971,150	237,165	31,112	194,724	3,516,669

(a) Includes offices, commercial and residential premises.
(b) Included in operating income.
(c) Information as of June 30, 2011

(1) See Note 1.c..

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NOTE 4: CASH AND BANKS

The breakdown for this item is as follows:

	September 30, 2011	June 30, 2011
Cash on hand	2,003	1,768
Bank accounts	204,962	166,402
	206,965	168,170

NOTE 5: INVESTMENTS

The breakdown for this item is as follows:

	September 30, 2011	June 30, 2011
Current		
Mutual funds	140,941	204,167
Time deposits	3,031	
Stock shares	13,688	2,912
Mortgage bonds issued by Banco Hipotecario S.A.	481	477
Other investments	12	12
Interest receivable Non-Convertible Notes Cresud S.A.C.I.F. y A. (Note 24 B.4.)	5,308	2,615
Total Current	163,461	210,183
Non-current		
Banco Hipotecario S.A. (1)	927,239	917,690
Banco de Crédito & Securitización S.A. (Note 16.10. to the Unaudited Basic Financial Statements)	6,199	6,117
Hersha Hospitality Trust (Note 22 A.2.)	243,869	277,248
New Lipstick LLC (Note 22 A.3.)	118,505	115,946
Rigby 183 LLC (Note 22 A.6.)	88,615	91,128
Tarshop S.A. (Note 22 B.3.)	53,007	49,459
TGLT S.A. (Notes 22 B.12. and 16.8 to the Unaudited Basic Financial Statements)	59,031	56,381
Manibil S.A.	28,282	27,681
Advance payments for the acquisition of shares (Note 16.10. to the Unaudited Basic Financial Statements)	266	1,797
Non-convertible Notes Cresud S.A.C.I.F. y A. (Note 24 B.4.)	5,256	7,706
Other investments	497	501

Subtotal	1,530,766	1,551,654

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NOTE 5: (Continued)

	September 30, 2011	June 30, 2011
Undeveloped parcels of land:		
Santa María del Plata	158,742	158,742
Puerto Retiro (2)	54,275	54,370
Caballito plot of land	45,814	45,814
Patio Olmos (Note 22 B.4.)	33,403	33,475
Zetol plot of land (Note 22 A.5.)	32,489	31,721
Air Space Coto	16,110	16,110
Air Space Soleil Factory	6,676	6,676
Vista al Muelle plot of land (Note 22 A.5.)	22,674	22,140
Canteras Natal Crespo	5,967	5,779
Pilar	3,408	3,408
Other undeveloped parcels of land	16,256	16,256
Subtotal	395,814	394,491
Total non-current	1,926,580	1,946,145

(1) As of September 30 and June 30, 2011, includes Ps. 25,322 and Ps. 21,863, respectively, as goodwill and higher and lesser values and unrealized profits resulting from intragroup transactions. As of September 30 and June 30, 2011 represents 446,515,208 shares with a quoted value at closing equivalent to Ps. 1.57 and Ps. 2.36 per share, respectively.

(2) See Note 21 A.(i).

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NOTE 6: ACCOUNT RECEIVABLE, NET

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Leases and services and from the sale of properties receivables	88,938	17,375	97,025	14,300
Checks to be deposited	106,913		95,226	
Consumer financing receivables	65,165		70,248	
Hotel receivables	11,842		9,954	
Related parties (Note 19)	7,035		8,767	
Receivables with collection agents	5,118		4,869	
Pass-through expenses receivables	22,516		18,953	
Debtors under legal procedures	50,425		48,954	
Receivables from the sale of fixed assets			4,034	
Notes receivables	4,026		5,987	
Credit cards receivables	227		497	
Less:				
Allowance for leases, services and from sale of properties receivables	(55,870)		(55,055)	
Allowance for consumer financing receivables	(57,291)		(59,891)	
Allowance for hotel receivables	(483)		(570)	
	248,561	17,375	248,998	14,300

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NOTE 7: OTHER RECEIVABLES

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Related parties (Note 19)	161,171	424	42,270	415
Prepaid expenses and services	42,420	3,758	43,632	3,114
Value Added Tax (VAT)	46,765	41,383	42,386	49,059
Gross revenue tax	5,834	1,128	6,947	1,067
MPIT	2,819	85,084	1,824	84,492
Income tax, net	2,445		2,373	
Loans granted, net	541		644	
Deferred Income Tax		41,667		30,383
Mortgage receivable		2,208		2,208
Others	8,520	5,304	15,093	4,478
Less:				
Allowance for doubtful mortgage receivable		(2,208)		(2,208)
Present value		(8,520)		(11,677)
	270,515	170,228	155,169	161,331

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NOTE 8: INVENTORIES

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Horizons (Note 22 A.1.)	196,071		209,458	
Libertador 498 (1)	10,090			
Thames (1)	3,897			
Caballito Nuevo (2)	4,141		5,473	
Rosario plot of land (3)	6,172		25,511	
Units to be received Beruti (Note 19)(4)		23,608		23,309
Units to be received Caballito (Note 19)(5)		52,029		51,999
El Encuentro (6)	3,765		4,432	1,486
Torres de Rosario (Note 22 B.5.)	8,868	6,512	9,320	4,388
Plots of land receivable Pereiraola(7)		8,200		8,200
Inventories (hotel operations)	3,788		3,575	
Abril	1,085		1,085	
Other inventories	3,983	76	3,806	59
	241,860	90,425	262,660	89,441

(1) See Note 16.1 to the Unaudited Basic Financial Statements.
(2) See Note 5 (2) to the Unaudited Basic Financial Statements.
(3) See Note 22 B.10.
(4) See Note 22 B.6.
(5) See Note 16.11 to the Unaudited Basic Financial Statements.
(6) See Note 5 (4) to the Unaudited Basic Financial Statements.
(7) See Note 16.3 to the Unaudited Basic Financial Statements.

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NOTE 9: FIXED ASSETS, NET

The breakdown for this item is as follows:

	September 30, 2011	June 30, 2011
Hotels		
Llao Llao	74,154	75,207
Intercontinental Buenos Aires	52,444	52,288
Sheraton Libertador	40,161	41,091
Bariloche plots of land	21,900	21,900
Subtotal Hotels	188,659	190,486
Office buildings		
Edificio República	214,348	215,535
Torre BankBoston	151,823	152,498
Bouchard 551	147,660	148,242
Intercontinental Plaza	77,806	78,394
Dot Baires Office Building	104,350	105,144
Bouchard 710	64,021	64,277
Dique IV	61,655	62,218
Maipú 1300	36,558	36,904
Costeros Dique IV	18,376	18,523
Libertador 498	9,920	12,024
Suipacha 652	10,371	10,484
Avda. De Mayo 595	4,196	4,255
Madero 1020	192	197
Rivadavia 2768	185	191
Sarmiento 517	241	244
Subtotal Office buildings	901,702	909,130
Other fixed assets		
Catalinas Norte plot of land	104,057	102,666
Santa María del Plata	12,511	12,508
Constitución 1159	6,387	6,387
Museo Renault	4,669	4,692
Thames (See Note 16.1 to the Unaudited Basic Financial Statements)		3,897
Casona Abril	2,475	2,525
Constitución 1111	843	854
Alto Palermo Park	541	542
Predio San Martín	69,715	69,994
Other	5,898	5,350

Subtotal Other fixed assets	207,096	209,415

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NOTE 9: (Continued)

	September 30, 2011	June 30, 2011
Shopping Center		
Dot Baires	489,357	495,836
Abasto	325,007	325,352
Alto Palermo	274,211	279,937
Patio Bullrich	135,906	136,466
Mendoza Plaza	122,930	123,312
Alto Rosario	139,636	138,472
Alto Avellaneda	168,262	169,456
Paseo Alcorta	132,713	133,090
Córdoba Shopping - Villa Cabrera (Nota 24 B.1.)	78,761	78,527
Soleil Factory	71,537	68,578
Alto NOA	41,049	40,912
La Ribera	11,641	
Suppliers advances	10,163	11,151
Neuquén Project (Note 24 B.2.)	19,024	17,063
Buenos Aires Design	17,138	18,103
Other fixed assets	18,232	28,815
Other properties	22,044	22,486
Units to be received Beruti	9,264	9,264
Subtotal Shopping Center	2,086,875	2,096,820
Total	3,384,332	3,405,851

NOTE 10: NEGATIVE GOODWILL, NET

The breakdown for this item is as follows:

	September 30, 2011	June 30, 2011
Goodwill:		
Alto Palermo S.A.	19,775	20,176
Arcos del Gourmet S.A.	6,060	
Torre BankBoston	5,429	5,481
Nuevo Puerto Santa Fe S.A.	5,284	
Museo Renault	2,910	2,951
Conil S.A.	343	343
Subtotal goodwill	39,801	28,951

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NOTE 10: (Continued)

	September 30, 2011	June 30, 2011
Negative goodwill:		
Alto Palermo S.A. (Note 16.2. to the Unaudited Basic Financial Statements)	(352,995)	(358,062)
Palermo Invest S.A.	(37,661)	(38,180)
Empalme S.A.I.C.F.A. y G.	(6,003)	(6,127)
Mendoza Plaza Shopping S.A.	(2,740)	(2,783)
Unicity S.A.	(3,601)	(3,601)
Emprendimiento Recoleta S.A.	(115)	(127)
Soleil Factory	(9,519)	(9,371)
Subtotal negative goodwill	(412,634)	(418,251)
Total negative goodwill, net	(372,833)	(389,300)

NOTE 11: TRADE ACCOUNTS PAYABLE

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Suppliers	46,673	290	42,414	47
Accruals	51,998		60,830	
Liabilities in kind Horizons (See Note 22 A.1.)	30,458		36,443	
Related parties (Note 19)	13,081		9,905	
Others	3,029		3,557	
	145,239	290	153,149	47

NOTE 12: CUSTOMER ADVANCES

The breakdown for this item is as follows:

September 30, 2011		June 30, 2011	
Current	Non-current	Current	Non-current

Customers advances	122,232		137,020	
Admission rights	64,650	70,706	60,822	66,885
Lease advances	49,164	25,973	35,021	27,359
	236,046	96,679	232,863	94,244

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NOTE 13: SHORT-TERM AND LONG TERM DEBT

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Bank overdrafts	434,890		420,032	
Bank loans (1)	125,545	43,223	128,448	27,585
Non-Convertible Notes APSA 2012 US$ 154 M (6)	28,994		28,889	
Convertible Notes APSA 2014 US$ 50 M (5)	1	4,224	3	4,640
Non-Convertible Notes APSA 2017 US$ 120 M (4) (Note 19)	13,711	443,634	4,490	432,591
Non-Convertible Notes 2017 (3)	8,061	626,887	20,960	612,419
Non-Convertible Notes 2020 (3)	13,394	612,376	30,800	598,116
Related parties (Note 19)	2,422		2,345	
Seller financing (2)	69,541	82,656	47,846	81,568
	696,559	1,813,000	683,813	1,756,919

(1) Balances as of September 30, 2011 includes:

- (a) Ps. 31,099 as current balance and Ps. 28,223 as a non-current balance related to debt for purchase República building (see Note 8 (1) a) to the Unaudited Basic Financial Statements).
- (b) Ps. 60,000 as current corresponding to a loan granted by Banco Provincia due in May and July, 2012 respectively, at a nominal fixed rate of 14% per annum.
- (c) Ps. 19,132 as current balance corresponding to Hoteles Argentinos S.A. s mortgage loan (Note 21.A. (ii)).
- (d) Ps. 5,650 as current balance, which pertain to a loan of Nuevas Fronteras S.A. from Standard Bank Argentina, due in June 2012 at a fixed rate of 15.55%. The amount is disclosed net of issuance expenses for Ps. 300.
- (e) Ps. 9,380 as current balance, which pertain to loans of Nuevas Fronteras S.A. from Standard Bank Argentina, due in December 2011 and June 2012, respectively, at a fixed rate in dollars of 3.7% and 3.9% respectively.
- (f) Ps. 278 as current balance and Ps. 15,000 as non-current balance, which pertain to a loan of Nuevas Fronteras S.A. from Banco de San Juan, due in November 2012, at a fixed rate of 15.75% per annum.
- (g) Ps. 6 which pertain to miscellaneous.

(2) Balances as of September 30, 2011 includes, mainly:

- (a) Ps. 22,505 as current balance and a Ps. 11,353 as non-current balance to the debt from acquisition of Zetol S.A. (See Note 22 A.5.).
- (b) Ps. 17,519 as current balance related to the seller financing for purchase of Arcos del Gourmet S.A.(See Note 22 B.1.)
- (c) Ps. 661 as current balance and a Ps. 34,261 as non-current balance related to the debt from acquisition of Soleil Factory S.A. (See Note 22 B.2.).
- (d) Ps. 17,407 as current balance and Ps. 32,379 as non-current balance related to the debt for purchase of Predio San Martín. (Note 22 A.7.)
- (e) Ps. 11,446 as current balance and a Ps. 4,663 as non-current balance corresponding to the debt from acquisition of Nuevo Puerto Santa Fe S.A. (See Note 22 B.9.).

(3) See Note 17 to the Unaudited Basic Financial Statements.

(4) See Note 23 A.2. Disclosed net of the issuance debt costs to be accrued for Ps. 2,578 and Ps. 5,863 lower value. See Note 18.1 to the Unaudited Basic Financial Statements.

(5) Corresponds to the outstanding balance of Convertible Notes into shares (CNB) issued originally by APSA for an outstanding amount of US$ 50,000, as detailed in Note 23 A.1., net of the CNB underwritten by the Company as of September 30, 2011, for Ps. 2,669 current and Ps. 133,459 non- current. As of September 30, 2011, the non-current balance includes a higher value of Ps. 4,189.

(6) See Note 23 A.2. Disclosed net of the Notes held by the Company for Ps. 13,732 and issuance debt costs to be accrued for Ps. 17 and Ps. 1,653 of higher value.

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NOTE 14: SALARIES AND SOCIAL SECURITY PAYABLE

The breakdown for this item is as follows:

	September 30, 2011	June 30, 2011
Provision for vacation and bonuses	15,461	27,333
Social Security payable	8,331	7,596
Salaries payable	953	61
Others	2,181	802
	26,926	35,792

NOTE 15: TAXES PAYABLE

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Income tax provision, net	57,718	42,955	67,912	
Tax amnesty plan for income tax payable	2,035	16,915	1,759	17,386
VAT, net	16,564		21,615	
MPIT, net	1,122	933	1,933	
Gross revenue tax payable	2,855		1,607	
Tax withholdings	9,221		13,345	
Provision for tax on shareholders personal assets	3,696		3,961	
Tax amnesty plan for gross revenue tax	480	712	486	832
Tax amnesty plan for ABL	1,463	1,712	1,464	1,927
Deferred Income Tax		288,848		308,547
Others	4,217		4,971	
	99,371	352,075	119,053	328,692

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NOTE 16: OTHER LIABILITIES

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Accrual for Directors´ fees (1) (Note 19)	18,702		15,612	
Guarantee deposits	3,628	8,390	4,128	6,302
Derivative financial instrument (Note 25.a))	1,222			
Payables to National Parks Administration (Note 20)	1,100		1,100	
Contributed leasehold improvements (Note 24 B.3.)	293	9,103	332	9,170
Other payable	16,004		16,004	
Related parties (Note 19)	37,184	20	35,674	20
Loans with shareholders of related parties	3,700	258	1,000	252
Present value		(95)		(95)
Others	2,992	2,227	5,218	2,480
	84,825	19,903	79,068	18,129

(1) As of September 30 and June 30, 2011, it is disclosed net of advances to Directors for Ps. 43,411 and Ps. 37,544, respectively.

NOTE 17: PROVISIONS

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Allowance for contingencies	4,454	12,961	2,019	12,881
	4,454	12,961	2,019	12,881

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NOTE 18 a.: FINANCIAL RESULTS, NET

The breakdown for this item is as follows:

	September 30, 2011	September 30, 2010
Financial results generated by assets:		
Interest income	4,221	4,532
Interest on discounting assets	3,622	2,653
Subtotal interest income	**7,843**	**7,185**
Foreign exchange gain	**6,807**	**11,314**
Loss on financial operations	(56,019)	(16,551)
Subtotal other holding results	**(56,019)**	**(16,551)**
Total financial results generated by assets	**(41,369)**	**1,948**
Financial results generated by liabilities:		
Interest expense	(65,577)	(50,723)
Interest on discounting liabilities	(3)	85
Subtotal interest expense	**(65,580)**	**(50,638)**
Foreign exchange loss	**(43,759)**	**(13,683)**
Loss on derivative financial instruments	(1,296)	
Others	(1,376)	(754)
Subtotal other financial expenses	**(2,672)**	**(754)**
Total financial results generated by liabilities	**(112,011)**	**(65,075)**
Total financial results, net	**(153,380)**	**(63,127)**

NOTE 18 b.: OTHER EXPENSES, NET

The breakdown for this item is as follows:

	September 30, 2011	September 30, 2010
Other income:		
Recovery of allowances	1,000	9
Sale of client base and assignment of portfolio	193	
Others	158	282
Subtotal other income	1,351	291
Other expenses:		
Donations	(2,284)	(1,539)
Tax on Shareholders personal assets	(1,208)	(1,236)
Provision for contingencies	(2,618)	(388)
Unrecoverable VAT	(39)	(445)
Others	(270)	(49)
Subtotal other expenses	(6,419)	(3,657)
Total Other expenses, net	(5,068)	(3,366)

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NOTE 19: COMPANIES UNDER LAW No. 19,550 SECTION 33 AND OTHER RELATED PARTIES

a. Balances as of September 30, 2011 compared to the balances as of June 30, 2011 held with related companies, persons and shareholders are as follows:

Related parties	Account receivables current	Other receivables- current	Other receivables- non current	Inventories Units to be received Beruti and Caballito- non current	Trade accounts payable- current	Short-term debt	Other liabilities current	Other liabilities non current	Totals
Baicom Networks S.A. (4)	76	48	424						548
Banco Hipotecario S.A. (2)	226				(144)				82
Cactus Argentina S.A. (2)	30				(3)				27
Canteras Natal Crespo S.A. (4)	419	41							460
Consorcio Libertador (3)	20	15			(6)		(4)		25
Consorcio Torre Boston (3)	426	487			(1,410)				(497)
Consultores Assets Management S.A. (3)	1,066	29			(10)				1,085
Cresud S.A.C.I.F. y A. (5)	23	134,462			(11)		(15,064)		119,410
Cyrsa S.A. (4)	1,783	10			(1,633)		(185)		(25)
Directores (3)	2	156					(18,702)	(20)	(18,564)
Elsztain Managing Partners Ltd (3)							(25)		(25)
Elsztain Reality Partner Master Fund I (3)		139					(131)		8
Elsztain Reality Partner Master Fund II (3)		31					(32)		(1)
Elsztain Reality Partner Master Fund III (3)		101							101
Estudio Zang, Bergel y Viñes (3)		44			(573)				(529)
Fundación IRSA (3)	39	2			(1)				40
Futuros y Opciones.com S.A. (2)	53				(8)				45
Hersha Hospitality Trust (2)		2,752							2,752
Inversiones Financieras del Sur S.A. (3)		4,218							4,218
Irsa Developments LP (2)		8					(4)		4
Real Estate Strategies LP (2)		78					(8)		70
Lipstick Management LLC (2)		596							596
Torodur S.A. (2)		14							14

Museo de los Niños (3)	1,674				(27)				1,647
New Lipstick LLC (2)		1,234					(636)		598
Personnel loans (3)	56	2,918			(147)		(3,709)		(882)
Puerto Retiro S.A. (4)	58	64			(5)				117
Quality Invest S.A. (4)	231	3					(56)		178
Tarshop S.A. (2)	853	13,721			(9,103)		(17,330)		(11,859)
TGLT S.A. (2)				75,637		(2,422)			73,215
Totals as of September 30, 2011	7,035	161,171	424	75,637	(13,081)	(2,422)	(55,886)	(20)	172,858

