

IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
June 22, 2012

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 June, 2012

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 Form 40-F

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

Yes No

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA
(THE "COMPANY")

REPORT ON FORM 6-K

Attached is an English translation of the Financial Statements for the nine-month period ended on March 31, 2012 and on March 31, 2011 filed by the Company with the Comisión Nacional de Valores and the Bolsa de Comercio de Buenos Aires:

IRSA Inversiones y Representaciones Sociedad Anónima

Free translation of the Unaudited
Consolidated Financial Statements
For the nine-month periods
beginning on July 1, 2011 and 2010
and ended March 31, 2012 and 2011

IRSA Inversiones y Representaciones
Sociedad Anónima and subsidiaries

Free translation of the Unaudited Consolidated Financial Statements
For the nine-month periods
beginning on July 1, 2011 and 2010 and
ended March 31, 2012 and 2011

Company: IRSA Inversiones y Representaciones Sociedad Anónima

Corporate Bolívar 108 1° Floor – Autonomous City of Buenos Aires
domicile:

Principal Real estate investment and development
activity:

Financial Statements as of March 31, 2012
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 June 23, 1943
By-laws:

Of last February 12, 2008
amendment:

Registration
number with the 213,036
Superintendence
of Corporations:

Duration April 05, 2043
of the
Company:

Controlling Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria (Cresud S.A.C.I.F. y A.)
Company:

Corporate Moreno 877, 23rd Floor, Autonomous City of Buenos Aires
Domicile:

Principal Agricultural, livestock and real estate investment
Activity:

Shareholding: 63.22% (See Note 24.5. to the Unaudited Basic Financial Statements)

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
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		Subscribed and Paid in
Common share, 1 vote each	578,676,460	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 March 31, 2012 and June 30, 2011

In thousands of pesos (Notes 1 and 2)

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

	March 31, 2012	June 30, 2011		March 31, 2012	June 30, 2011
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 4)	200,878	168,170	Trade accounts payable (Note 11)	145,364	153,149
Investments (Note 5)	209,368	210,183	Customer advances (Note 12)	229,824	232,863
Accounts receivable, net (Note 6)	272,094	248,998	Short-term debt (Note 13)	522,976	683,813
Other receivables (Note 7)	156,437	155,169	Salaries and social security payable (Note 14)	28,310	35,792
Inventories (Note 8)	184,769	262,660	Taxes payable (Note 15)	135,834	119,053
Total Current Assets	1,023,546	1,045,180	Other liabilities (Note 16)	53,862	79,068
			Subtotal Current Liabilities	1,116,170	1,303,738
			Provisions (Note 17)	8,069	2,019
			Total Current Liabilities	1,124,239	1,305,757
			NON-CURRENT LIABILITIES		
			Trade accounts payable (Note 11)	16	47
			Customer advances (Note 12)	109,102	94,244
NON-CURRENT ASSETS			Long-term debt (Note 13)	2,122,620	1,756,919
Accounts receivable, net (Note 6)	23,452	14,300	Taxes payable (Note 15)	287,063	328,692
Other receivables (Note 7)	197,816	161,331	Other liabilities (Note 16)	19,498	18,129
Inventories (Note 8)	97,560	89,441	Subtotal Non-Current Liabilities	2,538,299	2,198,031
Investments (Note 5)	2,198,855	1,946,145	Provisions (Note 17)	12,929	12,881
Fixed assets, net (Note 9)	3,346,228	3,405,851	Total Non-Current Liabilities	2,551,228	2,210,912
Intangible assets, net	48,578	42,362	Total Liabilities	3,675,467	3,516,669
Subtotal Non-Current Assets	5,912,489	5,659,430	Minority interest	376,028	316,826
Negative goodwill, net (Note 10)	(362,365)	(389,300)		2,522,175	2,481,815
	5,550,124	5,270,130			

Total Non-Current Assets			SHAREHOLDERS' EQUITY		
			Total Liabilities and		
Total Assets	6,573,670	6,315,310	Shareholders' Equity	6,573,670	6,315,310

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

Saúl Zang
 Vice-President I
 Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima
and subsidiaries

Unaudited Consolidated Statements of Income

For the nine-month periods beginning on July 1, 2011 and 2010
and ended March 31, 2012 and 2011

In thousands of pesos, except “earnings per share” (Notes 1 and 2)
Free translation from the original prepared in Spanish for publication in Argentina