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NOTE 19: (Continued)

a. (Continued)

Related parties	Account receivables current	Other receivables - current	Other receivables- non current	Inventories Units to be received Beruti and Caballito- non current	Trade accounts payable- current	Short-term debt	Other liabilities current	Other liabilities non current	Totals
Baicom Networks S.A. (4)	61	6	415						482
Banco Hipotecario S.A. (2)	225				(252)				(27)
Cactus Argentina S.A. (2)	28				(3)				25
Canteras Natal Crespo S.A. (4)	403	41							444
Consorcio Libertador (3)	140	16			(65)		(4)		87
Consorcio Torre Boston (3)	1,076	344			(836)				584
Consultores Assets Management S.A. (3)	997	29			(10)				1,016
Cresud S.A.C.I.F. y A. (5)	19	19,112			(71)		(15,778)		3,282
Cyrsa S.A. (4)	1,750	11			(1,725)				36
Directores (3)	2	155					(15,612)	(20)	(15,475)
Elsztain Managing Partners Ltd (3)							(53)		(53)
Elsztain Reality Partner Master Fund I (3)		48					(584)		(536)
Elsztain Reality Partner Master Fund II (3)		31					(275)		(244)
Elsztain Reality Partner Master Fund III (3)		77							77
Estudio Zang, Bergel y Viñes (3)		9			(1,241)				(1,232)
Fundación IRSA (3)	33	1			(1)				33

Futuros y Opciones.com S.A. (2)	16				(8)				8
Hersha Hospitality Trust (2)		2,690							2,690
Irsa Developments LP (2)		7					(4)		3
Real Estate Strategies LP (2)		64					(8)		56
Lipstick Management LLC (2)		448							448
Museo de los Niños (3)	1,781				(9)				1,772
New Lipstick LLC (2)		960					(622)		338
Personnel loans (3)	61	2,522			(146)		(1,000)		1,437
Puerto Retiro S.A. (4)	58	63			(5)				116
Quality Invest S.A (4)	799	241					(16)		1,024
Tarshop S.A (2)	660	13,715			(5,533)		(17,330)		(8,488)
TGLT S.A (2)	658	1,680		75,308		(2,345)			75,301
Totals as of June 30, 2011	8,767	42,270	415	75,308	(9,905)	(2,345)	(51,286)	(20)	63,204

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NOTE 19: (Continued)

b. The Statement of Income balances for the three-month periods ended September 30, 2011 and 2010, held with related companies, persons and shareholders are as follows:

Related parties	Sale and fees for services	Leases	Interest and exchange differences	Fees	Share services salaries and bonuses	Donations	Totals
Canteras Natal Crespo S.A. (4)	12		1				13
Consorcio Libertador (3)	31	3					34
Consorcio Torre Boston (3)	80						80
Cresud S.A.C.I.F. y A. (5)		191	279		(16,659)		(16,189)
Cyrsa S.A. (4)		2					2
Directors				(7,086)			(7,086)
Estudio Zang, Bergel y Viñes (3)				(1,342)			(1,342)
Fundación IRSA (3)						(906)	(906)
Inversiones Financieras del Sur S.A. (3)			13				13
Tarshop S.A. (2)	38	1,201					1,239
Personnel Loans			73				73
Totals as of September 30, 2011	161	1,397	366	(8,428)	(16,659)	(906)	(24,069)

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NOTE 19: (Continued)

b. (Continued)

Related parties	Sale and fees for services	Leases	Interest and exchange differences	Fees	Share services salaries and bonuses	Donations	Totals
Canteras Natal Crespo S.A. (4)	12						12
Consorcio Libertador (3)	31	3					34
Consorcio Dock del Plata (3)	39						39
Consorcio Torre Boston (3)	80						80
Cresud S.A.C.I.F. y A. (5)		169	(2,719)		(13,364)		(15,914)
Cyrsa S.A. (4)		2					2
Directors				(11,576)			(11,576)
Estudio Zang, Bergel y Viñes (3)				(2,453)			(2,453)
Fundación IRSA (3)						(496)	(496)
Tarshop S.A. (2)	58	686	80				824
Parque Arauco S.A. (1)			(1,978)				(1,978)
Personnel Loans			34				34
Totals as of September 30, 2010	220	860	(4,583)	(14,029)	(13,364)	(496)	(31,392)

(1) Shareholders of Alto Palermo S.A..
(2) Subsidiary (direct or indirect).
(3) Related party.
(4) Joint control.
(5) Shareholders.

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NOTE 20: NATIONAL PARKS ADMINISTRATION DISPUTE

- Provision for unexpired claims against Llao Llao Holding S.A.

The Company Llao Llao Holding S.A. (LLH), predecessor of Llao Llao Resorts S.A. (LLR) as operator of the Llao Llao Hotel, was sued in 1997 by the National Parks Administration seeking collection of the unpaid balance of the additional sale price, in Argentine External Debt Bond (EDB) amounting to US$ 2.9 million. In March 2004, after different stages of judicial proceeding LLH paid Ps. 9,156 in cash and EDB.

Furthermore, the plaintiff requested to initiate an incidental procedure for execution of sentence by performing a settlement through the Ministry of Economy. After various judicial instances, such liquidation was approved. In April 2010, LLR paid Ps. 12,297 in cash and bonds, in addition to the Ps. 826 which had already been levied through an attachment. As of September 30, 2011, the plaintiff had not picked up the payment.

At the same time, the plaintiff stated that the deposited amounts were in line with the settlement that had taken place on June 30, 2007 and that was eventually approved in the framework of these proceedings on December 5, 2007. As a result, it argued that the interest accrued until actual payment were to be adjusted by application of the Argentine Central Bank s borrowing interest rate. As estimated by the Argentine Agency of National Parks, the outstanding balance to be deposited by LLR would amount to US$ 659. In addition, on September 22, 2010, the judge calculated that the fees payable to the auctioneer who took part in the proceedings amount to Ps. 1.8 million. LLR lodged an appeal against the award for considering the amount excessively high. The auctioneer, in turn, lodged his appeal against the award for considering the amount excessively low. After various judicial instances, the courts rendered a decision favorable to LLR and considered LLR s debt was settled as it related to the liquidation approved in the record of proceedings. Furthermore, the appeal remedy regarding fees awarded to the auctioneer, which were reduced from Ps.1.8 million to Ps.1.1 million, plus VAT.

Based on the information provided by the legal advisors litigating these proceedings, LLR has booked under Other current liabilities Payables to National Parks Administration , the amount of fees described in the above paragraph.

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NOTE 20: (Continued)

Since LLR had a credit balance as regards the deposit made pursuant to settlement approved in the proceedings, on February 18, 2011 LLR filed a remedy for relief whereby it requested a decision on the amount deposited in excess and order the eventual repayment to the defendant. Moreover, the auctioneer has requested payment of fees. LLR presented a proposal to pay the auctioneer s fees settled, which will be withheld from the funds seized, from the freely disposable funds and from the funds invested in time deposits in dollars. Likewise, LLR requested professional fees to be settled and resolution of the pending clarifying remedy as to the amount deposited in excess.

NOTE 21: RESTRICTED ASSETS

A. IRSA Inversiones y Representaciones Sociedad Anónima

i. Puerto Retiro S.A.

On April 18, 2000, Puerto Retiro S.A. (indirect subsidiary of IRSA) was notified of a filing made by the National Government, through the Ministry of Defense, to extend the petition in bankruptcy of Inversora Dársena Norte S.A. (Indarsa) to Puerto Retiro S.A.. Concurrently with the complaint, at the request of plaintiff, the bankruptcy court granted an order restraining the ability of Puerto Retiro S.A. to sell or dispose in any manner the acquired real estate property from Tandanor S.A. in June 1993.

Indarsa had acquired 90% of the capital stock of Tandanor S.A. to a formerly estate owned company privatized in 1991, engaged in the shipyard industry.

Indarsa did not comply with the payment of the outstanding price for the acquisition of the stock of Tandanor, and therefore the Ministry of Defense requested the bankruptcy of Indarsa, pursuing to extend the bankruptcy to Puerto Retiro S.A.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 21: (Continued)

A. (Continued)

i. (Continued)

The evidence steps of the legal procedures have been completed. Puerto Retiro S.A. appealed the precautionary measure, being the same confirmed by the Court on December 14, 2000. The parties have submitted their claims in due time. The file was passed for the judge to issue a pronouncement, this being a decree adjourning the summoning of decisions to pronouncement in the understanding that there exists pre-judgment in respect of the penal cause filed against ex-officers of the Ministry of Defense and ex-directors of the Company. Consequently, the matter will not be solved until there is final judgment in penal jurisdiction.

Notice has been served upon the commercial court that the criminal cause of action was declared extinguished by operation of the statutes of limitation and that the accused were acquitted. However, this ruling was challenged by filing an appeal in cassation, which is why the other decision is still not final.

The Management and legal advisors of Puerto Retiro S.A. estimate that there are legal and technical issues to consider that the request for bankruptcy will be denied by the court. However, taking the circumstances into account and the progress of the legal action, this position cannot be considered conclusive.

ii. Loan of Hoteles Argentinos S.A.

In March 2005, Credit Suisse First Boston (CSFB) acquired a loan for US$ 11.1 million of Hoteles Argentinos S.A. (HASA), which had been in non-compliance since January 2002. In April 2006, HASA reduced the capital amount payable to US$ 6.0 million. The balance accrued a 6 months LIBOR interest rate plus 7.0% being the last of US$ 5.07 million due in March, 2010.

Jointly, a credit default swap was subscribed by the Company for 80% of the restructured debt value in order to protect CSFB in case of non-compliance with HASA s obligations. As compensation, the Company received a coupon on a periodical basis. Additionally, the Company has deposited as guarantee the amount of US$ 1.2 million.

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NOTE 21: (Continued)

A. (Continued)

ii. (Continued)

With the last installment of the loan received having been repaid on March 15, 2010, CSFB reimbursed the deposit to the Company. In connection with this matter, HASA borrowed a new loan from Standard Bank Argentina S.A., for a total amount of Ps. 19.0 million, which accrued interest at a fixed rate, payable on a quarterly basis. The capital maturing on March 15, 2011. On this date, HASA refinanced the mentioned loan agreement, as per the following detail: US$ 0.4 million (capital plus interest) to be paid on September 12, 2011; US$ 0.4 million (capital plus interest) to be paid on March 14, 2012 and Ps. 15.8 million, with capital to be paid on March 14, 2012 and interests payable on a quarterly basis.

As a guarantee for this transaction, the Company entered into a put option agreement (Put Right) with Standard Bank Argentina S.A. whereby the Bank receives the right to sell to the Company, which in turn agrees to purchase, 80% of the credit rights arising from the loan in the event of HASA defaulted the loan.

As of the balance sheet date, HASA had committed no event of default.

iii. The company and subsidiaries have mortgages over the following properties:

Properties	Book value as of September 30, 2011
Edificio República	214,348
Predio San Martín	69,715
Soleil Factory	71,537
Zetol plot of land	32,489
Vista al Muelle plot of land	22,674
Bariloche plots of land	21,900
Suipacha 652	10,371

iv. New Lipstick LLC maintains a pledge over Metropolitan 885 Third Avenue Leasehold LLC s shares.

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NOTE 21: (Continued)

A. (Continued)

v. To guarantee the compliance with all the covenants assumed by Liveck S.A., and the minority shareholder of Zetol S.A. and Vista al Muelle S.A., pursuant to the stock purchase agreement for Vista al Muelle S.A. s shares executed on June 11, 2009 and the Addendums to such agreement as well as payment of any possible damages and associated expenses, the parties have reciprocally tendered a security interest consisting in a possessory pledge over the shares of Vista al Muelle S.A. and Zetol S.A..

B. Alto Palermo S.A. (APSA)

i. Under the agreement executed with Banco Hipotecario S.A. for the sale of Tarshop S.A. s shares and its amendments, APSA granted to Banco Hipotecario S.A. a security agreement over the Company s Class I Notes, issued on May 11, 2007, for a face value of Ps. 1.2 million, which work as guarantee upon any price adjustment that may result in favor of BHSA as provided by the purchase agreement.

ii. As regards the case styled Case File N° 88,390/03 with María del Socorro Pedano; for Tres Ce S.A. o Alto Palermo S.A. (APSA) , the building located at Av. Virrey Toledo 702, Salta, has been encumbered for an amount of Ps. 180 (disclosed in Fixed assets, net).

iii. As mentioned in Note 24 B.5., to secure the fulfillment of the Concession and Explotation Agreement with ADIF, Arcos del Gourmet S.A. committed itself to hire a surety bond of Ps. 4,460, make an escrow deposit in cash of Ps. 400 and to hire another surety bond in favor of ADIF as collateral to the execution of the works agreed in due time and proper form for Ps. 14,950. These surety bonds were hired during October 2011.

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NOTE 21: (Continued)

B. (Continued)

iv. As regards the case Alto Palermo S.A. (APSA) with Dirección General Impositiva in re: Appeal , Case file No. 25,030-I, currently heard by Room A, Office of the 3rd Nomination, the property located at Av. Olegario Andrade 367, Caballito, Buenos Aires City has been encumbered, and its value as of September 30, 2011 amounts to Ps. 45,814 (disclosed in the Non-current investments- Undeveloped plots of land).

NOTE 22: ACQUISITION, CONSTITUTION AND RESTRUCTURING OF BUSINESS AND PROPERTY

A. IRSA Inversiones y Representaciones Sociedad Anónima

1. Creation of CYRSA - Horizons Project

In January 2007, the Company acquired two adjacent plots of land located in Vicente López, Province of Buenos Aires (one of them, through the purchase of Rummaala S.A., which was the owner of that plot of land and currently is merged with CYRSA S.A.). The purchase price was US$ 36.2 million of which US$ 30.3 million will be cancelled by handing over certain units of the building to be constructed. As security for this obligation, a pledge was constituted over the shares of Rummaala S.A. and a mortgage was constituted over the Company´s building Suipacha 652.

In April 2007, the Company constituted CYRSA S.A. (CYRSA) and in August 2007, CYRELA was incorporated with the ownership of 50% of CYRSA capital stock. The Company contributed the plots of land and the related liability in kind for a net value of Ps. 21,495 and CYRELA contributed Ps. 21,495 in cash.

Then, a major real estate development known as Horizons was launched on the two plots of land mentioned.

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<u>NOTE 22</u>: (Continued)

A. (Continued)

1. (Continued)

From May 2008, CYRSA continued the marketing process of the building units to be constructed on the plot referred to above. Certain clients had made advances by means of signing preliminary sales contracts, reaching 100% of the units to be marketed, which are disclosed in Customer advances .

The sale price set forth in these preliminary sales contracts consist of a fixed and determined portion and another portion to be determined in line with the future construction expenses.

Each buyer chose from the following purchase plans:

- The balance is cancelled in installments and is fully paid at the time of transfer, signature of deeds or,

- Partial cancellation will be on installments payable up to the time of transfer / signatures of deeds, the remaining balance to be financed during 90 months term with units having mortgaged guarantees.

As of September 30, 2011, the percentage of completion of the Horizons project was 98.24%. Three of the six towers included in the project have already been completed and are currently signing the title deeds. Furthermore, the work on the other towers is in the last stage and delivery and signing of the title deeds is expected in the following months.

2. Acquisition of Hersha Hospitality Trust (Hersha)

On August 4, 2009, the Company, through Real Estate Investment Group L.P. (REIG) acquired 5,700,000 shares representing approximately 10.4% of Hersha s common stock and a call option that matures on August 4, 2014 to purchase an additional 5,700,000 shares at an exercise price of US$ 3.00 per share. Under the agreement, if starting on August 4, 2011 the quoted market price of Hersha s share were to exceed US$ 5.00 per share during 20 consecutive trading sessions, Hersha may settle the call option by issuing and delivering a variable amount of shares to be determined in accordance with certain market values.

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NOTE 22: (Continued)

A. (Continued)

2. (Continued)

The total purchase price paid was US$ 14.3 million. As part of the agreement, the Company s Chairman and CEO, Mr. Eduardo S. Elsztain, has been appointed to Hersha s Board of Trustees.

In January, March and October 2010, the Company through its subsidiaries purchased 11,606,542 additional shares of Hersha s common stock, for an aggregate purchase price of US$ 47.9 million.

During fiscal year ended on June 30, 2011, the Company through its subsidiaries sold 2,542,379, common shares in Hersha, for a total of US$ 16.1 million, which resulted in approximately US$ 11.5 million gain.

As of September 30, 2011 the Company s direct and indirect interest in Hersha amounts to 9.17%. If the call option was exercised and the Company s interest was not diluted due to newly issued shares, the Company s interest in Hersha would be 12.12%. The Company accounts for its investment in Hersha at cost while the call option has been accounted for its fair value.

Hersha is a Real Estate Investment Trust (REIT) listed in the New York Stock Exchange (NYSE) under the HT symbol that holds majority interests in 78 hotels throughout the United States of America totaling approximately 10,621 rooms. These hotels are rated as select service and upscale hotels and they are mainly located in the Northeast coast of the US, including New York, New Jersey, Boston, Washington D.C. and Philadelphia, whilst a few are located in northern California, Los Angeles and Arizona. These properties are operated under franchises that are leaders and enjoy widespread recognition in their markets, such as Marriot International, Intercontinental Hotel Group, Starwood Hotels, Hilton Hotels Corporation, Global Hyatt Corporation and Choice Hotels International.

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NOTE 22: (Continued)

A. (Continued)

3. Acquisition of Lipstick Building, New York

In July 2008, the Company (through its subsidiaries) acquired a 30% interest in Metropolitan 885 Third Avenue LLC (Metropolitan) which main asset (through its subsidiaries) was a rental office building in New York City known as the Lipstick Building and debt related to that asset. The transaction included the acquisition of (i) a put right exercisable until July 2011 to sell a 50% of the interest acquired at the same value paid plus interest at 4.5% per annum and (ii) a right of first offer to acquire a 60% portion of the 5% interest of the shareholding. The total price paid was US$ 22.6 million.

During 2009 and in the context of the financial crisis and shrinkage of the real estate market in New York, Metropolitan incurred in significant losses, which resulted in negative equity mainly due to an impairment recognized in connection with the building. Since the Company s share in Metropolitan s losses exceeded its equity interest; the Company recognized a zero value on its investment and a liability of US$ 1.5 million which represented the Company s maximum commitment to fund Metropolitan s operations.

In December 2010, the negotiations geared towards restructuring the amounts owed under mortgage to Royal Bank of Canada came to a successful conclusion. The debt was reduced from US$ 210.0 million to US$ 130.0 million (excluding accrued interest) at a Libor plus 400 basic points rate, which may not exceed a maximum rate of 6.25% and with a maturity date fixed at seven years. The junior indebtedness to Goldman, Sachs & Co., which had amounted to US$ 45.0 million (excluding accrued interest), was cancelled through a US$ 2.25 million payment.

Metropolitan 885 Third Avenue Leasehold LLC (Metropolitan Leasehold) will maintain the existing ground leases in the same terms and conditions in which they had been initially agreed upon, for a remaining 66 years term. The final consent to this restructuring has already been tendered by all the parties concerned and the closing was consummated on December 30, 2010, as that is when the company New Lipstick LLC (New Lipstick), the new Metropolitan Leasehold holding company, made a US$ 15.0 million principal payment as repayment of the newly restructured mortgage debt, thus reducing it from US$ 130.0 million to US$ 115.0 million.

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NOTE 22: (Continued)

A. (Continued)

3. (Continued)

As a consequence of said closing, the Company has indirectly through New Lipstick increased its equity interest in the Lipstick Building to 49%. This increase originated in a US$ 15.3 million capital contribution and in the fact that the put option for 50% of the shareholding initially acquired in Metropolitan, which had amounted to approximately US$ 11.3 million plus accrued interest, has been rendered ineffectual. Besides, the above-mentioned commitment, for US$ 1.5 million, ceased to be in effect.

4. Acquisition of shares in Banco Hipotecario S.A.

During the last fiscal years, the Company has been conducting various purchase and sale transactions of BHSA shares, as a result of which, as of September 30, 2011, the Company´s ownership interest in BHSA is 29.77% of BHSA´s capital stock (without considering treasury shares).

5. Acquisition of companies in the Oriental Republic of Uruguay

During the fiscal year ended on June 30, 2009, the Company (through Tyrus) acquired by a minimum payment a 100% ownership interest in Liveck S.A. (Liveck), a company organized under the laws of the Oriental Republic of Uruguay.

Simultaneously, Liveck acquired a 90% interest over the shares of the companies Zetol S.A. (Zetol) and Vista al Muelle S.A. (Vista al Muelle), both property owners in Uruguay s Canelones Department. The remaining 10% ownership interest in the capital stock of both companies is held by Banzey S.A. (Banzey).

The total price of the purchase of all the shares in Zetol had been fixed at US$ 7.0 million, of which US$ 2.0 million have already been paid, the outstanding balance is to be paid in 5 installments of US$ 1.0 million each plus an annual 3.5% compensatory interest rate calculated on the total outstanding amount and tied to the consummation of the release to the market of the real estate projects or within a maximum term of 93 months counted as from the date of acquisition of the Company. The sellers of the shares of Zetol may choose to receive, in lieu of the amounts outstanding in cash (principal plus interest), the ownership rights to the units to be built in the real estate owned by Zetol representative of 12% of the total marketable square meters built.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 22: (Continued)

A. (Continued)

5. (Continued)

The price for the purchase and sale of all the shares in Vista al Muelle amounted to US$ 0.83 million, and accrued an annual 8% compensatory interest rate on the outstanding amounts. As of September 10, 2010, it was completely paid.

To guarantee compliance with the duties agreed by Liveck in the above transactions, Ritelco S.A. has tendered a surety bond guaranteeing payment of 45% of the outstanding balance, interest thereon and the option rights of the sellers.

In the framework of the agreement for the purchase and sale of Zetol and Vista al Muelle and their respective addenda, Liveck has agreed to buy the shares held by Banzey (or Ernesto Kimelman or a company owned by Ernesto Kimelman as the case may be), of Vista al Muelle and Zetol and the latter have agreed to sell them, in exchange for the amount of US Dollars or Uruguayan Pesos, as the case may be, that Ernesto Kimelman or Banzey or a company owned by Ernesto Kimelman (as applicable), would have actually contributed to Zetol and Vista al Muelle, until the execution of said purchase and sale.

The parties have agreed that the obligations mentioned above are dependent upon, and shall be rendered ineffectual if the parties entered into a shareholder agreement no later than July 1, 2011. If no such shareholder agreement is signed, this sale shall be executed and delivered on July 11, 2011.

On the balance sheet date, having failed to execute the shareholders agreement or to sign an agreement to extend the term for such execution, the parties have not expressed their intention to perform the obligations assumed under the agreement to purchase the stock of Vista al Muelle S.A. and Zetol S.A.

The Company and its shareholders intend to develop an urban project that will consist in the construction of apartment buildings to be subsequently sold. The project has already been conferred the Urban Feasibility status by Canelones Mayor s Office and its Legislative Council.

In view of the additional development capacity granted by the IMC, the companies agree to pay maximum the sum of US$ 8.1 million for all concepts solely with works and other services as consideration thereof. The works to be carried out in consideration thereof are described in the Contract Plan.

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NOTE 22: (Continued)

A. (Continued)

5. (Continued)

Furthermore, the companies may exercise an option included in the agreement that entitles them to a 15% reduction of the total consideration amount, provided 80% of such consideration has been already been performed with a term of four years as from execution of the Contract Plan.

On the other hand, it states that if the companies do not build the square meters of additional development capacity granted to them, the total consideration amount will also be reduced proportionately as the parties agree.

Later, in June 2009, the Company sold 50% of its stake in Liveck to Cyrela Brazil Realty S.A. for a price of US$ 1.3 million.

In December 2009, Vista al Muelle acquired other properties totaling US$ 2.7 million in exchange for a US$ 0.3 million down payment, with the balance to be cancelled through the delivery of home units and/or stores to be built and equivalent to 12% out of 65.54% of the sum of the prices of all of the units covered by the Launching Price List for Sector B (the parties have already signed a plat of subdivision to this end).

In February 2010, it acquired additional real estate for a total of US$ 1.0 million in exchange for a down payment of US$ 0.15 million with the balance to be paid in 3 consecutive and equal installments maturing on December 31, 2011, June 30, 2013 and December 31, 2014 and accruing an annual 3% interest rate on the outstanding balance, payable quarterly and on arrears as from December 31, 2009.

On December 17, 2010, the Company and Cyrela signed a stock purchase agreement whereby a 50% interest in Liveck s capital stock was reacquired from Cyrela for US$ 2.7 million. This amount is equivalent to the contributions made in Liveck by Cyrela. Therefore, the Company s interest in Liveck amounted to 100% (through Tyrus).

As part of the agreement, the Company agreed to hold Cyrela harmless in the event of claims asserted by Zetol s sellers. Besides, if within a term of 24 months as from the date of the agreement Cyrela were not released from the guarantee tendered in favor of the above-mentioned sellers, the Company will be obliged to post a new guarantee in favor of Cyrela, equivalent to 45% of the price balance, interest thereon and the option rights to which Zetol s sellers are entitled.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 22: (Continued)

A. (Continued)

6. Acquisition of a building located at 183 Madison Avenue, New York, NY

On August 26, 2010, the Company together with some U.S. partners, executed an acquisition of a real estate property located at 183 Madison Avenue, New York, NY, through Rigby 183 LLC (Rigby 183).

The transaction was closed on December 15, 2010 and the price paid by Rigby 183 was US$ 85.1 million, such payment has been structured through a financing of US$ 40.0 million obtained by Rigby 183 and the sum of US$ 45.1 million paid in cash. Moreover, Rigby 183 has obtained an additional financing of US$ 10.0 million, in order to perform refurbishments and improvements on the building, which is being disbursed as works progress.

On March 31, 2011, the Company sold 8% of its interest in Rigby 183, owned by Real Estate Strategies LLC (RES), a company indirectly controlled through Tyrus, in the amount of US$ 3.8 million. As a result, the Company has a 49% interest in Rigby 183 through IMadison LLC (IMadison).

The building is located in a Manhattan area known as Midtown South , at the intersection of Madison Avenue and 34th Street.

There are several landmark buildings in the area, such as the Empire State Building, Macy´s Herald Square and Madison Square Garden. This commercial property will be used for rentals of office space and retail stores in the lowest of its 18 stories. Its net leasable area is approximately 22,000 square meters. Based on what has already been discussed, the implicit value per square meter acquired has been US$ 3,717.

7. Acquisition of facilities located in San Martín

On March 31, 2011, Quality subscribed a Contract for the Purchase and Sale of Property of an industrial plant owned by Nobleza Piccardo S.A.I.C. y F. (hereinafter, Nobleza) located in San Martín, Province of Buenos Aires. The facilities have the necessary features and scales for multiple uses. On May 31, 2011, the deed was executed.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 22: (Continued)

A. (Continued)

7. (Continued)

The purchase price was agreed on US$ 33 million, and payment was made as per the following detail: US$ 9.9 million have already been paid, and the balance of US$ 23.1 million will be cancelled in three equal and consecutive annual installments, plus interests at a 7.5% nominal annual rate calculated on outstanding balances. The first installment is due to be paid on May 31, 2012. In guarantee, Quality constituted in favor of Nobleza a first-grade privilege mortgage on the real estate.

Likewise, Quality subscribed a lease agreement with Nobleza, by means of which the latter will continue occupying the property for a maximum term of three years, with the purpose of gradually moving the plant, its main distribution center and the administrative offices to another site.

On April 11, 2011, Quality requested the National Antitrust Commission (CNDC) to issue an advisory opinion on the obligation to notify the operation or not. The CNDC stated that there was an obligation to notify the situation, but the Company filed an appeal against this decision. As of the date these financial statements are issued, the resolution of the appeal is pending.

B. Alto Palermo S.A.

1. Acquisition of Arcos del Gourmet S.A. s shares

On November 27, 2009, APSA acquired 7,916,488 shares of common stock with a face value of Ps. 1 each, entitled to 1 vote per share, representing 80% of the capital stock of Arcos del Gourmet S.A. The price was established at fixed amount of US$ 5.14 million plus a variable amount equal to the 20% of the investment required in order to develop the project, up to a maximum of US$ 6.9 million.

On September 7, 2011, APSA acquired additional shares which represent 8.185% of the voting capital in the amount of US$ 1.75 million. Furthermore, it agreed to modify the variable price of shares acquired in 2009 by setting it at 10% of any capital increase made in Arcos de Gourmet S.A..

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 22: (Continued)

B. (Continued)

1. (Continued)

The remaining unpaid balance as of September 30, 2011 is made up as follows: (i) one US$ 1.0 million installment, falling due on November 27, 2011 disclosed in Short-term debt and (ii) 100% of the variable amount which will be paid off upon the possible increase of the capital.

2. Acquisition of a commercial center goodwill

On December 28, 2007, APSA signed an Agreement for Partial Transfer of Goodwill with INCSA for acquiring one of the parts of the goodwill established by a commercial center where Soleil Factory currently develops activities.

On July 1st, 2010, APSA and INCSA executed the definitive instrument for the partial transfer of the goodwill and memorandum of closure by which INCSA transferred the goodwill of the commercial center known as Soleil Factory ; becoming operational on such date. Guidelines provide that INCSA does not transfer APSA its receivables or its payables for the goodwill transfered, originated before executing the agreement. It should be noted that the goodwill and the building related to the hypermarket transaction located on the same premises are excluded from the transaction.

On April 12, 2011, the National Antitrust Commission notified APSA of its authorization of this transaction.

On August 3, 2011, INCSA granted to APSA the conveyance deed of the property. At the same time, APSA granted a first-grade privilege mortgage in favor of INCSA on the property to secure payment of the balance plus interest to be accrued up to the effective payment date.

The total price for this transaction is US$ 20.7 million. Out of this total, US$ 7.1 million were paid at the time of subscription of the purchase agreement, US$ 0.1 million at the time of recording the public deed, and the balance of US$ 12.6 million accrues an annual interest rate of 5% plus VAT. The interest will be repaid in seven annual and consecutive installments maturing the first installment on July 1, 2011. The capital will be settled with the last interest installment.

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In thousands of pesos

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NOTE 22: (Continued)

B. (Continued)

2. (Continued)

The above is disclosed in the accounts Short and Long term Debt for its net present value.

Furthermore, APSA has signed an offering letter for acquiring, building and running a commercial center in a real estate owned by INCSA, located in the City of San Miguel de Tucumán, Province of Tucumán. The price of this transaction is US$ 1.3 million, of which US$ 0.05 million were paid on January 2, 2008. Such disbursement was recorded suppliers advances. This transaction was subject to certain conditions precedent, among which APSA should acquire from INCSA the goodwill constituted by the commercial center operating in Soleil Factory.

Having complied with such condition on July 1, 2010, APSA shall start the works on May 2, 2011. However, before starting with the works, INCSA should have: a) granted the title deeds to APSA s future units to APSA, and b) transferred to APSA the rights to the registered architectural project and the effective permits and authorizations to be carried out in APSA s future units. As of the date of issuance of these unaudited financial statements, any of the two conditions have been fulfilled.

3. Sale of equity interest in Tarshop S.A.

On October 30, 2009, Tarshop S.A. capitalized capital contributions made by APSA increasing the Company s interest in Tarshop S.A. to 98.5878%.

During January 2010, APSA acquired the remaining minority interest (1.4122%) in Tarshop S.A. for US$ 0.54 million, reaching the 100% of the shareholding.

On December 22, 2009, APSA reported the approval by its Board of Director the sale, assignment and transfer on behalf of Banco Hipotecario S.A. the amount of 107,037,152 registered nonendorsable shares of common stock with a face value of Ps. 1 each and entitled to one vote per share, representing 80% of the Tarshop S.A. shares.

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In thousands of pesos

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NOTE 22: (Continued)

B. (Continued)

3. (Continued)

In this line of thought, on December 29, 2009, contractual documents related to the transaction were executed, which was subject to the approval by the Argentine Central Bank granted on August 30, 2010. Consequently, on September 13, 2010, the respective memorandum of closure was executed. The total price paid for the purchase of shares stood at US$ 26.8 million. Under this transaction, APSA granted Banco Hipotecario S.A. a security agreement over its own Series I Notes, issued on May 11, 2007, for a face value of Ps. 1.2 million, which will work as guarantee upon any price adjustment that may result in favor of Banco Hipotecario S.A. as provided by the purchase agreement.

On October 11, 2011 Banco Hipotecario released 50% of the pledged Corporate Notes and the remaining 50% would be released after two years as from the date appearing on the Closing Minute.

In compliance with the conditions defined in the agreement in question, APSA committed itself to not competing for 5 years in the credit card and/or consumer loan business in which Tarshop S.A. has a presence.

Additionally, under this transaction, receivables and payables between APSA and Tarshop S.A. have been compensated.

4. Acquisition of the building known as Ex-Escuela Gobernador Vicente de Olmos (City of Córdoba)

On November 20, 2006, APSA acquired the building known as Edificio Ex-Escuela Gobernador Vicente de Olmos (Patio Olmos), located in the city of Córdoba through a public bidding in the amount of Ps. 32,522.

The building is under a concession agreement effective for 40 years, falling due in February 2032, which grants the concession holder the commercial exploitation of the property. Such agreement provides for paying a staggered fee in favor of the concession principal which shall be increased by Ps. 2.5 every 47 months. As of the issuance date of these unaudited financial statements, the concession is at the 235 month, with a current monthly fee of Ps. 15.1 while the next increase is scheduled for the 281 month.

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NOTE 22: (Continued)

B. (Continued)

4. (Continued)

On September 25, 2007, the transfer deed for the building was signed with the Government of the Province of Córdoba and the transference of the respective concession contract.

Afterwards, the government of the Province of Córdoba declared the property to be of public use and subject to partial expropriation in order to be used exclusively for the Libertador San Martin Theater. APSA has answered a complaint in an action and to challenge the law that declared such public interest on unconstitutional grounds. In the alternative, it has challenged the appraisal made by the plaintiff and, additionally, it has claimed damages not included in the appraisal and resulting immediately and directly from expropriation.

APSA has recorded this transaction as non-current investments.

5. Barter transaction agreements

On October 11, 2007, APSA subscribed with Condominios del Alto S.A. a barter contract in connection with an own plot of land, Plot 2G, located in the City of Rosario, Province of Santa Fe.

As partial consideration for such barter, Condominios del Alto S.A. agreed to transfer the full property, possession and dominium in favor of APSA of the following future real estate: (i) fifteen (15) functional housing units (apartments), with an own constructed surface of 1,504.45 square meters, which represent and will further represent jointly 14.85% of the own covered square meters of housing units (apartments) of the real estate that Condominios del Alto S.A. will build in Plot G, and (ii) fifteen (15) parking spaces, which represent and will further represent jointly 15% of the own covered square meters of parking spaces in the same building.

On March 17, 2010, APSA and Condominios del Alto S.A. subscribed a supplementary deed specifically determining the units committed for bartering that will be transferred to APSA and the ownership title to 15 parking spaces.

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NOTE 22: (Continued)

B. (Continued)

5. (Continued)

The parties have determined the value of each undertaking in the amount of US$ 1.1 million.

APSA also granted Condominios de Alto S.A. an acquisition option through barter of plot 2 H. On November 27, 2008, the title deed for the plot of land 2 H was executed for US$ 2.3 million, a value that the parties have determined for each of their considerations.

As partial consideration for the above mentioned barter, Condominios del Alto S.A. agreed to transfer the full property, possession and ownership in favor of APSA of the following future real estate: (i) forty two (42) functional housing units (apartments), which represent and will further represent jointly 22% of the own covered square meters of housing (apartments) of the building that Condominios del Alto S.A. will construct in Plot H; and (ii) forty seven (47) parking spaces, which represent and will further represent jointly 22% of the own covered square meters of parking spaces in the same building.

On April 14, 2011, APSA and Condominios del Alto S.A. subscribed a supplementary deed which specifies the functional housing units (apartments) that were compromised in the barter transaction agreement that should be transferred to APSA and the ownership title of the forty five (45) parking spaces and five (5) trunks.

6. Beruti plot of land

On October 13, 2010, TGLT S.A. and APSA subscribed an agreement of purchase by which APSA sells a plot of land located on Beruti 3351/59. The transaction was agreed upon at US$ 18.8 million. TGLT plans to construct a department building with residential and commercial parking. In consideration, TGLT S.A.. commits to transferring APSA: (i) a number to be determined of departments representing altogether 17.33% of proprietary square meters that may be sellable in departments in the building to be constructed; (ii) a number to be determined of complementary/functional parking units representing altogether 15.82% of square meters in parking in the same building; (iii) all units earmarked for commercial parking and the amount of US$ 10.7 million payable upon granting the title deed.

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NOTE 22: (Continued)

B. (Continued)

6. (Continued)

In compliance with what was agreed upon in the previously mentioned agreement of sale, on December 16, 2010, it was executed the title deed by which APSA transfer the entire ownership and title to TGLT S.A. to the previously mentioned plot of land.

TGLT cancelled the money obligation and constituted in favor of APSA a mortgage on the real estate, as collateral for the fulfillment of the remaining obligations.

The above is disclosed in the accounts inventory and fixed assets, in the line Units to be received Beruti.

On June 9, 2011, the Administrative and Tax Contentious Law Court No. 9 of the City of Buenos Aires issued a precautionary measure in the lawsuit Asociación Amigos Alto Palermo vs. the Government of the City of Buenos Aires for Amparo (remedy for legal protection against violation of rights) , which ruled the suspension of the works.

On July 4, 2011, the Government of the City of Buenos Aires complied with what was required. On July 11, 2011, the hearing judge granted the injunction requested. Such injunction was temporarily granted until the parties produce all of the evidence offered and such evidence as may be requested by the Court at the adequate time.

On July 15, 2011, TGLT S.A. filed a review remedy against the ruling that ordered the injunction, which was granted on the same date.

Moreover, on August 3, 2011, APSA filed an appeal against the first instance ruling that granted the injunction and suspended construction works. Such appeal was lodged with the Court of Appeals, Division II, and has not been decided upon yet. Furthermore, on August 15, 2011, the answer to the complaint in due time and form was acknowledged.

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NOTE 22: (Continued)

B. (Continued)

7. Barter with Cyrsa S.A.

On July 31, 2008, a conditioned barter commitment was executed by which APSA would transfer Cyrsa 112 parking spaces and the rights to increase the height of the property to build two tower buildings on the air space COTO.

On December 17, 2010, APSA and Cyrsa signed an agreement in order to finish the barter agreement.

8. Paraná plot of land

On June 30, 2009, APSA subscribed a Letter of Intent by which it stated its intention to acquire a plot of land of about 10,022 square meters located in Paraná, Province of Entre Ríos, to be used to build, develop and exploit a shopping center or mall.

On August 12, 2010, the agreement of purchase was executed. The purchase price stood at US$ 0.5 million to be paid as follows:

i) US$ 0.05 million was settled as prepayment on July 14, 2009,

ii) US$ 0.1 million was settled upon executing such agreement, and

iii) US$ 0.35 million will be paid upon executing the title deed.

Advances are disclosed as fixed assets, net.