	March 31, 2012	March 31, 2011
Revenues	1,078,764	1,013,384
Costs	(382,014)	(401,001)
Gross profit	696,750	612,383
Selling expenses	(70,324)	(84,977)
Administrative expenses	(158,607)	(150,459)
Subtotal	(228,931)	(235,436)
Gain from recognition of inventories at net realizable value	39,408	39,629
Net gain from retained interest in securitized receivables	-	4,707
Operating income (Note 3)	507,227	421,283
Amortization of negative goodwill, net	14,267	856
Financial and holding results generated by assets:		
Interest income	18,164	16,865
Foreign exchange gain	50,908	16,991
Other holding results	(5,215)	8,172
Subtotal	63,857	42,028
Financial and holding results generated by liabilities:		
Interest expense	(210,722)	(164,972)
Foreign exchange loss	(131,127)	(58,455)
Other financial expenses	(8,806)	(3,820)
Subtotal	(350,655)	(227,247)
Financial results, net (Note 18 a.)	(286,798)	(185,219)
Gain on equity investees	98,809	123,156
Other expenses, net (Note 18 b.)	(12,281)	(8,583)
Income before taxes and minority interest	321,224	351,493
Income tax and Minimum Presumed Income Tax (MPIT)	(90,838)	(72,990)
Minority interest	(13,677)	(55,342)
Net income for the period	216,709	223,161
Earnings per share (Note 13 to the Unaudited Basic Financial Statements)		
Basic net income per share	0.374	0.386
Diluted net income per share	0.374	0.386

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

Saúl Zang
Vice-President I
Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima
and subsidiaries

Unaudited Consolidated Statements of Cash Flows
For the nine-month periods beginning on July 1, 2011 and 2010
and ended March 31, 2012 and 2011

In thousands of pesos (Notes 1 and 2)

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

	March 31, 2012	March 31, 2011
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	277,526	404,536
· Net (Decrease) Increase in cash and cash equivalents	(34,748)	253,182
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
· Net income for the period	216,709	223,161
- Adjustments to reconcile net income to cash flows from operating activities:		
· Income tax and MPIT	90,838	72,990
· Gain on equity investees	(98,809)	(123,156)
· Amortization of negative goodwill, net	(14,267)	(856)
· Minority interest	13,677	55,342
· Gain from recognition of inventories at net realizable value	(39,408)	(39,629)
· Allowances and provisions	42,513	42,674
· Depreciation and amortization	131,908	118,266
· Accrued interest	149,162	146,540
· Financial results, net	174,319	38,131
· Long-term incentive program reserve (Note 23 to the Unaudited Basic Financial Statements)	2,795	-
· Gain (loss) for fixed assets retired	1,235	(255)
· Net loss from the derecognition of intangible assets	(536)	-
· Gain from Inventory barter transactions	-	(19,332)
· Additions of intangible assets	(2,697)	(2,524)
· Net income from sales of real estate property	(3,686)	-
Changes in certain assets and liabilities net of non-cash transactions and effects of acquisitions:		
· Increase in account receivable, net	(23,888)	(86,232)
· Increase in other receivables	(14,263)	(36,613)
· Decrease in inventories	114,600	71,725
· Increase (Decrease) in trade accounts payable	5,192	(3,721)
· Decrease in taxes payable, salaries and social security payable	(142,561)	(92,092)
· Increase in customer advances	6,927	21,851
· Decrease in other liabilities	(17,355)	(53,640)
Net cash provided by operating activities	592,405	332,630
CASH FLOWS FROM INVESTING ACTIVITIES:		
· Advance payments for the acquisition of shares	-	(1,473)
· (Increase) decrease in current investments	(74,109)	68,127