The title deed, at the same time of surrendering ownership, will be executed within 60 days running as from: i) the date on which the Company obtain the municipal clearance, or ii) the date on which the seller obtain the lot subdivision, whichever later. On March 18, 2011, the Municipality of Paraná granted the clearance to make the shopping mall. As of the date of issuance of these unaudited financial statements, the subdivision has been performed and the term for obtaining the public deed has begun.

APSA will be the only party in charge of carrying out administrative formalities before the Municipality and/or other agency to obtain the municipal clearance for using the shopping mall. It will bear all costs and expenses related to obtaining the municipal pre clearance.

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NOTE 22: (Continued)

B. (Continued)

9. Acquisition of Nuevo Puerto Santa Fe S.A. s shares

On June 15, 2011, APSA, by itself and through its controlled affiliate Torodur S.A. (buyers) (see Note 16.4. to the Unaudited Basic Financial Statements), acquired from Boldt S.A. and Inverama S.A. (sellers) a fifty per cent (50%) stake in the shares of Nuevo Puerto Santa Fe S.A. (NPSF), a company that is lessee of a property built and operated as a shopping center (La Ribera Shopping) in the port of the city of Santa Fe, Province of Santa Fe.

The purchase price payable for this acquisition of a 50% stake amounts to US$ 4.5 million payable over 19 monthly non-interest bearing installments, the latter installment being payable on February 2013 disclosed at its present value in short and long-term debt.

Additonally, the purchasers will pay to the sellers, proportionally to the shares purchased, fifty (50%) of the working capital calculated on the purchase agreement, which will stem from the special closing financial statements of Nuevo Puerto de Santa Fe S.A.. The latter will prepare them as a supplement to the price.

The purchase of shares of NPSF was contingent upon the approval by the Regulatory Entity of the Port of Santa Fe of the share composition of NPSF provided, in addition, that the Caja de Asistencia Social Lotería de Santa Fe would not raise any challenge against the transaction.

As of August 18, 2011, once this condition was met the actual transfer of shares was completed. Furthermore, NPSF and Casino Puerto de Santa Fe entered into a sublease agreement which replaces the previous lease agreement originally held by NPSF. APSA became owner of 33.33% of the capital stock, which added to the 16.66% owned by its controlled affiliate Torodur, represent 50% of the voting capital of NPSF. Likewise GRAINCO S.A. owns the remaining of 50% of the capital stock.

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NOTE 22: (Continued)

B. (Continued)

10. Sale of properties

Rosario plot of land

APSA has subscribed the following acceptance offers for the plot of land of the building located in the District of Rosario, City of Rosario, Province of Santa Fe:

Lots	offer acceptance date	Agreed price (in thousands of US$)	Collected amount 09/30/11 (in thousands of US$)	Title deed s date
2 A	04/14/10	4,200	4,200	05/26/11
2 E	05/03/10	1,430	1,430	09/29/11
2 F	11/10/10	1,931	1,931	07/06/11
2 B	12/03/10	1,507	1,507	08/11/11
2 C	12/03/10	1,507	1,507	08/11/11
2 D	12/03/10	1,539	769	

The lots subject to these transactions have been recorded to the Inventory account.

11. Acquisition of Metroshop S.A s shares (currently APSAMEDIA S.A., which changed its legal name)

On May 21, 2010, APSA and Tarshop S.A. executed an agreement to formalize the transfer of shares by which Tarshop S.A. sold to APSA 18,400,000 registered non-endorsable shares of common stock with a face value of Ps. 1 each and entitled to 1 vote per Class A share representing 50% of Metroshop S.A. s capital stock. The transaction price was set at Ps. 0.001 for the total shares.

On January 13, 2011, APSA and Metronec S.A. executed a share purchase agreement by which Metronec S.A. has sold to APSA 18,400,000 registered non-endorsable shares of common stock with a face value of Ps. 1 each and entitled to 1 vote per Class B share representing 50% of Metroshop S.A. s capital stock.

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NOTE 22: (Continued)

B. (Continued)

11. (Continued)

As an action subsequent to the taking over, APSA made two offers to Tarshop S.A., later accepted by Tarshop S.A., to grant the following assets:

i) Receivables from consumption transactions carried out through December 31, 2010 and that are performing or in default for not more than 60 days (both those in Metroshop S.A. s own portfolio and those assigned to Fideicomiso Financiero Metroshop S.A. Serie XV- previous return of them).

ii) The contractual position in the credit card issuance agreements whose customers did not have as of December 31, 2010 a default for over 60 days in complying with their obligations.

iii) All credit card customers or accounts and consumer loans.

iv) Lease agreements on certain branches and their personal property.

v) Labor agreements for payroll personnel.

Finally, on April 18, 2011, APSA transferred to Fibesa S.A. (APSA s subsidiary) 1,840,000 shares, representative of 5% of Metroshop S.A. s capital stock for a total amount of Ps. 0.8 million which has not been paid as of the unaudited financial statements date.

On July 20, 2011, the Special General Shareholders Meeting held by unanimous consent of Metroshop S.A. approved the change of corporate name to APSAMEDIA S.A. and the amendment of its corporate purpose to capitalize on market opportunities. APSAMEDIA S.A. will continue providing its services, which have been broadened in scope:

- Consumer credit marketing and financing.

- Issuance and marketing of credit cards.

- Performance of any type of agency and representation.

- Management of administrative, advertising and commercial activities.

Such amendments were registered with the Inspección General de Justicia (Corporate Record Office) on August 29, 2011, under number 17,795.

As of September 30, 2011, APSA s direct and indirect interest in APSAMEDIA S.A. amounted to 100%.

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and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 22: (Continued)

B. (Continued)

12. Purchase of TGLT S.A. s shares

On November 4, 2010, APSA acquired 5,214,662 registered, non-endorsable shares of common stock, entitled to one vote per share, issued by the Company TGLT S.A. for a total amount equivalent to Ps. 47.1 million under the initial public offering of the latter.

Thereafter, during fiscal year 2011, APSA acquired 1,017,284 additional shares for a total consideration of Ps. 9.2 million.

During the three-month period ended September 30, 2011, APSA acquired 262,927 additional shares for a total amount of Ps. 2.6 million, thus reaching 9.24% of the capital stock of TGLT S.A. at the end of the period.

NOTE 23: CAPITAL STOCK AND CONVERTIBLE AND NON COVERTIBLE NOTES PROGRAM

A. Alto Palermo S.A.

1. Issuance of convertible notes.

On July 19, 2002, APSA issued Series I of Convertible Notes (ONC) for up to US$ 50 million with a face value of Ps. 0.1 each. That Series was fully subscribed and paid-up.

This issuance was resolved at the Ordinary and Extraordinary Meeting of Shareholders held on December 4, 2001, approved by the National Securities Commission Resolution No. 14,196 dated March 15, 2002 and authorized to list for trading on the Buenos Aires Stock Exchange on July 8, 2002.

The main issue terms and conditions of the Convertible Notes are as follows:

- Issue currency: US dollars.

- Due date: July 19, 2014.

- Interest: at a fixed nominal rate of 10% per annum. Interest is payable semi-annually.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 23: (Continued)

A. (Continued)

1. (Continued)

- Payment currency: US dollars or its equivalent in pesos.

- Conversion right: the notes can be converted at any time at the option of each holder into ordinary shares at a conversion price equivalent to the higher of the result from dividing the nominal value of the Company s shares (Ps. 0.1) by the exchange rate and US$ 0.0324, which means that each Note is potentially exchangeable for 30,864 shares of Ps. 0.1 par value each.

- Right to collect dividends: the shares underlying the conversion of the notes will be entitled to the same right to collect any dividends to be declared after the conversion as the shares outstanding at the time of the conversion.

On October 7, 2010, holders of notes convertible into APSA s shares exercised their conversion rights issuing 477,544,197 shares of common stock with a face value of Ps. 0.1 each and retiring notes for a face value of US$ 15.5 million. As from the conversion, the number of APSA shares went from 782,064,214 to 1,259,608,411.

On September 21, 2011, holders of notes convertible into APSA s shares exercised their conversion rights issuing 277,777 shares of common stock with a face value of Ps. 0.1 each and retiring notes for a face value of US$ 0.009 million. As from the conversion, the number of the Company shares went from 1,259,608,411 to 1,259,886,188.

Thus, since the issuance of the program, the holders of APSA s notes (Negotiable Obligations convertible into ordinary shares) exercised the conversion rights for a total of US$ 18.4 million, issuing ordinary shares with a face value of Ps. 0.1 each.

As of September 30, 2011, APSA s Convertible Notes amounts to US$ 31.8 million, mainly held by the Company. (See Note 23 A.3.).

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 23: (Continued)

A. (Continued)

2. Issuance of notes

On May 11, 2007, APSA issued two new series of Notes for a total amount of US$ 170 million.

Series I relates to the issuance of US$ 120 million maturing on May 11, 2017, which accrue interest at a fixed interest rate of 7.875% paid semiannually on May 11 and November 11 of each year as from November 11, 2007.

Series II relates to the issuance of Ps. 154,020 (equivalent to US$ 50 million). Principal will be settled in seven, equal and consecutive semiannual installments as from June 11, 2009, and accrues interest at 11% per annum, maturing on June 11 and December 11 of each year as from December 11, 2007.

As of September 30, 2011, total Series I and Series II Notes repurchased by APSA amount to US$ 10.0 million and US$ 1.4 million, respectively. Such notes have been valued at face value and are disclosed netting the current and non-current capital and interest owed. The Company holds corporate notes Series II in the nominal amount of Ps. 13.3 million.

These issuances are included in the Global Issuance Program of Notes, for a face value of up to US$ 200 million authorized by the National Securities Commission (CNV) by means of Resolution No. 15,614 dated April 19, 2007.

The APSA´s Ordinary and Extraordinary General Shareholders Meeting held on October 29, 2009 approved the increase in the amount of the Global Issuance Program of Notes in place up to US$ 200 million. It also approved the creation of the Global Program for the issuance of securities representing short-term debt (VCP) in the form of simple notes not convertible into shares, denominated in pesos, US dollars or any other currency with unsecured, special, floating and/or any other guarantee, including third party guarantee, either subordinated or not, for a maximum outstanding amount at any time that may not exceed the equivalent in Ps. of US$ 50 million.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 23: (Continued)

A. (Continued)

2. (Continued)

Under such Global Issuance Program of Notes, on November 10, 2009, the placement of the Second Series of Notes for a total value of Ps. 80.7 million was completed in two series.

Series III relates to the issuance of Ps. 55.8 million maturing on May 12, 2011, which accrue interest at variable Badlar rate plus a 3% margin payable on a quarterly basis.

On May 12, 2011, APSA made the last payment of interest and paid off all of the principal of such issuance.

Series IV relates to the issuance of Ps. 24.9 million (equivalent to US$ 6.6 million) maturing on May 12, 2011, which accrues interest at a fixed 6.75% rate applied to the principal in US dollars, payable on a quarterly basis.

On May 12, 2011, APSA made the last payment of interest and paid off all of the principal of such issuance.

3. Capital increase

On May 26, 2011, APSA s Ordinary and Extraordinary Shareholders´ Meeting held on this date, decided, among other points, the following:

Capital stock increase of up to Ps. 108 million through the issue of up to 1,080,000,000 new common shares of par value Ps. 0.10 each, on one or many offerings, with a share premium or not and with one voting right per share, with dividend rights in equal conditions as the rest of the outstanding shares at the issuing date, following a public offering in the country or abroad. The meeting established the parameters under which the Board of Directors will settle the share premium, with a range of prices for the share, being the minimum price Ps. 25.6133 per share of par value Ps. 1 or US$ 25.1 per ADS and a maximum price of Ps. 75 per share of par value Ps. 1 or US$ 73.4970 per ADS.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 23: (Continued)

A. (Continued)

3. (Continued)

Delegation on the Board of Directors of the power to define all the terms and conditions of the issuing process in one or several offerings, not expressly determined in the Shareholders Meeting with the power to sub-delegate on one or more than one director or manager, or the people that they authorize.

Reduction of the term to exercise the preemptive subscription right and the accretion right to up to 10 working days, as provided by section 194 of Act No. 19,550 and the regulations in force, delegating on the Board of Directors the most extensive powers in order to fulfill the capital stock increase.

Approval of the terms and conditions of the repurchase offering in the context of the capital increase and subject to the effective fulfillment of this of the outstanding convertible Corporate Bonds with par value US$ 31,755,502, for the amount of US$ 36.1 million, equivalent to US$ 1.13666 per Corporate Bond.

NOTE 24: SIGNIFICANT EVENTS

A. IRSA Inversiones y Representaciones Sociedad Anónima

1. Investment in Banco Hipotecario

Exposure to the Non-Financial Public Sector

Banco Hipotecario S.A. has booked in its Financial Statements assets with the Non-financial Public Sector for Ps. 623,288, as per the following detail:

a) Government bonds, net of allowances, for Ps. 549,549;

b) Loans to the national, provincial and municipal non-financial public sector for Ps. 50,879;

c) Other receivables derived from financial intermediation for Ps. 22,860 pertaining to debt securities from the Financial Trusts SISVIAL.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 24: (Continued)

A. (Continued)

1. (Continued)

Through Communication A No. 4546 of July 9, 2006, it was established that as from July 1st, 2007, assistance to the Public Sector by all means (average measured) shall not exceed 35% of the total Asset as of the last date of the previous month.

As of September 30 and June 30, 2011 the assistance to the Public Sector reached 5.4% and 5.8%, from total Assets, respectively.

Banco Hipotecario´s treasury Shares

In the course of the 2009 fiscal year and with the Total Return Swap dated January 29, 2004 having expired, Banco Hipotecario received treasury shares Clase D totaling 71.1 million.

On April 30, 2010, the Extraordinary General Shareholders Meeting of Banco Hipotecario resolved to delegate upon the Board of Directors the decision to pay with the treasury shares in portfolio the StAR coupons resulting from the debt restructuring as advisable based on the contractually agreed valuation methods and their actual market value after allowing the shareholders to exercise their preemptive rights on an equal footing.

On June 16, 2010, the Board of Directors of Banco Hipotecario offered to sell 36 million of its treasury Class D shares to its existing shareholders. On July 26, 2010, in the framework of the offering, the Bank sold approximately 26.9 million of its treasury Class D shares. On August 3, 2010, the Bank applied the proceeds from the offering and the remaining Class D shares to the cancellation of the StAR coupons maturing on that date.

On April 13, 2011, Banco Hipotecario´s Special Shareholders Meeting decided to authorize the Board of Directors to sell treasury shares in the open market, reducing to ten days the term established for the exercise of pre-emptive rights, which term is not applicable where the sale of shares does not exceed 1% of the Company s capital stock in any given period of 12 months.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 24: (Continued)

A. (Continued)

1. (Continued)

The Company s Banco Hipotecario treasury shares still in its portfolio amount to 36.6 million and entail an increase in the Company s ownership interest. As considered for valuation purposes, they have risen from 29.77% to 30.51%.

Dividend Payment

Banco Hipotecario s General Annual Shareholders Meeting, held on April 13, 2011 approved the payment of dividends for a total amount of Ps. 100 million, equivalent to 6.66667% of the capital stock or Ps. 0.068335 per outstanding share of par value Ps. 1, corresponding to the fiscal year ended on December 31, 2010.

The availability of this dividend is liable to BCRA s approval in accordance with the regulation disclosed by Communication A 5072, its amendments and complementary regulations. The BCRA has not yet issued its approval.

As per the Company s holding, it is entitled to Ps. 30.5 million.

2. Compensation plan for executive management

The Company has developed during the period ended June 30, 2007, the design of a capitalization program for the executive personnel by means of contributions that will be made by employees and by the Company.

That plan is aimed at certain employees that the Company chooses with the intention to maintain them, increasing its total compensation through an extraordinary reward provided certain circumstances are met.

Participation and contributions to the plan are voluntary. Once the beneficiary has accepted, two types of contributions may be made. One monthly contribution, based on the salary and one extraordinary contribution based on the annual bonus. The suggested contribution is up to 2.5% of the salary and up to 15% of the bonus. On the other hand, the Company s contribution will be 200% of monthly contributions and 300% of employees extraordinary contributions.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 24: (Continued)

A. (Continued)

2. (Continued)

Proceeds from the contributions made by participants are transferred to an independent financial vehicle, especially organized and located in Argentina as Investment Fund approved by the National Securities Commission (CNV). Such funds are freely redeemable at the participant s request.

Proceeds from the contributions made by the Company are transferred to another financial vehicle independent of and separate from the previous one. In the future, participants will have access to 100% of the plan benefits (i.e. including the Company s contributions made in favor of the financial vehicle created ad hoc) under the following circumstances:

Regular retirement under applicable labor regulations

Full or permanent disability or incapacity

Demise

In the case of resignation or dismissal without just cause, the participant will obtain the amount resulting from the Company s contributions only if they have participated in the plan for a minimum five-year term subject to certain conditions.

During the three-month periods ended September 30, 2011 and 2010, contributions paid by the Company amount to Ps. 1,214 and Ps. 2,299.

3. Compulsory expropriation order of the lot owned by Canteras Natal Crespo S.A.

On April 8, 2011, Canteras Natal Crespo S.A. (Canteras) and Caminos de las Sierras S.A. (Caminos) subscribed an agreement by means of which Canteras granted Caminos an occupation permit and the possession over a piece of land of approximately 2 ha. 8,250 square meters (portion), located on provincial road E-55 in the province of Córdoba, so that Caminos performed the works necessary for the toll road, based on the Concession agreement subscribed with the provincial Government.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 24: (Continued)

A. (Continued)

3. (Continued)

With the aim of completely and adequately affecting the area to road works to be performed by Caminos, the land will be subject to the Compulsory Expropriation Regime ruled by Provincial Act No. 6,394 and its complementary rulings. The management and fulfillment of all the requirements provided by this Act will be exclusively in charge of Caminos, who shall start the proceedings within ninety (90) days as from the date of subscription of the Agreement.

The appraisal of the piece of land will be in charge of the provincial General Appraisal Council (Council) or the organization and/or entity established to replace it. Caminos has committed to the payment of compensation resulting from the appraisal performed by the Council plus 10% of the amount (compensation). As advance payment, Caminos gave the amount of Ps. 0.8 million. Once the appraisal is performed, Caminos shall pay Canteras the positive difference resulting from the compensation and the advances. The payment term shall be ninety (90) days from the Council s resolution. Should the compensation be less than the amount advanced by Caminos, the amount already collected by Canteras will automatically be the final value for the piece of land and the existing difference shall be considered as repayment for the damages immediately and directly derived from the expropriation. As of the date these financial statements were issued, Canteras had granted Caminos the possession of the piece of land.

4. Negative working capital

At the period end the Company had posted a Ps. 162,058 deficit in its working capital. The treatment to be afforded to this situation is currently being considered by the Board and the Company s Management.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 24: (Continued)

B. Alto Palermo S.A.

1. Financing and occupation agreement with NAI INTERNATIONAL II, INC.

On August 12, 1996 Empalme S.A.I.C.F.A. y G. (merged into Shopping Alto Palermo S.A. as from January 1 st, 2009), executed an agreement with NAI INTERNATIONAL II, INC. (subsequently transferred to NAI INTERNATIONAL II, INC. Sucursal Argentina) by means of which the latter granted a loan for an original principal of up to US$ 8.2 million for the construction of a multiplex cinema and part of the parking lot located in the premises of Córdoba Shopping Villa Cabrera, which are disclosed in Fixed assets, net.

As stated in the occupation agreement related to the loan agreement, the amounts due are set off against payments generated by the occupation held by NAI INTERNATIONAL II, INC. of the building and the area known as cinema. The agreement provides that if after October, 2027, there still is an unpaid balance of the loan plus respective interest thereon, the agreement will be extended for a final term established as the shorter of the term required to fully repay the unpaid loan amount, or ten years.

If the last term has elapsed and there still is an unpaid balance, APSA will be released from any and all obligation to pay the outstanding debt.

On July 1st, 2002 an amendment to the agreement was established, whose most important resolutions are as follows:

The outstanding debt was de-dollarized (Ps. 1 = US$ 1).

An antichresis right was created and it was established that all obligations assumed by Empalme S.A.I.C.F.A. y G. under the agreement by which the normal use and operation of the cinema center is warranted to NAI INTERNATIONAL II, INC., including those obligations involving restrictions on the use or title to property by Empalme S.A.I.C.F.A. y G. or third parties, shall be comprised in the previously mentioned real right.

Principal owed as of September 30, 2011, and unpaid interest accrued through that date, due to the original loan agreement and respective amendments are disclosed under Customers advances - Lease advances together with other advances not included in this agreement.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 24: (Continued)

B. (Continued)

2. Neuquén Project

The main asset of Shopping Neuquén S.A., controlled by APSA, is a plot of land of 50,000 square meters approximately, in which a mixed use center would be built. The project includes the building of a shopping center, cinemas, a hypermarket, apartments, private hospital and other compatible purposes.

On December 13, 2006, Shopping Neuquén S.A. entered into an agreement with the Municipality of Neuquén and with the Province of Neuquén by which, mainly, the terms to carry out the commercial and residential venture were rescheduled and authorized Shopping Neuquén S.A. to transfer to third parties the title to the plots of land into which the property is divided, provided that it is not that one on which the shopping center will be built.

Such agreement put an end to the case Shopping Neuquén S.A. vs. Municipalidad de Neuquén in re: procedural administrative action , lodged at the High Court of Neuquén. Lawyers fees shall be borne by the company, which although they have been established are not yet final.

On July 5, 2010, Shopping Neuquén S.A. began the committed works for the first stage, which should be completed at a maximum 22 month terms starting upon beginning construction. In the case of failing to comply the conditions established in the agreement, the Municipality is entitled to terminate the agreement and carry out the actions that may be considered necessary for such respect, among them, to request the return of the Company s plots acquired to the Municipality.

On April 15, 2011, Shopping Neuquén S.A. entered into an agreement with Gensar S.A. whereby the latter has the right to acquire one of the plots of land that form part of a commercial undertaking of mixed use next to which Shopping Neuquén S.A. is building a shopping center. In this plot of 14,792.68 square meters, Gensar S.A. agreed to build and operate a hypermarket that initially will be of the Coto chain. To such effect, Gensar S.A. has taken possession of the above indicated plot of land.

On September 16, 2011 it executed a deed for the conveyance of title on such plot of land in favor of Gensar S.A., which deed is currently in the process of being registered with the relevant Real Estate Regulatory Entity.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 24: (Continued)

B. (Continued)

3. Contributed leasehold improvements - Other liabilities

In March 1996, Village Cinema S.A. inaugurated ten multiplex system cinema theatres, with an approximate surface of 4,100 square meters. This improvement of the building of Mendoza Plaza Shopping S.A. was capitalized with a balancing entry as a fixed asset, recognizing the depreciation charges and the profits over a 50-year period. The lease is for a time limit of 10 years to be renewed every four equivalent and consecutive periods, at the option of Village Cinema S.A.. At period / year end, the amount pending of accrual is disclosed under Other liabilities contributed leasehold improvements.

4. Acquisition of Cresud S.A.C.I.F. y A.´s Notes

On March 10, 2011, Emprendimiento Recoleta S.A. (controlled by APSA) acquired Cresud S.A.C.I.F. y A. Notes for a total amount of US$ 2.5 million due on March 10, 2013. Principal is amortized in four quarterly installments payable as from June 11, 2012 and accruing interest at a fixed rate of 7.5% per annum, payable in eight quarterly installments as from June 8, 2011.

5. Restructuring of the concession Amendment Agreement of Arcos del Gourmet S.A.

On September 6, 2011, Arcos del Gourmet S.A. subscribed a restructuring agreement of the concession with ADIF (transferred to the rail wealth under ONABE s jurisdiction), by means of which it was decided to expand the concession term until December 31, 2030, automatically extendable for 3 years and 4 months as from that date, provided the fulfillment of all the commitments assumed. This new contract allows for another extension for 3 additional years in case the Company declares so. Likewise, a maximum term of 24 months was set (as from the date of subscription of the agreement) to perform the works and opening of the Shopping Center. This agreement set a new monthly fee of Ps. 0.2 million (plus VAT) until December 31, 2025, and Ps. 0.25 million (plus VAT) as from January 1st, 2026. Notwithstanding this, subsequently and until the concession term is ended, fees will be determined every 2 years.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 24: (Continued)

B. (Continued)

5. (Continued)

Additionally, to secure the fulfillment of the agreement, Arcos del Gourmet S.A. committed itself to hire a surety bond for Ps. 4,460, to make a deposit in cash of Ps. 400 and to hire another surety bond in favor of ADIF as collateral to the execution of the works agreed in due time and proper form for Ps. 14,950.

This agreement would replace the one suscribed in ONABE.

NOTE 25: DERIVATIVES CONTRACTS

a) Futures - APSA

During the period APSA entered into hedge transactions which resulted in an unrealized loss of Ps. 1,222 and is accounted for under Other financing expense in the Statement of Income.

The table below lists financial derivative transactions conducted during the period on the corresponding gains/losses thereon:

Futures	Bank	Amount US$	Due date	Gain
Unsettled transactions				
Purchase of dollars	Banco Santander Río S.A.	6,000	11/30/11	(200)
Purchase of dollars	Standard Bank Argentina S.A.	5,000	12/31/11	(459)
Purchase of dollars	Standard Bank Argentina S.A.	5,000	01/31/12	(563)
Subtotal				(1,222)
Settled transactions				
Gain on hedging operations				(1,222)

b) Futures contracts Hoteles Argentinos S.A. (HASA)

In order to reduce financing costs related to loans granted by Standard Bank Argentina S.A., HASA entered into non-deliverable forwards (NDF) for the purchase of US Dollars. During the three-month period ended September 30, 2011, the Company has recognized a loss on such transactions that amounts to Ps. 74 included under Other financial expenses of the Statement of Income.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 26: SUBSEQUENT EVENTS

1. Creation of Consumo Centro -private financial trust-

On October 7, 2011, APSAMEDIA S.A., as trustor, together with Comafi Fiduciario Financiero S.A., acting as Trustee of the Fideicomiso Financiero Privado Yatasto , as Original Holder, created a private financial trust called Consumo Centro , which was assigned by APSAMEDIA S.A. under trust the legal ownership of certain receivables that were not in good standing, including included consumer loans, credit card receivables and refinanced receivables generated by APSAMEDIA S.A. in the ordinary course of business, and which shall issue pass-through in favor of the Original Holder. The receivables assigned under trust amount to Ps. 39.3 million approximately. As from such assignment, APSAMEDIA S.A. will assume no liability whatsoever for the creditworthiness or repayment capacity of any of the debtors, or for the success or failure to collect such receivables, or for compliance by debtors of obligations assumed in relation to such receivables.

The price of the Assignment in Trust amounts to Ps. 1.9 million. Such price less the sums of money received as payment by APSAMEDIA S.A. between August 26, 2011, cutoff date, and September 30, 2011, which amount to Ps. 0.15 million, were transferred on October 7, 2011 to a pesos-denominated checking account held by APSA at Banco Comafi for a total amount of Ps. 1.8 million.

2. Arcos del Gourmet S.A.

A Shareholders Meeting of Arcos del Gourmet S.A. was held on October 5, 2011, which finally approved Arcos s financial statements for the fiscal year ended June 30, 2011. Such Meeting was adjourned and on November 4, 2011 approved a capital increase of up to Ps. 11,000 with a subscription price of Ps. 0.00387 per shares, which includes Ps. 0.001 par value per share and Ps. 0.00287 as share premium per share; the Shareholder Meeting also approved payment of subscription price by the capitalization of existing irrevocable contributions, the debt-for-equity swap involving some loan agreements granted by APSA plus accrued interest, with the balance being paid-in in cash. As of the issuance date of these unaudited financial statements, the mandatory publications are being made for shareholders to have the chance to exercise their preemptive rights.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 26: (Continued)

3. The Ordinary and Extraordinary Meeting of Shareholders held on October 31, 2011

The following are some of the resolutions adopted by APSA S shareholders meeting:

Ratification of the dividend timely advanced for a total of Ps. 130,825 and an additional dividend in cash for Ps. 117,055, which make up a total of Ps. 247,879.

The fees of the Board of Directors for Ps. 29,419.

Allocation of up to 1% of the Company s equity to the purchase of treasury stocks, with the purpose of implementing the long-term incentive program (Please refer to Note 23 to the Unaudited Basic Financial Statements).

Delegation on the Board of Directors of the power to create a Global Issuance Program of simple Corporate Notes, non-convertible into shares, for a maximum outstanding amount of US$ 300 million at any time.

Renewal of the delegation on the Board of Directors of the power to create the Program for the issuance of VCP as simple corporate notes, non-convertible into shares, for a maximum outstanding amount of US$ 50 million at any time.

Modification of the face value of APSA s outstanding shares, which currently is Ps. 0.10, to Ps. 1.

IRSA Inversiones y Representaciones

Sociedad Anónima

Free translation of the Unaudited Financial Statements

For the three-month periods

beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Balance Sheets as of September 30, 2011 and June 30, 2011

In thousands of pesos (Note 1)

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

	September 30, 2011	June 30, 2011		September 30, 2011	June 30, 2011
ASSETS			**LIABILITIES**		
CURRENT ASSETS			**CURRENT LIABILITIES**		
Cash and banks (Note 2)	7,695	27,276	Trade accounts payable (Note 6)	16,924	18,734
Investments (Exhibits C and D)	32,564	42,188	Customer advances (Note 7)	10,086	4,971
Accounts receivable, net (Note 3)	40,329	48,536	Short-term debt (Note 8)	543,229	525,926
Other receivables (Note 4)	137,679	72,908	Salaries and social security payable	2,513	3,086
Inventories (Note 5)	23,807	11,979	Taxes payable (Note 9)	6,841	10,081
Total Current Assets	242,074	202,887	Other liabilities (Note 10)	51,489	23,856
			Subtotal Current Liabilities	631,082	586,654
			Provisions (Exhibit E)	3,542	1,082
			Total Current Liabilities	634,624	587,736
NON-CURRENT ASSETS					
Accounts receivable, net (Note 3)	550	1,885			
Other receivables (Note 4)	64,716	58,738	**NON-CURRENT LIABILITIES**		
Inventories (Note 5)	60,229	61,685	Long-term debt (Note 8)	1,267,486	1,238,120
Investments (Exhibits C and D)	3,237,747	3,183,238	Taxes payable (Note 9)	21,220	41,809
Fixed assets, net (Exhibit A)	930,491	939,252	Other liabilities (Note 10)	75,786	60,112
Intangible assets, net (Exhibit B)	41	41	**Total Non-Current Liabilities**	1,364,492	1,340,041
Subtotal Non-Current Assets	4,293,774	4,244,839	**Total Liabilities**	1,999,116	1,927,777
Negative goodwill, net	(37,615)	(38,134)			
Total Non-Current Assets	4,256,159	4,206,705	**SHAREHOLDERS EQUITY (according to the corresponding statement)**	2,499,117	2,481,815
Total Assets	4,498,233	4,409,592	**Total Liabilities and Shareholders Equity**	4,498,233	4,409,592

The accompanying notes and exhibits are an integral part of these unaudited financial statements.

Eduardo S. Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Income

For the three-month periods beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

In thousands of pesos (Note 1)

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

	September 30, 2011	September 30, 2010
Revenues	49,984	44,328
Costs (Exhibit F)	(13,217)	(9,341)
Gross profit	36,767	34,987
Administrative expenses (Exhibit H)	(11,777)	(16,920)
Selling expenses (Exhibit H)	(2,392)	(1,524)
Subtotal	(14,169)	(18,444)
Gain from recognition of inventories at net realizable value	8,436	1,152
Operating income	31,034	17,695
Amortization of negative goodwill, net	519	519
Financial results generated by assets:		
Interest income	5,229	9,792
Foreign exchange gain	6,623	8,086
Other holding (loss) gain	(4,929)	4,292
Subtotal	6,923	22,170
Financial results generated by liabilities:		
Interest expense (Exhibit H)	(52,106)	(36,240)
Foreign exchange loss	(33,001)	(12,692)
Other financial expenses (Exhibit H)	(1,329)	(416)
Subtotal	(86,436)	(49,348)
Financial results, net	(79,513)	(27,178)
Gain on equity investees (Note 12 c.)	38,285	65,232
Other expenses, net (Note 11)	(5,159)	(3,120)
Net (loss) income before tax	(14,834)	53,148
Income tax (Note 15)	20,527	3,045
Net income for the period	5,693	56,193

Earnings per share (Note 13):		
Basic net income per share	0.010	0.097
Diluted net income per share	0.010	0.097

The accompanying notes and exhibits are an integral part of these unaudited financial statements.

Eduardo S. Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Changes in Shareholders Equity

For the three-month periods beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

In thousands of pesos (Note 1)

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

Caption	Shareholders contributions				Reserved earnings		Long-term incentive program reserve (Note 23)	Cumulative translation adjustment	Retained earnings	Total at the period - end
	Common stock (Note 14.a)	Inflation adjustment of common stock	Additional paid-in capital	Total	Legal Reserve (Note 14.b)	Reserve for new developments				
Balances as of June 30, 2010	578,676	274,387	793,123	1,646,186	40,306	193,486		17,459	505,609	2,403,046
Cumulative translation adjustment								1,507		1,507
Net gain for the period 07.01.10 09.30.10									56,193	56,193
Balances as of September 30, 2010	578,676	274,387	793,123	1,646,186	40,306	193,486		18,966	561,802	2,460,746
Appropiation of retained earnings approved by Shareholders meeting held 10.29.10										
- Distribution of dividends									(120,000)	(120,000)
- Legal Reserve increase					16,725				(16,725)	
- Reserve for new developments increase						197,776			(197,776)	
Appropiation of retained earnings approved by Shareholders meeting held 05.26.11										
- Distribution of dividends									(100,000)	(100,000)
Cumulative translation								15,158		15,158

adjustment										
Net gain for the period 10.01.10 06.30.11									225,911	225,911
Balances as of June 30, 2011	578,676	274,387	793,123	1,646,186	57,031	391,262		34,124	353,212	2,481,815
Long-term incentive program reserve (Note 23)							1,711			1,711
Cumulative translation adjustment								9,898		9,898
Net gain for the period 07.01.11 09.30.11									5,693	5,693
Balances as of September 30, 2011	578,676	274,387	793,123	1,646,186	57,031	391,262	1,711	44,022	358,905	2,499,117

The accompanying notes and exhibits are an integral part of these unaudited financial statements.

Eduardo S. Elsztain

President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Cash Flows

For the three-month periods beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

In thousands of pesos (Note 1)

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

	September 30, 2011	September 30, 2010
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of the beginning of the year	45,162	57,467
Cash and cash equivalents as of the end of the period	7,954	171,708
Net (decrease) increase in cash and cash equivalents	(37,208)	114,241
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
- Net income for the period	5,693	56,193
- Plus income tax accrued for the period	(20,527)	(3,045)
- **Adjustments to reconcile net income to cash flows from operating activities:**		
Allowances and provisions	5,642	5,877
Amortization and depreciation	5,761	6,264
Gain on equity investees	(38,285)	(65,232)
Financial results, net	26,839	(8,740)
Accrued interest	51,429	29,649
Long-term incentive program reserve (Note 23)	364	
Gain from recognition of inventories at net realizable value	(8,436)	(1,152)
Amortization of negative goodwill, net	(519)	(519)
- **Changes in certain assets and liabilities net of non-cash transactions:**		
Decrease in accounts receivable, net	12,331	494
Decrease in other receivables	3,019	14,181
Decrease in inventories	3,958	1,582
Decrease in trade accounts payable	(2,722)	(819)
Increase (Decrease) in customer advances	4,997	(464)
Decrease in taxes payable, salaries and social security payable	(11,792)	(10,334)
Increase (Decrease) in other liabilities	406	(6,175)
Net cash provided by operating activities	38,158	17,760
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in current investments	(17,372)	(5,856)
Decrease in other investments	6,569	6,181
Acquisition and improvements of fixed assets	(2,497)	(356)
Advance payments for the acquisition of shares		(28,655)
Share-holding increase in equity investees		(6,050)
Irrevocable contributions in subsidiary companies	(859)	(44,882)
Dividends collected	322	
Loans granted to related parties	(66,256)	(85,434)
Net cash used in investing activities	(80,093)	(165,052)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Non-convertible Notes, net of expenses		567,449
Increase (Decrease) in bank overdrafts, net	64,455	(279,219)
Loans received from related parties	39,818	(203)
Payment of short-term and long-term debt	(20,000)	
Interest paid	(79,546)	(26,494)
Net cash provided by financing activities	4,727	261,533
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(37,208)	114,241

The accompanying notes and exhibits are an integral part of these unaudited financial statements.

Eduardo S. Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Cash Flows (continued)

For the three-month periods beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

In thousands of pesos (Note 1)

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

	September 30, 2011	September 30, 2010
Supplemental cash flow information		
Income tax paid		390
Non-cash activities:		
Increase in non-current investments through a decrease in other receivables		36,036
Cumulative translation adjustment of investments	9,898	1,507
Transfer of fixed assets to inventories	5,893	
Transfer of undeveloped parcels of land to inventories		3,030
Long-term incentive program reserve	1,347	
Composition of cash and cash equivalents at the period end		
Cash and banks	7,695	4,751
Current investments	32,564	291,596
Subtotal cash and banks and current investments	40,259	296,347
Less: (items not considered cash and cash equivalents)		
Boden 2012	2	1
Boden 2013	10	14
Mutual funds	2,221	2,325
Stock shares	13,670	11,353
Non-convertible Notes APSA 2012 Accrued interest	443	885
Non-convertible Notes APSA 2012	13,290	13,290
Convertible Notes APSA 2014 Accrued interest	2,669	2,514
Non-convertible Notes APSA 2017 Accrued interest		4,807
Non-convertible Notes APSA 2017		89,450
Cash and cash equivalents	7,954	171,708

Eduardo S. Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements

For the three-months periods beginning on July 1, 2011 and 2010

and ended September 30, 2011 and 2010

In thousands of pesos

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

NOTE 1: ACCOUNTING STANDARDS

Below are the most relevant accounting standards used by the Company to prepare these unaudited financial statements:

1.1. Preparation and presentation of financial statements

These unaudited financial statements are stated in thousands of Argentine pesos and were prepared in accordance with disclosure and valuation criteria contained in the Technical Resolutions issued by the Federación Argentina de Consejos Profesionales de Ciencias Económicas, approved with certain amendments by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires, in accordance with the resolutions issued by the National Securities Commission.

The Company s results for the three-month periods ended September 30, 2011 and 2010 have not been audited. The Company s management estimates that they include all the adjustments necessary to present fairly the results for each period.

The Company s three-month periods results do not necessarily reflect the proportion of the Company s full-year results.

1.2. Use of estimates

The preparation for financial statements requires the Company s Management, at a specific date, to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses for the period. The Company s Management makes estimations to calculate, for example, the allowance for doubtful accounts, depreciation and amortization, the impairment of long-lived assets, income taxes, contingencies allowances, fair value of assets acquired in a business combination, the fulfillment of certain conditions for valuation of inventories to its net realizable value and fair value of transaction of exchanges (barters). Future actual results could differ from the estimates and assumptions made at the date of these financial statements.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: **(Continued)**

1.3. Recognition of the effects of inflation

The financial statements have been prepared in constant Argentine Pesos, reflecting the overall effects of inflation through August 31, 1995. From that date and until December 31, 2001 the Company discontinued the restatement of the financial statements due to a period of monetary stability. From January 1, 2002 up to February 28, 2003 the effects of inflation were recognized due to the existence of an inflationary period. As from that date, the restatement of the financial statements was discontinued.