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· Share-holding increase in equity investees	(155,617)	(790,934)
· Decrease in Minority interest	(2,577)	-
· Acquisition of undeveloped parcels of land	(200)	(159)
· Acquisitions and improvements of fixed assets	(63,877)	(56,468)
· (Outflows) Inflows for the acquisition / sale of subsidiaries, net	(6,644)	45,950
· Collection of dividends	5,819	8,454
· Collection of equity investees credits	119,831	59,845
· Loans granted to related parties, net	(131,348)	(16,348)
Net cash used in investing activities	(308,722)	(683,006)
CASH FLOWS FROM FINANCING ACTIVITIES:		
· Proceeds in short-term and long- term debt	124,644	80,190
· Payments in short-term debt and long-term debt, and mortgages payables	(53,904)	(40,135)
· Loans from related parties, net	(9,702)	-
· Bank overdrafts, net	(268,696)	108,808
· Capital contribution by minority shareholders	52,988	812
· Proceeds from issuance of non-convertible notes, net of expenses	295,035	757,444
· Interest paid	(204,895)	(116,003)
· Dividends paid	(221,077)	(132,045)
· Payments for the acquisition of shares in related companies	(19,879)	(10,399)
· Reimbursement of dividends	6,937	-
· Payment of non convertible notes	(19,882)	(45,114)
Net cash (used in) generated by financing activities:	(318,431)	603,558
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(34,748)	253,182

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

Saúl Zang
Vice-President I
Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima
and subsidiaries

Unaudited Consolidated Statements of Cash Flows (Continued)
For the nine-month periods beginning on July 1, 2011 and 2010
and ended March 31, 2012 and 2011

In thousands of pesos (Notes 1 and 2)

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

	March 31, 2012	March 31, 2011
Supplemental cash flow information		
Income tax paid	122,352	26,568
Non-cash activities:		
· Increase in non-current investments through a decrease in other liabilities	-	16,044
· Increase in non-current investments through a decrease in other receivables	-	36,229
· Increase in minority interest through a decrease in other liabilities	-	20,557
· Decrease in inventories through a decrease in customer advances	-	1,920
· Decrease in inventories through a decrease in trade accounts payable	12,271	-
· Transfer of fixed assets to inventories	10,469	-
· Decrease in other investments through an increase in inventories	-	64,150
· Increase in inventories through a decrease in non-current investments	-	14,541
· Cumulative translation adjustment of investments	28,888	12,146
· Transfer of undeveloped parcels of land to inventories	-	3,030
· Increase in other receivables through an increase in taxes payable	3,043	-
· Decrease in long-term debt through an increase in shareholders' equity	38	-
· Decrease in intangible assets through a decrease in trade accounts payable	1,153	-
· Decrease in other receivables	8,025	-
· Decrease in accounts receivable, net	646	-
· Decrease in non-current investments	16,004	-
· Decrease in trade accounts payable	(7,345)	-
· Decrease in other liabilities	(17,330)	-
· Increase in fixed assets, net through an increase in trade accounts payable	-	432
· Increase in inventories through an increase in customer advances	2,602	-
· Increase in fixed assets, net through a decrease in intangible assets	2,070	-
· Increase in capital through a capitalization (decrease) in other liabilities	1,000	-
Composition of cash and cash equivalents at the period end		
Cash and Banks	200,878	183,103
Current investments	209,368	273,361
Subtotal cash and banks and current investments	410,246	456,464
Less: (items not considered cash and cash equivalents)		
· Mutual funds	101,552	49,487
· Retained interest in securitized receivables	-	-
· Stock shares	19,665	1,901
· Mortgage bonds issued by Banco Hipotecario S.A.	483	479

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· Interest receivable Non-Convertible Notes Cresud S.A.C.I.F. y A.	11,006	44
· Other investments	14	17
Cash and cash equivalents	277,526	404,536

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IRSA Inversiones y Representaciones Sociedad Anónima
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Unaudited Consolidated Statements of Cash Flows (Continued)

For the nine-month periods beginning on July 1, 2011 and 2010
and ended March 31, 2012 and 2011

In thousands of pesos (Notes 1 and 2)

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

	March 31, 2012	March 31, 2011
Sale/Acquisition of subsidiaries		
- Accounts receivable, net	(1,307)	254,345
- Other receivables	(1,309)	63,780
- Investments	-	91,741
- Fixed assets, net	(11,885)	(92,022)
- Intangible assets, net	(9,427)	-
- Trade accounts payable	1,684	(167,347)
- Customer advances	571	-
- Short-term and long term debt	-	(91,173)
- Salaries and social security payable	49	(10,703)
- Taxes payable	418	(10,067)
- Other liabilities	64	9,568
- Provisions	-	214
Net value of assets deconsolidated/acquired/sold not considered cash and cash equivalents.	(21,142)	48,336
- Impairment and sale of investment	-	(15,326)
- Remaining investment	-	(28,968)
- Minority interest	(1,434)	(30,369)
- Negative goodwill, net	(12,597)	11,143
Net value of assets deconsolidated/acquired/sold	(35,173)	(15,184)
- Seller financing	26,991	53,896
- Cash in advance	1,538	7,238
Collection/Payment of cash from sale/acquisition of subsidiaries	(6,644)	45,950