This criterion is not in line with current professional accounting standards, which establish that the financial statements should have been restated through September 30, 2003. However, due to the low level of inflation rates during the period from March to September 2003, this deviation has not had a material effect on the financial statements taken as a whole.

The rate used for restatement of items in these financial statements is the domestic wholesale price index published by the National Institute of Statistics and Census.

1.4. Comparative information

Balances items as of June 30, 2011 shown in these unaudited financial statements for comparative purposes arise from audited annual financial statements for the year then ended.

Balances of the three-month period ended September 30, 2011 of the unaudited income, shareholders equity and cash flow statements are shown for comparative purpose with the same period of the previous fiscal year.

The unaudited financial statements as of September 30, 2010 originally issued have been subject to certain reclassifications required in order to present these figures comparatively with those stated as of September 30, 2011.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: **(Continued)**

1.5. Significant accounting polices

a. Cash and banks

Cash on hand has been valued at face value.

b. Foreign currency assets and liabilities

Foreign currency assets and liabilities were valued at each period/year end exchange rates.

Operations denominated in foreign currency are converted into pesos at the exchange rates in effect at the date of settlement of the operation.

c. Current investments

Current investments in equity and debt securities and mutual funds were valued at their net realizable value.

d. Accounts receivable, net and trade accounts payable

Accounts receivable, net and trade accounts payable have been valued at nominal value. Values obtained by this do not differ significantly from those that had been valued at the estimated price applicable to spot operations at the time of the transaction plus interest and implicit financial components accrued at the internal rate of return determined at that moment.

e. Financial receivables and payables

Financial receivables and payables have been valued at nominal value plus accrued interest at the end of the period/year. Values obtained by this do not differ significantly from those that had been valued at the amount deposited and collected, respectively, net of the cost of the transaction, plus financial results accrued based on the internal rate of return estimated at the time of initial recognition.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: **(Continued)**

1.5. (Continued)

f. Other receivables and liabilities

Other receivables and other liabilities have been valued at face value plus the financial results accrued at the closing of the corresponding period/year. The figures thus obtained are not significantly different from those that would have been obtained if valued on the basis of the best possible estimate of the amounts receivable and payable, respectively, discounted by application of a rate that reflects the time value of money and the specific risks inherent in the transaction as estimated at the time of recognizing the item in assets and liabilities, respectively.

Certain receivables and liabilities disclosed under other non-current receivables and liabilities, were valued based on the best estimate of the amount receivable and payable, respectively, discounted at an interest rate that reflect the value-time of money and the estimate specific transaction risks at the time of incorporation to assets and liabilities, respectively.

As established by the regulations of the accounting professional standards, deferred tax assets and liabilities and minimum presumed income tax (MPIT) have not been discounted.

g. Balances corresponding to financial transactions and sundry receivables and payables with related parties

Receivables and payables with related parties generated by financial transactions and other sundry transactions were valued in accordance with the terms agreed by the parties.

h. Inventories

A property is classified as inventories upon determination by the Board of Directors that the property is to be marketed for sale in the normal course of business over the next several years.

Properties classified as inventories have been valued at acquisition or construction cost restated as mentioned in Note 1.3., or estimated market value, whichever is lower. Costs include land and land improvements, direct construction costs, construction overhead costs, financial costs and real estate taxes.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: **(Continued)**

1.5. (Continued)

h. (Continued)

Inventories on which advance payments that establish price have been received, and the operation s contract terms and conditions assure that the sale will be effectively accomplished and that the income will be realized, are valued at its net realizable value. Profits arising from such valuation are shown in the Gain from recognition of inventories at net realizable value caption of the Statements of Income.

Properties held for sale are classified as current or non-current based on the estimated date of sale and the time at which the related receivable is expected to be collected by the Company.

The amount recorded in inventories, net of allowances set up, does not exceed their estimated recoverable value at the end of the period/year.

Units to be received

The Company has rights to receive certain property units to be built, which have been valued according to the accounting measuring standards corresponding to inventories receivables (the price established in the deed or net realizable value, as applicable) and there have been disclosed under Inventories .

i. Non-current investments

Investments in debt securities:

Investments in debt securities were valued based on the best estimate of the discounted amount receivable, applying the corresponding internal rate of return estimated at the time of incorporation to assets.

Investments in subsidiaries and equity investments:

Non current investments in subsidiaries and equity investments have been valued by using the equity method of accounting based on the financial statements issued by them. The accounting standards used by the subsidiaries and related companies to prepare their financial statements are similar to the ones used by the Company.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: **(Continued)**

1.5. (Continued)

i. (Continued)

This item includes the lower or higher value paid for the purchase of shares in subsidiaries and affiliated companies assignable to the assets acquired, and goodwill related to the subsidiaries and affiliated companies acquired.

Banco Hipotecario S.A. and Banco de Crédito & Securitización S.A.:

The financial statements of Banco Hipotecario S.A. and Banco de Crédito & Securitización S.A. are prepared in accordance with the Central Bank of the Argentine Republic (BCRA) standards. For the purpose of the valuation of the investment in the Company, adjustments necessary to adequate the financial statements to the professional accounting standards have been considered.

In accordance with the regulations of the BCRA, there are certain restrictions on the distribution of profits by Banco Hipotecario S.A. to the Company.

Tyrus S.A.:

Foreign permanent investments held by the Company through Tyrus S.A. located in Uruguay have been classified as integrated and not integrated into the Company s operations, considering the characteristics of the aforementioned investments abroad and their operations.

Undeveloped parcels of lands:

The Company acquires undeveloped land in order to provide an adequate and well-located supply for its residential and office building operations. The Company s strategy for land acquisition and development is dictated by specific market conditions where the Company conducts its operations.

Land held for development and sale and improvements are stated at cost restated as mentioned in Note 1.3. or market value, whichever is lower.

Land and land improvements are transferred to inventories or fixed assets when their trade is decided or commences its construction.

The values of non-current investments thus obtained, do not exceed their respective estimated recoverable values at the end of the period/year.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

j. Fixed assets, net

Fixed assets comprise primarily of rental properties and other properties and equipment held for use by the Company.

Fixed assets value, net of allowances set up, does not exceed estimated recoverable value at the end of the period/year.

Rental properties:

Rental properties are carried at acquisition and/or construction cost, restated as mentioned in Note 1.3., less accumulated depreciation and allowance for impairment at the end of the year. The Company capitalizes the financial accrued costs associated with long-term construction projects.

Depreciation was computed under the straight-line method over the estimated useful lives of each asset applying annual rates in order to extinguish their values at the end of its useful life. The Company revise the useful life of the assets periodically.

The Company has allowances for impairment of certain rental properties as disclosed in Exhibit A. Increases and decreases of such allowances are disclosed in Exhibit E.

Significant renewals and improvements, which improve or extend the useful life of the asset are capitalized and depreciated over its estimated remaining useful life. At the time depreciable assets are retired or otherwise disposed of, the cost and the accumulated depreciation of the assets are eliminated from the accounts and the resulting gain or loss is disclosed in the Statements of Income.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: **(Continued)**

1.5. (Continued)

j. (Continued)

Other properties and equipment:

Other properties and equipment properties are carried at cost, restated as mentioned in Note 1.3., less accumulated depreciation at the end of the period/ year. Accumulated depreciation is computed under the straight-line method over the estimated useful lives of the assets, as specified below:

Assets	Estimated useful life (years)
Leasehold improvements	On contract basis
Furniture and fixtures	10
Vehicles	5
Machinery and equipment	10
Computer equipment	3

The cost of maintenance and repairs is charged to expense as incurred.

The cost of significant renewals and improvements are added to the carrying amount of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts.

k. Intangible assets, net

The Company segregates in this caption, among others, the expenses that the Company avoids incurring as a result of acquiring effective rent contracts and the estimated costs of entering into rent contracts acquired (see Note 1.5.I.). These are shown net of their accumulated amortization, calculated on the basis of the average initial remaining life of the rent contracts acquired.

Project development expenses include expenses initially incurred to launch the marketing of the plots of the project Abril , which are depreciated on the basis of plots sold.

The value of these assets does not exceed their estimated recoverable value as of period/year end.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: **(Continued)**

1.5. (Continued)

l. Business combinations

Significant entities or net asset acquired by the Company are recorded in line with the purchased method set forth in Technical Resolution No. 18 and Technical Resolution No. 21. All assets and liabilities acquired to third independent parties are adjusted to show their fair value. The Company identifies the assets and liabilities acquired, that included intangible assets such as: lease agreements acquired for prices and terms that are either higher or lower than in the market; costs of executing and delivering the lease agreements in force (costs that the Company avoids incurring as a result of acquiring effective lease agreements); the value of acquired brands, the value of any deposits associated to the investment and the intangible value inherent to customer relations.

The process of identification and the determination of the purchase price paid is a matter that requires complex judgments and significant estimates.

The Company uses the information contained in valuations estimated by independent appraisers as primary base for assigning the price paid for the land, buildings and shopping centers. The amounts assigned to all the other assets and liabilities are based on independent valuations or on the Company´s own analysis on comparable assets and liabilities.

If the price paid is larger than the value of the tangible and intangible assets and liabilities as identified, the excess is considered to be goodwill.

m. Debt issuance costs

Expenses incurred in connection with the issuance of debt are amortized over the life of the related issuances. In the case of redemption or conversion of these notes, the related expenses are amortized using the accelerated depreciation method.

Amortization has been recorded under Financial results and holding gain/loss, net in the Statements of Income as a greater financing expense.

n. Customer advances

Customer advances represent payments received in connection with the sale and rent of properties and has been valued according to the amount of money received.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

o. Income tax

The Company has recognized the charge for income tax by the deferred tax liability method, recognizing timing differences between measurements of accounting and tax assets and liabilities (see Note 15).

To determine deferred assets and liabilities, the tax rate expected to be in effect at the time of reversal or use has been applied to timing differences identified and tax loss carryforwards, considering the legal regulations approved at the date of issuance of these financial statements.

p. MPIT

The Company calculates MPIT by applying the current 1% rate on computable assets at the end of the period/year. This tax complements income tax. The Company s tax obligation in each period will coincide with the higher of the two taxes. However, if MPIT exceeds income tax in a given period, that amount in excess will be computable as payment on account of income tax arising in any of the following ten years.

The Company has recognized MPIT accrued in the period and paid in previous years as credit, because the Company estimates that in the future years it may be computable as prepayment of income tax.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

q. Allowances and Provisions

Changes in provisions are showed in Exhibit E

Allowance for doubtful accounts:

The allowance for losses is recognized when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the terms of the agreements. The allowance is calculated based on an individual analysis of the recoverability of the accounts receivable. The estimate of the amount and the possibility of fulfillment are made considering the opinion of the legal counsels. When it comes to its mortgage-secured receivables, the Company applies the collateral s realization value upon analyzing the recoverability of receivables with hints of uncollectibility.

While Management uses the information available to make assessments, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the assessments. Management has considered all events and/or transactions that are subject to reasonable and normal methods of estimations, and the financial statements reflect that consideration.

For impairment of assets:

The Company regularly asses its non-current assets for recoverability at the end of every year.

The Company estimates the recoverable value of rental properties based on their economic use value, which is determined based on estimated future cash flows discounted. For the rest of the assets (inventories and undeveloped parcels of land) the Company makes a comparison with market values based on values of comparable properties. If the recoverable value of assets, which had been impaired in prior years, increases, the Company records the corresponding reversals of impairment loss as required by accounting standards.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: **(Continued)**

1.5. (Continued)

q. (Continued)

For lawsuits:

The Company has certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving labor issues. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date, the Company estimates of the outcomes of these matters and the Company s lawyers experience in contesting, litigating and settling other matters.

As the scope of the liabilities becomes better defined, there may be changes in the estimates of future costs, which could have an effect on the Company s future results of operations and financial condition or liquidity.

At the date of issuance of these financial statements, Company s Management understands that there are no elements to foresee other potential contingencies having a negative impact on these financial statements.

r. Shareholders equity accounts

Amounts of shareholders equity accounts have been restated following the guidelines detailed in Note 1.3. until February 28, 2003. Subsequent movements are stated in the currency of the month to which they correspond.

Common stock account was stated at historical nominal value. The difference between value stated in constant currency, following the guidelines detailed in Note 1.3., and historical nominal value is shown under Inflation adjustment of common stock .

Cumulative translation adjustments corresponds to exchange rate differences generated by investments in foreign companies classified as non-integrated to the Company s transactions.

Long-term incentive program reserve corresponds to contributions accrued by the Company and its subsidiaries (at the participation rate), following the Long-term Incentive Program mentioned on Note 23.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: **(Continued)**

1.5. (Continued)

s. Profit and loss accounts

The profit and loss for the year are shown as follows:

Amounts included in Statements of Income are shown in currency of the month to which they correspond.

Charges for assets consumed (fixed asset depreciation, intangible asset amortization and cost of sales) were determined based on the values recorded for such assets.

Results from investments in subsidiary and equity investments were calculated under the equity method, by applying the percentage of the Company s equity interest to the results of such companies, with the adjustments for application of Technical Resolution No. 21.

t. Revenue recognition

t.1. Sales of properties

The Company records revenue from the sale of properties when all of the following criteria are met:

The sale has been consummated.

There is sufficient evidence to demonstrate the buyer s ability and commitment to pay for the property.

The Company s receivable is not subject to future subordination.

The Company has transferred the property to the buyer.

The Company uses the percentage-of-completion method of accounting with respect to sales of development properties under construction. Under this method, revenue is recognized based on the ratio of costs incurred to total estimated costs according to budgeted costs. The Company does not recognize results until construction activities have begun. The percentage-of-completion method of accounting requires the Company s Management to prepare budgeted costs in connection with sales of properties/units. All changes to estimated costs of completion are incorporated into revised estimates during the contract period.

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Notes to the Unaudited Financial Statements (Continued)

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NOTE 1: **(Continued)**

1.5. (Continued)

t.2. Revenues from leases

Revenues from leases are recognized considering its terms and conditions and over the life of the related lease contracts.

u. Cash and cash equivalents

The Company considers, for cash flow purposes, all highly liquid investments with original maturities of three months or less, consisting primarily of mutual funds, as cash equivalents.

v. Negative Goodwill, net

Goodwill has been restated following the guidelines mentioned in Note 1.3. and amortization has been calculated by the straight-line method based on an estimated useful life, considering the weighted-average of the remaining useful life of identifiable assets acquired subject to depreciation.

w. Dividends

IRSA s Board of Directors decided that its dividend policy shall consist in the distribution, pro rata amongst the Shareholders, of an amount equivalent to the highest of a) up to twenty per cent (20%) of revenues posted by the Offices and others segment that comes from the Net Operating Income by Business Segment as of June 30 of each year (Note 3 to the consolidated financial statements) or b) up to twenty per cent (20%) of net income as of June 30 of each year. This policy requires that the Company must at all times abide by the covenants imposed on it by virtue of its financial commitments.

x. Financial Derivatives Instruments

The Company uses certain financial instruments as a supplement to reduce financing costs. The Company is not engaged in trading or any other speculative use of financial instruments.

A breakdown of the Company s transactions with financial derivatives is included in Note 22.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

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NOTE 1: (Continued)

1.5. (Continued)

x. (Continued)

The resulting assets and/or liabilities have been valued at their net realizable value and/or estimated settlement cost at the end of the fiscal year.

Any difference arising during the fiscal year due to the application of measurement criteria has been recognized under Financial results generated on assets/liabilities - Other holding gains/losses , as applicable.

1.6. Adoption of the International Financial Reporting Standards

The National Securities Commission through the Resolution No. 562 has mandated that the Technical Resolution No. 26 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE) is to be applied by the companies admitted to the Public Offering System under Law No. 17,811 in connection with either their capital and/or negotiable obligations, and/or by the companies that have applied for admission to the Public Offering System. FACPCE s Technical Resolution No. 26 adopts the International Financial Reporting Standards issued by the International Accounting Standards Board. The Company shall apply IFRS as from the fiscal year beginning on July 1, 2012. On April 29, 2010, IRSA s Board of Directors has approved the specific implementation plan for the application of IFRS, which is currently underway.

NOTE 2: CASH AND BANKS

The breakdown for this item is as follows:

	September 30, 2011	June 30, 2011
Cash on hand (Exhibit G)	156	149
Banks accounts (Exhibit G)	7,539	27,127
	7,695	27,276

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NOTE 3: ACCOUNTS RECEIVABLE, NET

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Trade receivables, leases receivable and services (1) (Exhibit G)	26,116	550	27,569	1,885
Related parties (Note 12.a.) (Exhibit G)	11,848		15,285	
Debtors under legal proceedings and past due debts	8,609		8,596	
Checks to be deposited	3,689		6,908	
Less:				
Allowance for doubtful accounts (Exhibit E)	(9,933)		(9,822)	
	40,329	550	48,536	1,885

(1) Current and non-current receivables from the sale of real estate are secured by first degree mortgages in favor of the Company.

NOTE 4: OTHER RECEIVABLES

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Related parties (Note 12.a.) (Exhibit G)	125,632	2,851	58,914	2,851
Prepaid expenses	5,298	1,238	5,417	992
MPIT	1,997	60,020	2,363	54,278
Present value		(148)		(146)
Others (Exhibit G)	4,752	755	6,214	763
	137,679	64,716	72,908	58,738

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Notes to the Unaudited Financial Statements (Continued)

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NOTE 5: INVENTORIES

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Units to be received Caballito (1) (Note 12.a.)		52,029		51,999
Caballito Nuevo (2)	4,141		5,473	
Libertador 498 (3)	10,090			
Thames (3)	3,897			
El Encuentro (4)	3,765		4,432	1,486
Plots of land receivable Pereiraola (5)		8,200		8,200
Abril	1,085		1,085	
Other inventories	829		989	
	23,807	60,229	11,979	61,685

(1) See Note 16.11.

(2) In May 2006, Koad S.A. (Koad) and the Company entered into an asset exchange agreement valued at US$ 7.5 million pursuant to which the Company delivered to Koad a parcel in Caballito for the construction of a building complex to be named Caballito Nuevo . As consideration therefore, Koad S.A. made a down payment of US$ 0.05 million and agreed to cancel the US$ 7.4 million balance by delivering 118 apartments and 55 parking spaces. To secure this transaction, Koad raised a US$ 7.5 million mortgage on the parcel that constitutes its subject matter and posted a surety bond for US$ 1.0 million. On October 15, 2010, Koad conveyed to IRSA full title, possession and ownership over the units agreed in the barter deed and the security interests that had been set up in that respect were cancelled.

During the fiscal year ended on June 30, 2011, several sale agreements were subscribed, which measured the properties at their net realizable value. The deeds for two of these sales agreements are still pending. During the three-month period ended on September 30, 2011 and 2010 Ps. 3 and Ps. 1,152, respectively, were generated on this concept. As of September 30, 2011 the sale had been perfected upon execution of the deed of conveyance of 100 units and 39 parking spaces for which the respective preliminary sales agreements had been signed.

(3) Investment property. See Note 16.1.

(4) In March 2004, the Company sold (through subsidiaries) a parcel in Benavidez to Desarrolladora El Encuentro S.A. (DEESA) in exchange for (i) US$ 1.0 million in cash and (ii) 110 residential lots in the parcel to be subdivided by DEESA for US$ 3 million. On December 22, 2009 DEESA delivered the residential lots. During the fiscal year ended June 30, 2011, several sale agreements were subscribed. The deeds for three of these sales agreements are still pending. During the three-month period ended September 30, 2011, an additional sale agreement which measured the properties at their net realizable value was subscribed, generating a result of Ps. 338 on that concept. As of September 30, 2011 the property rights had been recorded as public deed for 73 residential lots.

(5) See Note 16.3.