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IRSA Inversiones y Representaciones Sociedad Anónima
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Notes to the Unaudited Consolidated Financial Statements

For the nine-month periods beginning July 1, 2011 and 2010 and
ended March 31, 2012 and 2011

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 March 31, 2012 and June 30, 2011, statements of income and cash flows for the nine-months periods ended March 31, 2012 and 2011 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:

COMPANIES	March 31, 2012	June 30, 2011	March 31, 2012	June 30, 2011
	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
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)	94.87	94.89	94.87	94.89
Llao Llao Resorts S.A.	50.00	50.00	50.00	50.00
Tyrus S.A. (“Tyrus”)	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
Doneldon S.A. (3)	100.00	-	100.00	-
Sedelor S.A. (3)	100.00	-	100.00	-
Alafox S.A. (3)	100.00	-	100.00	-
Efanur S.A. (3)	100.00	-	100.00	-
Codalis S.A. (3)	100.00	-	100.00	-

(1) See Note 16.7 to the Unaudited Basic Financial Statements

(2) See Notes 16.2, 18.2 and 24.3. to the Unaudited Basic Financial Statements

(3) See Note 16.12 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.

	March 31, 2012	June 30, 2011	March 31, 2012	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 e Participações ("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 nine-month period ended March 31, 2012 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 March 31, 2011 originally issued have been subject to certain reclassifications required in order to present these figures comparatively with those stated as of March 31, 2012.

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 March 31, 2011 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 March 31, 2011.

Statements of income	Financial Statements issued as of March 31, 2011 Ps.	Tarshop S.A. as of March 31, 2011 Ps.	Financial Statements assuming the sale as of March 31, 2011 Ps.
Revenues	1,013,384	(53,887)	959,497
Costs	(401,001)	18,032	(382,969)
Gross profit	612,383	(35,855)	576,528
Operating income (Note 3)	421,283	(17,644)	403,639
Gain on equity investees	123,156	17,525	140,681
Net income for the period	223,161	-	223,161

Statements of Cash Flows	Financial Statements issued as of March 31, 2011 Ps.	Tarshop S.A. as of March 31, 2011 Ps.	Financial Statements assuming the sale as of March 31, 2011 Ps.
Cash Flow:			
-Provided by operating activities	332,630	22,002	354,632
-(Used in) Provided by investing activities	(683,006)	101	(682,905)
-Provided by (used in) financing activities	603,558	(28,553)	575,005

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

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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 APSA 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 from 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 others. 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 (see Note 22.B.11).

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)

·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.

Investment in convertible preferred shares and warrants issued by Supertel Hospitality Inc., as explained in Note 22 A.9., has been accounted for at its estimated fair market value.

As regards the acquisition of shares of Nuevo Puerto Santa Fe S.A. and the new acquisition of shares of Arcos del Gourmet S.A., APSA is currently analyzing the current value of the identifiable assets and liabilities so acquired, as per Accounting Standard 21, section 1.3.1.

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NOTE 2:

(Continued)

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.

· 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 asset. (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.

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NOTE 2:

(Continued)

d. (Continued)

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.

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 accounts payable” 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.

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NOTE 3:

(Continued)

- Shopping centers

This segment includes the operating results of shopping centers and advertising activities.

- 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 inventees 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 March 31, 2012

	Development and Sale of properties	Office and other Rental Properties (a)	Shopping centers	Hotel operations	Consumer financing	Financial Operations and Others	Total
Revenues	173,901	141,174	629,501	130,020	4,168	-	1,078,764
Costs	(141,332)	(23,168)	(132,100)	(83,599)	(1,815)	-	(382,014)
Gross profit	32,569	118,006	497,401	46,421	2,353	-	696,750
Selling expenses	(12,568)	(6,848)	(34,916)	(16,374)	382	-	(70,324)
Administrative expenses	(29,557)	(33,180)	(63,121)	(32,480)	(269)	-	(158,607)
Subtotal	(42,125)	(40,028)	(98,037)	(48,854)	113	-	(228,931)
Gain from recognition of inventories at net realizable value	39,408	-	-	-	-	-	39,408
Operating result	29,852	77,978	399,364	(2,433)	2,466	-	507,227
Depreciation and amortization (b)	68	18,510	103,431	9,882	17	-	131,908
Acquisition of fixed assets, net and intangible assets, net	-	10,605	48,627	4,645	-	-	63,877
Non-current investments in equity investees	87,344	224,288	-	443,686	41,541	1,001,633	1,798,492
Operating assets	700,602	1,348,698	2,405,296	651,706	15,023	1,001,633	6,122,958
Non-operating assets	27,089	15,571	(130,260)	83,087	44,979	410,246	450,712
Total assets	727,691	1,364,269	2,275,036	734,793	60,002	1,411,879	6,573,670
Operating liabilities	21,435	115,429	466,590	40,842	4,154	-	648,450