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Notes to the Unaudited Financial Statements (Continued)

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NOTE 6: TRADE ACCOUNTS PAYABLE

The breakdown for this item is as follows:

	September 30, 2011	June 30, 2011
Related parties (Note 12.a.) (Exhibit G)	5,972	6,252
Suppliers (Exhibit G)	5,073	5,629
Accruals	5,729	6,746
Others	150	107
	16,924	18,734

NOTE 7: CUSTOMER ADVANCES

The breakdown for this item is as follows:

	September 30, 2011	June 30, 2011
Customer advances (Exhibit G)	9,474	3,632
Leases and services advances	612	1,339
	10,086	4,971

NOTE 8: SHORT AND LONG TERM DEBT

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Bank overdrafts	430,675		365,198	
Bank loans (Exhibit G) (1)	91,099	28,223	108,968	27,585
Non-convertible Notes -2017 (Note 17 and Exhibit G)(2)	8,061	626,887	20,960	612,419
Non-convertible Notes -2020 (Note 17 and Exhibit G)(3)	13,394	612,376	30,800	598,116
	543,229	1,267,486	525,926	1,238,120

(1) Balances as of September 30, 2011 includes:

a) Ps. 31,099 under current balances and Ps. 28,223 under long-term balances in relation to the debt for purchase the Republica building (Exhibit G).
b) Ps. 60,000 as current loans granted by Banco Provincia due in May and July, 2012, and accruing interest at a fixed rate of 14% per annum.

(2) It is disclosed net of issuance expenses for Ps. 874 current and Ps. 3,863 non-current as of September 30, 2011, and Ps. 874 current and Ps. 4,081 non-current as of June 30, 2011.
(3) It is disclosed net of issuance expenses for Ps. 710 current and Ps. 5,506 non-current as of September 30, 2011, and Ps. 710 current and Ps. 5,683 non-current as of June 30, 2011.

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NOTE 9: TAXES PAYABLES

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Provision on tax on Shareholders personal assets	3,410		3,668	
VAT, net	988		3,965	
Tax retentions to third parties	1,578		1,051	
Gross revenue tax	406		555	
Tax facilities for gross revenue tax	115	196	128	222
Tax facilities for municipal taxes	142	295	142	331
Deferred income tax (Note 15)		20,729		41,256
Other taxes	202		572	
	6,841	21,220	10,081	41,809

NOTE 10: OTHER LIABILITIES

The breakdown for this item is as follows:

	September 30, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Related parties (Note 12.a. and Exhibit G)	39,011	70,068	11,670	55,139
Directors fees provision (Note 12.a.) (1)	5,239		5,508	
Administration and reserve funds	3,472		2,975	
Guarantee deposits (Exhibit G)	2,536	5,618	2,479	4,873
Present value		(95)		(95)
Others	1,231	195	1,224	195
	51,489	75,786	23,856	60,112

(1) As of September 30 and June 30, 2011, it is disclosed net of advances to Directors for Ps. 18,650 and Ps. 17,935, respectively.

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Notes to the Unaudited Financial Statements (Continued)

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NOTE 11: OTHER EXPENSES, NET

The breakdown for this item is as follows:

	September 30, 2011	September 30, 2010
Other income:		
Recovery of allowances	26	
Others	117	13
Subtotal	143	13
Other expenses:		
Donations	(1,488)	(1,355)
Tax on Shareholders personal assets	(1,159)	(1,152)
Unrecoverable VAT	(39)	(445)
Lawsuits contingencies (1)	(2,470)	(132)
Others	(146)	(49)
Subtotal	(5,302)	(3,133)
Total Other expenses, net	(5,159)	(3,120)

(1) As of September 30, 2011 and 2010, includes Ps. 10 and Ps. 50 respectively, corresponding to legal expenses.

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Notes to the Unaudited Financial Statements (Continued)

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NOTE 12: BALANCES AND TRANSACTIONS WITH SUBSIDIARIES, SHAREHOLDERS, AFFILIATED AND RELATED PARTIES

a. The balances as of September 30, 2011 and June 30, 2011 with subsidiaries, shareholders, affiliated and related companies are as follows:

Related parties	Current Investments	Non-current Investments	Account receivable, net current	Other receivables - current	Other receivables - non-current	Inventories non-current Credit from barter of Caballito	Trade accounts payable - current	Other current liabilities	Other non-current liabilities	Total
Alto Palermo S.A. (1)	16,402	133,459	1,010	693			(1,250)	(10)		150,304
Arcos del Gourmet S.A. (1)			1	1						2
Baicom Networks S.A. (5)			152	14						166
Banco Hipotecario S.A. (3)							(138)			(138)
Cactus Argentina S.A. (3)			3							3
Canteras Natal Crespo S.A. (5)			836	83						919
Consorcio Libertador (4)			19	15			(3)	(4)		27
Consorcio Torre Boston (4)			426	487			(1,410)			(497)
Consultores Assets Management S.A. (4)			1,022	29			(4)			1,047
Cresud S.A.C.I.F. y A. (2)				116,126				(4,322)		111,804
Cyrsa S.A. (5)			3,368	20			(2,169)			1,219
Directors (4)				156			(49)	(5,239)	(8)	(5,140)
E-Commerce Latina S.A. (1)			1					(309)	(6,680)	(6,988)
Emprendimiento Recoleta S.A. (1)			1				(3)	(2)		(4)
Estudio Zang, Bergel & Viñes (4)				42			(232)			(190)
Fibesa S.A. (1)			45	4			(6)			43
Fundación IRSA (4)			27	2			(1)			28
Futuros y opciones S.A. (4)							(2)			(2)
Hersha Hospitality Trust (3)				145						145
Hoteles Argentinos S.A. (1)			1	53				(844)		(790)
IMadison LLC (1)				753						753

Inversora Bolívar S.A. (1)				32			(27)	(173)	(6,975)	(7,143)
IRSA International LLC (1)				687			(562)			125
Llao Llao Resorts S.A. (1)			1,939	3,741			(12)		(7)	5,661
Miltary S.A. (1)				14						14
Museo de los niños (4)			30				(3)			27
New Lipstick LLC (3)				961						961
Nuevas Fronteras S.A. (1)			51	1			(68)	(32,560)		(32,576)
Palermo Invest S.A. (1)			1	19				(222)		(202)
Panamerican Mall S.A. (1)			9	7						16
Loans granted to employees (4)				438			(22)			416
Puerto Retiro S.A. (5)			117	1			(11)			107
Quality Invest S.A. (5)			462	6				(112)		356
Real Estate Investment Group LP (1)				890						890
Real Estate Investment Group LP V (1)				9						9
Real Estate Strategies LP (1)				9						9
Ritelco S.A. (1)			5					(453)	(56,398)	(56,846)
Solares de Santa María S.A. (1)			2,143	50	2,851					5,044
Tarshop S.A. (3)			124	6						130
TGLT S,A. (3)						52,029				52,029
Torodur S.A. (1)			10	120						130
Tyrus S.A. (1)			28	18						46
Unicity S.A. (1)			17							17
Totals as of September 30, 2011	16,402	133,459	11,848	125,632	2,851	52,029	(5,972)	(44,250)	(70,068)	221,931

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NOTE 12: **(Continued)**

a. (Continued)

Related parties	Current Investments	Non-current Investments	Account receivable, net - current	Other receivables current	Other receivables - non-current	Inventories non-current Credit from barter of Caballito	Trade accounts payable current	Other current liabilities	Other non-current liabilities	Total
Alto Palermo S.A. (1)	19,228	130,444	2,148	595			(1,858)	(10)		150,547
Arcos del Gourmet S.A. (1)			1	1						2
Baicom Networks S.A. (5)			122	9						131
Banco Hipotecario (3)							(252)			(252)
Cactus Argentina S.A. (3)			3							3
Canteras Natal Crespo S.A. (5)			804	83						887
Consorcio Dock del Plata (4)										
Consorcio Libertador (4)			139	16			(63)	(4)		88
Consorcio Torre Boston (4)			1,076	344			(836)			584
Consultores Assets Management S.A. (4)			986	29			(4)			1,011
Cresud S.A.C.I.F. y A. (2)				7,614				(4,906)		2,708
Cyrsa S.A. (5)			3,344	21			(2,169)			1,196
Directors (4)				155				(5,508)	(8)	(5,361)
E-Commerce Latina S.A. (1)				1				(297)		(296)
Emprendimiento Recoleta S.A. (1)							(4)	(2)		(6)
Estudio Zang, Bergel & Viñes (4)				9			(431)			(422)
Fibesa S.A. (1)			50	10			(8)			52
Fundación IRSA (4)			28	1			(1)			28
Futuros y opciones S.A. (4)			1				(2)			(1)
Hersha Hospitality Trust (3)				142						142
Hoteles Argentinos S.A. (1)			1	53				(825)		(771)
IMadison LLC (1)				714						714
Inversora Bolívar S.A. (1)				5			(25)	(134)		(154)
IRSA International LLC (1)				670			(549)			121
Llao Llao Resorts S.A. (1)			1,897	1,041					(7)	2,931
Museo de los niños (4)			29				(3)			26
New Lipstick LLC (3)				842						842
Nuevas Fronteras S.A. (1)			102	1			(14)	(5,037)		(4,948)
Palermo Invest S.A. (1)				4				(210)		(206)
Panamerican Mall S.A. (1)			37	3			(1)			39
Loans granted to employees (4)				421			(21)			400

Puerto Retiro S.A. (5)			116	1			(11)			106
Quality Invest S.A. (1) (5)			1,597	483				(32)		2,048
Real Estate Investment Group LP (1)				9,171						9,171
Real Estate Investment Group LP IV (1)				34,605						34,605
Real Estate Investment Group LP V (1)				9						9
Real Estate Strategies LP (1)				9						9
Ritelco S.A. (1)				4				(213)	(55,124)	(55,333)
Shopping Neuquén S.A. (1)				1						1
Solares de Santa María S.A. (1)			1,979	48	2,851					4,878
Tarshop S.A. (3)			113							113
TGLT S,A. (3)			658	1,680		51,999				54,337
Torodur S.A. (1)			10	113						123
Tyrus S.A. (1)			26	6						32
Unicity S.A. (1)			18							18
Totals as of June 30, 2011	19,228	130,444	15,285	58,914	2,851	51,999	(6,252)	(17,178)	(55,139)	200,152

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NOTE 12: **(Continued)**

b. Results on subsidiary, shareholder, affiliated and related parties during the period ended September 30, 2011 and 2010 are as follows:

Related parties	Sales and services fees	Leases	Interest Income	Donations	Fees	Interest expense	Total
Alto Palermo S.A. (APSA) (1)	239	1,312	3,709				5,260
Canteras Natal Crespo S.A. (5)	24		2				26
Consorcio Torre Boston (4)	80						80
Cresud S.A.C.I.F. y A. (2)		191	279		(5,213)		(4,743)
Consorcio Libertador (4)	31	3					34
CYRSA S.A. (5)		4					4
E-Commerce Latina S.A. (1)	2					(15)	(13)
Estudio Zang, Bergel & Viñes (4)					(625)		(625)
Fibesa S.A (1)		206					206
Fundación Irsa (4)				(756)			(756)
Inversora Bolívar S.A. (1)						(16)	(16)
Llao Llao Resorts S.A. (1)		20					20
Nuevas Fronteras S.A. (1)	124					(332)	(208)
Loans granted to employees (4)			6				6
Quality Invest S.A. (5)	54						54
Real Estate Investment Group LP (1)			142				142
Real Estate Investment Group IV (1)			270				270
Ritelco S.A. (1)						(233)	(233)
Tarshop S.A. (3)	38	714					752
Totals as of September 30, 2011	592	2,450	4,408	(756)	(5,838)	(596)	260

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NOTE 12: (Continued)

b. (Continued)

Related parties	Sales and services fees	Leases	Interest Income	Donations	Fees	Interest expense	Total
Alto Palermo S.A. (APSA) (1)		1,030	9,029		(322)		9,737
Canteras Natal Crespo S.A. (5)	24						24
Cresud S.A.C.I.F. y A. (2)		169	453		(3,978)	(2,783)	(6,139)
Consorcio Dock del Plata (4)	39						39
Consorcio Libertador (4)	31	3					34
Consorcio Torre Boston (4)	80						80
CYRSA (5)		4					4
Directors (4)					(4,670)		(4,670)
E-Commerce Latina S.A. (1)			170				170
Estudio Zang, Bergel & Viñes (4)					(918)		(918)
Fibesa S.A (1)	10	137					147
Fundación IRSA (4)				(496)			(496)
Inversora Bolivar S.A. (1)			175				175
Llao Llao Resorts S.A. (1)		19	423				442
Nuevas Fronteras S.A. (1)						(60)	(60)
Palermo Invest S.A. (1)			83				83
Quality Invest S.A. (5)			78				78
Ritelco S.A. (1)			116			(241)	(125)
Solares de Santa María S.A. (1)			326				326
Tarshop S.A. (1)	58	606					664
Tyrus S.A (1)			143				143
Totals as of September 30, 2010	242	1,968	10,996	(496)	(9,888)	(3,084)	(262)

(1) Subsidiary (direct or indirect).
(2) Shareholders.
(3) Related party (direct or indirect).
(4) Related party.
(5) Direct or indirectly joint control

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<u>NOTE 12:</u> **(Continued)**

c. The composition of gain on equity investees is as follows:

	(Loss)/Gain September 30, 2011	(Loss)/Gain September 30, 2010
Gain on equity investees	38,893	68,172
Amortization of negative goodwill and lower/higher purchase values/acquisition expenses	920	411
Accrual of financial results from notes of APSA (Note 18.1)	(1,783)	(3,562)
Foreign exchange gain on higher value of notes of APSA	255	211
	38,285	65,232

<u>NOTE 13:</u> **<u>EARNINGS PER SHARE</u>**

Below is a reconciliation between the weighted-average number of common shares outstanding and the diluted weighted-average number of common shares:

	September 30, 2011	September 30, 2010
Weighted - average outstanding shares	578,676	578,676
Dilutive effect		
Weighted - average diluted common shares	578,676	578,676

Below is a reconciliation between net income of the year and net income used as a basis for the calculation of the diluted earnings per share:

	September 30, 2011	September 30, 2010
Net income for calculation of basic earnings per share	5,693	56,193
Dilutive effect		
Net income for calculation of diluted earnings per share	5,693	56,193
Net basic income per share	0.010	0.097
Net diluted income per share	0.010	0.097

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NOTE 14: COMMON STOCK

a. Common stock

As of September 30, 2011, common stock was as follows:

	Par Value	Approved by Body	Date	Date of record with the Public Registry of Commerce
Shares issued for cash		First Meeting for IRSA s Incorporation	04.05.1943	06.25.1943
Shares issued for cash	16,000	Extraordinary Shareholders Meeting	11.18.1991	04.28.1992
Shares issued for cash	16,000	Extraordinary Shareholders Meeting	04.29.1992	06.11.1993
Shares issued for cash	40,000	Extraordinary Shareholders Meeting	04.20.1993	10.13.1993
Shares issued for cash	41,905	Extraordinary Shareholders Meeting	10.14.1994	04.24.1995
Shares issued for cash	2,000	Extraordinary Shareholders Meeting	10.14.1994	06.17.1997
Shares issued for cash	74,951	Extraordinary Shareholders Meeting	10.30.1997	07.02.1999
Shares issued for cash	21,090	Extraordinary Shareholders Meeting	04.07.1998	04.24.2000
Shares issued for cash	54	Board of Directors Meeting	05.15.1998	07.02.1999
Shares issued for cash	9	Board of Directors Meeting (1)	04.15.2003	04.28.2003
Shares issued for cash	4	Board of Directors Meeting (1)	05.21.2003	05.29.2003
Shares issued for cash	172	Board of Directors Meeting (1)	08.22.2003	02.13.2006
Shares issued for cash	27	Board of Directors Meeting (1)	08.22.2003	02.13.2006
Shares issued for cash	8,585	Board of Directors Meeting (1)	12.31.2003	02.13.2006
Shares issued for cash	8,493	Board of Directors Meeting (2)	12.31.2003	02.13.2006
Shares issued for cash	4,950	Board of Directors Meeting (1)	03.31.2004	02.13.2006
Shares issued for cash	4,013	Board of Directors Meeting (2)	03.31.2004	02.13.2006
Shares issued for cash	10,000	Board of Directors Meeting (1)	06.30.2004	02.13.2006
Shares issued for cash	550	Board of Directors Meeting (2)	06.30.2004	02.13.2006
Shares issued for cash	9,450	Board of Directors Meeting (2)	09.30.2004	02.13.2006
Shares issued for cash	1,624	Board of Directors Meeting (1)	12.31.2004	02.13.2006
Shares issued for cash	1,643	Board of Directors Meeting (2)	12.31.2004	02.13.2006
Shares issued for cash	41,816	Board of Directors Meeting (1)	03.31.2005	02.13.2006
Shares issued for cash	35,037	Board of Directors Meeting (2)	03.31.2005	02.13.2006
Shares issued for cash	9,008	Board of Directors Meeting (1)	06.30.2005	02.13.2006
Shares issued for cash	9,885	Board of Directors Meeting (2)	06.30.2005	02.13.2006
Shares issued for cash	2,738	Board of Directors Meeting (1)	09.30.2005	02.13.2006
Shares issued for cash	8,443	Board of Directors Meeting (2)	09.30.2005	02.13.2006
Shares issued for cash	354	Board of Directors Meeting (2)	03.31.2006	12.05.2006
Shares issued for cash	13,009	Board of Directors Meeting (1)	03.31.2006	12.05.2006
Shares issued for cash	2,490	Board of Directors Meeting (2)	03.31.2006	12.05.2006
Shares issued for cash	40,215	Board of Directors Meeting (1)	06.30.2006	12.05.2006
Shares issued for cash	10,933	Board of Directors Meeting (2)	06.30.2006	12.05.2006
Shares issued for cash	734	Board of Directors Meeting (1)	09.30.2006	11.29.2006
Shares issued for cash	1,372	Board of Directors Meeting (2)	09.30.2006	11.29.2006
Shares issued for cash	5,180	Board of Directors Meeting (1)	12.31.2006	02.28.2007
Shares issued for cash	6,008	Board of Directors Meeting (2)	12.31.2006	02.28.2007
Shares issued for cash	2,059	Board of Directors Meeting (1)	03.31.2007	06.26.2007
Shares issued for cash	2,756	Board of Directors Meeting (2)	03.31.2007	06.26.2007

Shares issued for cash	8,668	Board of Directors	Meeting (1)	06.30.2007	10.01.2007
Shares issued for cash	2,744	Board of Directors	Meeting (2)	06.30.2007	10.01.2007
Shares issued for cash	33,109	Board of Directors	Meeting (1)	09.30.2007	11.30.2007
Shares issued for cash	53,702	Board of Directors	Meeting (2)	09.30.2007	11.30.2007
Shares issued for cash	1,473	Board of Directors	Meeting (1)	12.31.2007	03.12.2008
Shares issued for cash	25,423	Board of Directors	Meeting (2)	12.31.2007	03.12.2008
	578,676				

(1) Conversion of negotiable obligations.
(2) Exercise of options.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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NOTE 14: (Continued)

b. Restriction on the distribution of profits

i) In accordance with the Argentine Commercial Corporations Law and the Company's By-laws, 5% of the net and realized profit for the year, calculated in accordance with Argentine GAAP plus (less) prior year adjustments must be appropriated, once accumulated losses are absorbed, by resolution of the shareholders to a legal reserve until such reserve equals 20% of the Company's outstanding capital. This legal reserve may be used only to absorb losses.

ii) See Note 17.

iii) See Note 1.5 w.

NOTE 15: INCOME TAX DEFERRED TAX

The evolution and breakdown of deferred tax assets and liabilities are as follows:

Items	Balances at the beginning of year	Changes for the period	Balances at period-end
Deferred assets and liabilities			
Cash and Banks	(2,747)		(2,747)
Investments	48,538	702	49,240
Accounts receivable, net	88	(60)	28
Other receivables	(397)	449	52
Inventories	(18,979)	120	(18,859)
Fixed assets, net	(97,112)	87	(97,025)
Tax loss carryfowards	32,143	17,925	50,068
Short and long-term debt	(3,973)	140	(3,833)
Salaries and social security payable	684	343	1,027
Other liabilities	499	821	1,320
Total net deferred liabilities	(41,256)	20,527	(20,729)

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NOTE 15: **(Continued)**

The detail of tax loss carryfowards not expired that have not yet been used as of fiscal year amounts to:

Year of generation	Amount	Statute of Limitation
2011	91,836	2016
2012	51,216	2017
Tax loss carryforwards	143,052	

Below is a reconciliation between income tax expensed and that resulting from application of the current tax rate to pre-tax income for the periods ended September 30, 2011 and 2010, respectively:

Items	09.30.11	09.30.10
Pretax income	(14,834)	53,148
Statutory income tax rate	35%	35%
Income tax expense at statutory tax rate on pretax income	(5,192)	18,602
Permanent differences at tax rate:		
Restatement into constant currency	288	291
Gain on equity investee	(14,171)	(24,390)
Donations	521	467
Other	(1,973)	1,985
Income tax charge for the period	(20,527)	(3,045)

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Notes to the Unaudited Financial Statements (Continued)

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NOTE 15: (Continued)

Below is a reconciliation between income tax expensed and that resulting from application of the current tax rate to pre-tax income:

	09.30.11	**09.30.10**
Total income tax expense	(20,527)	(3,045)
Less temporary differences:		
Additions		
Investments	702	
Other receivables		179
Tax loss carryfowards	17,925	5,305
Short and long-term debt		(2,348)
Salaries and social security payable	343	216
Other liabilities	821	
Allowances and Provisions		250
Reversals		
Cash and Banks		(64)
Investments		(369)
Accounts receivable, net	(60)	
Other receivables	449	
Inventories	120	58
Fixed assets, net	87	42
Short and long-term debt	140	
Other liabilities		(224)
Total temporary differences	20,527	3,045
Total income tax		

The Company in accordance with the accounting standards (See Res. Gral. CNV 485/05 y 487/06) has decided not to recognize the deferred income tax liability generated by the effect of the adjustment for inflation on the fixed assets and other non-monetary assets. The estimated effect as of the date of the issuance of these financial statements that the adoption of this criteria would have generated would be a decrease in shareholders equity of approximately Ps. 124.7 million which should be recorded in the retained earnings for Ps. 134.1 million (loss) and in the income statement accounts of the fiscal year Ps. 9.4 million (gain). This effect includes those generated by subsidiaries.

The above-mentioned liability would probably be reverted according to the detail that follows:

Item	**Up to 12**	**From 1 to 2**	**From 2 to 3**	**Over 3 years**	**Total**

	months	years	years		
Amount in million	9.7	9.0	8.9	97.1	124.7

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

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NOTE 16: ACQUISITIONS, SALE, CONSTITUTIONS AND REORGANIZATIONS OF BUSINESS AND REAL STATE ASSETS

1. Sales of Buildings

On July 7, 2011, the Company subscribed a sale agreement of some offices at Libertador 498. The agreed total price is US$ 2.5 million to be paid as per the following: a) US$ 0.75 million at the time of subscription of the sale agreement, b) US$ 1.25 million at the time of recording the public deed and granting possession (which took place on October 17, 2011), c) US$ 0.1 million on October 28, 2011 and d) US$ 0.4 million on April 27, 2012. To secure the payment of the balance, the purchaser constituted a first-degree privilege mortgage on the property, in favor of the Company. As of September 30, 2011, the Company recorded a profit of Ps. 8.1 million derived from the measurement of the properties at their net realizable value.

On September 7, 2011, the Company subscribed a sale agreement of the property Thames . The total transaction price amounts to US$ 4.7 million. Out of this total, US$ 1.0 million have been collected at the time of subscription, and the balance of US$ 3.7 million were collected at the time of recording the public deed and granting possession, which took place on October 25, 2011. The result for this transaction amounts to US$ 3.8 million.

Both properties were classified as investment properties until the above mentioned transactions were executed, which represents a gross lease area of approximately 33,900 square meters. As of September 30, 2011, these assets were reclassified to inventory, in accordance with the Company s disclosure policies.

During the three-month period ended on September 30, 2010, no offices were sold.

2. Option to acquire an interest in Alto Palermo S.A. (APSA)

In January 2010, the Company submitted a bid, which Parque Arauco S.A. (PASA) accepted, for acquiring, through a purchase option, the 29.55% interest held by PASA in APSA and the direct and indirect interest held by PASA in the Series I Convertible Notes issued in due time by APSA (APSA s Convertible Note 2014) for a nominal value of US$ 15.5 million.

The acceptance of the bid granted the Company the right to exercise the purchase option mentioned above until August 31, 2010, which term may be extended subject to compliance with certain conditions.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements (Continued)

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NOTE 16: **(Continued)**

2. (Continued)

The strike price has been fixed at the total and final amount of US$ 126.0 million. The Company has transferred US$ 6.0 million (non-refundable) to PASA as payment in exchange for the option, to be computed towards cancellation of the final price.

On September 21, 2010, the Company s Board of Directors resolved to exercise the option, which was consummated on October 15, 2010 through the payment of the price balance and the transfer of the shares. According to the terms of the option, the dividends paid by APSA for the fiscal year ended on June 30, 2010 were deducted from the price.

As a consequence of the transaction, as of September 30, 2011, the Company s interest in APSA rose from 94.89% (See Note 18.2.).

3. Sale of ownership interest in Pereiraola S.A.I.C.I.F. y A. (Pereiraola).

In June 2010, the Company closed the sale and transfer of Pereiraola shares for US$ 11.8 million, for which it has collected US$ 1.94 million. The balance shall be paid through a transfer to the name of the Company of the higher of 6% of the marketable lots, or 39,601 square meters in the gated neighborhood that the buyer has agreed to develop in the property owned by Pereiraola, equivalent to US$ 2.1 million and four consecutive, half-yearly installments of US$ 1.94 million each plus an annual 14% interest rate on the balances, which interest shall be paid in the same conditions as principal, having collected the first and second installment in December 2010 and June 2011, respectively.

4. Torodur S.A.

In May 2010, the Company acquired a 100% stake in Torodur S.A. s capital stock for US$ 0.01 million. Later on, the Company transferred a 2% ownership interest to CAM Communications LP (Bermudas) and CAM Communications LP (Delaware), equally, at cost. In June 2011, the Company concluded the sale and transfer of shares of Torodur S.A, for US$ 0.002 million to APSA. As a consequence of this operation the Company does not have any direct holding in Torodur S.A.

On the same date, CAM Communications LP (Bermudas) and CAM Communications LP (Delaware) sold to APSA their holding in Torodur S.A.

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Notes to the Unaudited Financial Statements (Continued)

In thousands of pesos

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<u>NOTE 16:</u> (Continued)

5. Sale of Torres Jardín IV

On October 25, 2010, the Company executed a preliminary sales agreement whereby it sold the lot at Gurruchaga 220/254/256 street, at the intersection with Murillo street in the Autonomous City of Buenos Aires (Torres Jardín IV). The total price of the transaction had been fixed at US$ 2.9 million and the terms of payment were: US$ 0.9 million to be collected upon signing the preliminary sales agreement and the price balance, US$ 2.0 million, to be collected when possession is conveyed and the title deed over the property is executed, which took place in January 2011.

6. Acquisition of shares in Banco Hipotecario S.A.

On July 26, 2010, in the framework of an offer launched by BHSA s Board of Directors for the sale to existing shareholders of 36.0 million of its treasury Class D shares in portfolio, Banco Hipotecario sold approximately 26.9 million of said shares.

Exercising its preemptive right, the Company took part in the offering and acquired 4,352,243 Class D shares totaling Ps. 6.0 million. As a result of this transaction, the Company s interest in BHSA increased from 5% to 5.29% (without considering treasury shares).

On January 7, 2011, the Company sold to Palermo Invest S.A. the equivalent of 4,352,243 Class D ordinary shares in BHSA for US$ 3.3 million. As a result of the sale, the Company s interest in BHSA is once again 5% (without considering the treasury shares in portfolio).

7. Acquisition of Unicity S.A.

On September 1, 2010, E-Commerce Latina S.A. (100% subsidiary of the Company) acquired a 100% stake in Unicity S.A. (Unicity) for US$ 2.53 million. Unicity s main assets consists in 31,491,932 shares representative of 10% of the capital stock of Solares de Santa María S.A. and because of which remained a liability to the Company for the balance of the purchase price of US$ 9.1 million. On September 28, 2010 the debt was capitalized and the Company received in exchange for 36,036,000 shares representing 88.61% of Unicity, being held by E-Commerce Latina S.A. the remaining 11.39%.

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Notes to the Unaudited Financial Statements (Continued)

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NOTE 16: **(Continued)**

8. Acquisition of shares in TGLT S.A.

In December 2010, the Company acquired 9,598 non-endorsable, registered, common shares, with right to one vote each and representative of 0.01% of TGLT S.A. s capital stock. The total price paid was Ps. 0.1 million.

9. Sale of interest in Quality Invest S.A. (Quality)

On March 31, 2011, the Company and Palermo Invest S.A. sold to EFESUL S.A. (EFESUL) 50% of the capital stock of Quality. As a result of such sale, Quality became jointly controlled by the Company and EFESUL (See Note 22.A.7. to the Consolidated Financial Statements).

10. Purchase of Banco de Crédito & Securitización (BACS) shares

On March 10, 2011, the Company signed a stock purchase agreement with International Finance Corporation (IFC) for a total of 796,875 common shares, which represents a 1.28% of BACS capital stock in an aggregate amount of US$ 0.32 million, US$ 0.06 million of which were paid upon execution of the agreement, and the balance of US$ 0.26 million (supported by respective promissory notes) are to be repaid at the time of closing of the transaction, that is within 12 business days as from approval of the transaction by the BCRA, which is still pending.

11. Caballito plot of land barter (TGLT S.A.)

On June 29, 2011, IRSA subscribed an Exchange agreement with TGLT S.A. (TGLT), which granted the property of a piece of land described as lot 1q of block 35, surrounded by the streets Méndez de Andes, Colpayo, Felipe Vallese and Rojas in the neighborhood of Caballito, City of Buenos Aires. In the site, TGLT will develop a building project devoted to housing and offices, which will consist of three buildings with an approximate area of 30,064.4 square meters.

The total Price was settled in US$ 12.8 million. Of the total amount, US$ 0.2 million was paid in money after the deed was executed and the balance shall be cancelled by transferring the property of: (i) a number of apartments to be determined, which represents in all 23.10% of the square meters of the saleable houses; (ii) a number to be determined of complementary units (garages), which represents in all 21.10% of the square meters of the garages; and (iii) in case TGLT builds complementary storage rooms, a number to be determined, which represents 21.10% of the square meters of the storage rooms; of the future real estate that shall form part of the project.

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Notes to the Unaudited Financial Statements (Continued)

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NOTE 16: **(Continued)**

11. (Continued)

TGLT is committed to build, finish and obtain authorization for the three buildings that shall make up the building project, within 36 to 48 months, to be counted as from the subscription of the agreement. In guarantee of its obligations under the exchange agreement, TGLT constituted in favor of IRSA a first-grade privilege mortgage on the real estate for up to US$ 12.8 million (capital) plus interests, cost and other expenses that may apply.

NOTE 17: **ISSUANCE OF NOTES PROGRAM**

In February 2007, the Company issued Non-convertible Notes (Non-convertible Notes-2017) for US$ 150 million to become due in February 2017 under the framework of the Global Program for Issuing Non-convertible Notes (The Program) in a nominal value of up to US$ 200 million authorized by the National Securities Commission, Non-convertible Notes - 2017 accrue an annual fixed interest rate of 8.5%, payable every six months, starting in August, 2007. The Principal will be fully paid on maturity. Non-convertible Notes - 2017 contain certain covenants including restrictions to pay dividends in accordance with certain limits.

On February 25, 2010, the Board of Directors approved the extension of the maximum nominal value of the Program by an additional US$ 200 million, reaching a total amount of US$ 400 million, as approved by the Company s General Shareholders Meeting held on October 29, 2009.

Within this framework, on July 20, 2010, the Company issued Non-convertible Notes for a nominal value of US$ 150 million (Class 2 Notes) maturing on July 20, 2020. The issuance price was 97.838% of the par value and they accrue interest at a nominal interest rate of 11.5% per annum, to be paid semi annually on January 20 and June 20 each year, starting on January 20, 2011. The expenses related to the issuance amounted to Ps. 7.1 million.

On November 2, 2010, the Company s General Shareholders Meeting approved a new expansion of the Program in force for up to a further US$ 50 million bringing it to US$ 450 million.

See Note 24.1.

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Notes to the Unaudited Financial Statements (Continued)

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NOTE 18: OTHER RELEVANT FACTS

1. Purchase and sale of APSA s Notes

During fiscal year ended June 30, 2009, the Company bought APSA Notes Series I and II for US$ 39.6 million and US$ 46.5 million, respectively. The total amount paid was US$ 19.3 million and US$ 8.2 million, respectively. These transactions generated results for Ps. 74,285 and Ps. 18,363, respectively. On October 12, 2010, the Company sold APSA s Series I negotiable obligations through the secondary market for a nominal value of US$ 39.6 million that it had acquired in the course of fiscal 2009. The total amount collected from the transaction was US$ 38.1 million. The difference has been treated as an implicit financial cost of the transaction, which shall accrue and be amortized against income over the term of the notes.

2. Agreement entered into with Cresud over an assignment of rights to APSA shares

On October 15, 2010, the Company and Cresud entered into an agreement to assign rights, whereby the Company assigned to Cresud the voting rights associated to 8,817,259 non-endorsable, registered, common shares of par value Ps. 1 per share and equivalent to 0.70% of APSA s subscribed capital stock. In exchange, Cresud must pay, as from the third month counted from the date of execution of the agreement, interest equivalent to an annual LIBOR at three months plus 150 basic points rate.

3. Negative working capital

At the period end the Company had posted a Ps. 392,550 deficit in its working capital. The treatment to be afforded to this situation is currently being considered by the Board and the Company s Management.

NOTE 19: RESTRICTED ASSETS

1. The Company carries a mortgage on the property designated as Suipacha 652 , and a pledge over Cyrsa´s shares, set up to secure its obligation to construct a building and transfer the units to be constructed in the building as price balance for the acquisition of the property located at Libertador 1755.

2. The Company carries a mortgage on the property designated as Edificio República in connection with the loan granted by Banco Macro for the acquisition of said property.

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NOTE 20: COMPLIANCE WITH CURRENTLY APPLICABLE ENVIRONMENTAL RULES AND REGULATIONS

The Company has assumed a permanent commitment to the sustainable conduct of business in line with currently applicable environmental rules and regulations.

NOTE 21: TRANSACTIONS PENDING SOLUTIONS BY THE ARGENTINE ANTITRUST COMMISSION

On November 20, 2009, after the sale of the building Edificio Costeros (Dique II), the Company applied to the CNDC for a consultative opinion on whether the Company had to notify that transaction or not. The CNDC stated that there was indeed a duty to notify the transaction. The Company filed an appeal against this decision. As of the date of issuance of these financial statements, the CNDC had not yet handed down a resolution.

In addition, as regards the acquisition of Torre BankBoston (Della Paolera), in August 2007, the Company applied to the CNDC for a consultative opinion as to whether the Company had to notify the transaction. In November 2007, the CNDC stated that there was indeed a duty to notify the transaction. The Company filed an appeal against this decision. The plaintiff resolution was right to CNDC. On November 3, 2010 the sale transaction was notified to the CNDC. As of the date of issuance of these financial statements, the authorization is being processed.

NOTE 22: FINANCIAL DERIVATES

During the three-month period, the Company did not enter into transactions with financial derivates instruments.

As of September 30 and June 30, 2011, the Company did not have any derivative contracts nor any related guarantee.

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NOTE 23: LONG-TERM INCENTIVE PROGRAM

The Company has developed a long-term shared-based incentive and retaining plan for managers and key personnel, by means of contributions that will be made by the mentioned employees together with the Company. The Company intends, at its sole decision, to repeat the plan for one or two fiscal years with the same or different conditions, with the possibility of granting a share-based unrestricted extraordinary compensation to be paid uniquely in September 2014.

Participation in this plan comes from an invitation from the Board of Directors and it can be freely accepted by the invited participants. Once an employee accepts their invitation, they will be able to make a single annual contribution (based on their annual bonus). The suggested contribution is up to 7.5% of their bonus, being the Company s contribution for the first year 10 times the employee s contribution. Contributions and/or the Company s shares purchased with these funds will be transferred to vehicles specially constituted with this purpose. The Company s and employees contributions for the following fiscal years will be defined after the fiscal year end.

In the future, the participants or their successors will have access to 100% of the Benefit (Company contributions made in its favor) under the circumstances that follow:

- if the employee resigns or leaves the Company unexpectedly, he/she will be entitled to the benefit only if 5 years have passed since each contribution was made
- retirement
- total or permanent disability
- death

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NOTE 24: SUBSEQUENT EVENTS

1. Ordinary and Extraordinary Shareholders meeting as of October 31, 2011

The following are some of the resolutions adopted by the shareholders meeting:

Payment of a dividend exclusively in cash, for Ps. 211,575.

The fees of the Board of Directors for Ps. 23,443.

Allocation of up to 1% of the Company s equity to the purchase of treasury stocks, with the purpose of implementing the long-term incentive program (See Note 23).

Delegation on the Board of Directors of the power to create a Global Issuance Program of simple Corporate Notes, non-convertible into shares, for a maximum outstanding amount of US$ 300 million at any time.

Renewal of the delegation on the Board of Directors of the power to create the Program for the issuance of VCP as simple corporate notes, non-convertible into shares, for a maximum outstanding amount of US$ 50 million at any time.

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Fixed assets, net

For the three-month period beginning on July 1, 2011 and ended September 30, 2011 compared with the year ended June 30, 2011

In thousands of pesos

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Exhibit A

						Depreciation For the period / year					
Items	Value as of beginning of year	Additions and transfers	Deductions and transfers	Value as of end of period / year	Accumulated as of beginning of year	Increases, decreases and transfers	Amount (1)	Accumulated as of end of the period /year	Allowances for impairment (2)	Net carrying value as of September 30, 2011	Net carrying value as of June 30, 2011
Furniture and fixtures	2,904	2		2,906	2,565		10	2,575		331	339
Machinery, equipment and computer equipment	11,125	192		11,317	10,188		114	10,302		1,015	937
Leasehold improvements	8,180			8,180	8,129		7	8,136		44	51
Vehicles	221			221	221			221			
Work in progress	2,299	40		2,339						2,339	2,299
Advances for fixed assets	1,645	454		2,099						2,099	1,645
Subtotal other fixed assets	26,374	688		27,062	21,103		131	21,234		5,828	5,271
Properties:											
Edificio República	230,757			230,757	15,222		1,187	16,409		214,348	215,535
Torre BankBoston (3)	169,078			169,078	11,099		727	11,826		157,252	157,979
Bouchard 551	160,657			160,657	12,415		582	12,997		147,660	148,242
Catalinas Norte plot of land	102,666	1,391		104,057						104,057	102,666
Intercontinental	113,969	418		114,387	35,575		1,006	36,581		77,806	78,394
Bouchard 710	72,499			72,499	8,222		256	8,478		64,021	64,277
Dique IV	67,093			67,093	4,875		563	5,438		61,655	62,218
Maipú 1300	52,716			52,716	15,812		346	16,158		36,558	36,904
Costeros Dique IV	23,337			23,337	4,814		147	4,961		18,376	18,523
Libertador 498 (5)	17,362		(2,891)	14,471	5,338						