Non-operating liabilities	522,613	464,574	1,625,551	236,432	2,271	175,576	3,027,017
Total liabilities	544,048	580,003	2,092,141	277,274	6,425	175,576	3,675,467

(a) Includes offices, commercial and residential premises.

(b) Included in operating result.

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NOTE 3: (Continued)

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

As of March 31, 2011

	Development and Sale of properties	Office and other Rental Properties (a)	Shopping centers	Hotel operations	Consumer Financing (1)	Financial Operations and Others	Total
Revenues	188,738	122,632	482,217	154,015	65,782	-	1,013,384
Costs	(145,770)	(22,071)	(119,134)	(91,571)	(22,455)	-	(401,001)
Gross profit	42,968	100,561	363,083	62,444	43,327	-	612,383
Selling expenses	(8,231)	(7,090)	(29,011)	(15,859)	(24,786)	-	(84,977)
Administrative expenses	(31,296)	(33,324)	(48,705)	(30,846)	(6,288)	-	(150,459)
Subtotal	(39,527)	(40,414)	(77,716)	(46,705)	(31,074)	-	(235,436)
Gain from recognition of inventories at net realizable value	39,629	-	-	-	-	-	39,629
Gain from retained interest in securitized receivables	-	-	-	-	4,707	-	4,707
Operating income	43,070	60,147	285,367	15,739	16,960	-	421,283
Depreciation and amortization (b)	154	17,759	88,663	10,790	900	-	118,266
Acquisition of fixed assets, net and intangible assets, net	14	14,820	32,125	6,549	2,960	-	56,468
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	479,881	26,198	1,007,869	5,967,396

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Non-operating assets (c)	40,754	44,846	(175,462)	36,913	22,510	378,353	347,914
Total assets (c)	712,492	1,412,613	2,238,481	516,794	48,708	1,386,222	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:

	March 31, 2012	June 30, 2011
Cash on hand	4,503	1,768
Bank accounts	196,375	166,402
	200,878	168,170

NOTE 5: INVESTMENTS

The breakdown for this item is as follows:

	March 31, 2012	June 30, 2011
Current		
Mutual funds	178,200	204,167
Stock shares	19,665	2,912
Mortgage bonds issued by Banco Hipotecario S.A.	483	477
Other investments	14	12
Interest receivable Non-Convertible Notes Cresud S.A.C.I.F. y A. (Note 24 B.4.)	11,006	2,615
Total Current	209,368	210,183
Non-current		
Banco Hipotecario S.A. (1)	994,849	917,690
Banco de Crédito & Securitización S.A. (Note 16.10. to the Unaudited Basic Financial Statements)	6,784	6,117
Hersha Hospitality Trust (Note 22 A.2.)	290,837	277,248
New Lipstick LLC (Note 22 A.3.)	136,750	115,946
Rigby 183 LLC (Note 22 A.6.)	87,538	91,128
Tarshop S.A. (Note 22 B.3.)	41,541	49,459
Bitania 26 S.A. (Note 22 A.8.)	21,479	-
Supertel Hospitality Inc. (Note 22 A.9.)	131,370	-
TGLT S.A. (Notes 22 B.12. and 16.8. to the Unaudited Basic Financial Statements)	59,031	56,381
Manibil S.A.	28,313	27,681
Advance payments for the acquisition of shares (Note 16.10. to the Unaudited Basic Financial Statements)	277	1,797
Non-convertible Notes Cresud S.A.C.I.F. y A. (Note 24 B.4.)	-	7,706

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Other investments	513	501
Subtotal	1,799,282	1,551,654

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NOTE 5:

(Continued)

	March 31, 2012	June 30, 2011
Undeveloped parcels of land:		
Santa María del Plata	158,750	158,742
Puerto Retiro (2)	54,167	54,370
Caballito plot of land	45,814	45,814
Patio Olmos (Note 22 B.4.)	33,475	33,475
Zetol plot of land (Note 22 A.5.)	34,564	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.)	24,386	22,140
Canteras Natal Crespo	5,967	5,779
Pilar	3,408	3,408
Other undeveloped parcels of land	16,256	16,256
Subtotal	399,573	394,491
Total non-current	2,198,855	1,946,145

(1) As of March 31, 2012 and June 30, 2011, includes Ps. 25,380 and Ps. 21,863, respectively, as goodwill and higher and lesser values and unrealized profits resulting from intergroup transactions. As of March 31, 2012 and June 30, 2011 represents 446,515,208 shares with a quoted value at closing equivalent to Ps. 1.5 and Ps. 2.36 per share, respectively.

(2)

See Note 21 A.(i).

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NOTE 6: ACCOUNTS RECEIVABLE, NET

The breakdown for this item is as follows:

	March 31, 2012		June 30, 2011	
	Current	Non-current	Current	Non-current
Leases and services and from the sale of properties receivables	85,918	21,369	97,025	14,300
Checks to be deposited	122,822	-	95,226	-
Consumer financing receivables	12,184	-	70,248	-
Hotel receivables	17,584	-	9,954	-
Related parties (Note 19)	6,525	-	8,767	-
Receivables with collection agents	4,727	-	4,869	-
Pass-through expenses receivables	31,551	-	18,953	-
Debtors under legal procedures	51,768	-	48,954	-
Receivables from the sale of fixed assets	-	-	4,034	-
Notes receivables	8,897	2,083	5,987	-
Credit cards receivables	830	-	497	-
Less:				
Allowance for leases, services and from sale of properties receivables and consumer financing receivables	(70,101)	-	(114,946)	-
Allowance for hotel receivables	(611)	-	(570)	-
	272,094	23,452	248,998	14,300

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NOTE 7:

OTHER RECEIVABLES

The breakdown for this item is as follows:

	March 31, 2012		June 30, 2011	
	Current	Non-current	Current	Non-current
Related parties (Note 19)	31,603	445	42,270	415
Prepaid expenses and services	60,900	3,969	43,632	3,114
Value Added Tax (“VAT”)	33,063	39,961	42,386	49,059
Gross revenue tax	5,149	1,318	6,947	1,067
MPIT	467	98,427	1,824	84,492
Income tax, net	2,179	-	2,373	-
Loans granted, net	12,013	-	644	-
Deferred Income Tax	-	56,075	-	30,383
Mortgage receivable	-	2,208	-	2,208
Others	11,063	5,760	15,093	4,478
Less:				
Allowance for doubtful mortgage receivable	-	(2,208)	-	(2,208)
Present value	-	(8,139)	-	(11,677)
	156,437	197,816	155,169	161,331

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NOTE 8:

INVENTORIES

The breakdown for this item is as follows:

	March 31, 2012		June 30, 2011	
	Current	Non-current	Current	Non-current
Horizons Project (Note 22 A.1.)	163,290	-	209,458	-
Caballito Nuevo (1)	1,764	375	5,473	-
Rosario plot of land (2)	-	-	25,511	-
Units to be received Beruti (Note 19) (3)	-	23,608	-	23,309
Units to be received Caballito (Note 19) (4)	-	52,205	-	51,999
El Encuentro (5)	1,565	1,694	4,432	1,486
Torres de Rosario (Note 22 B.5.)	9,538	10,570	9,320	4,388
Plots of land receivable Pereiraola (6)	-	8,200	-	8,200
Inventories (hotel operations)	4,856	-	3,575	-
Abril	358	807	1,085	-
Other inventories	3,398	101	3,806	59
	184,769	97,560	262,660	89,441

(1) See Note 5 (2) to the Unaudited Basic Financial Statements.

(2) See Note 22 B.10.

(3) See Note 22 B.6.

(4) See Note 16.11 to the Unaudited Basic Financial Statements.

(5) See Note 5 (3) to the Unaudited Basic Financial Statements.

(6) 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:

	March 31, 2012	June 30, 2011
Hotels		
Llao Llao	71,653	75,207
Intercontinental Buenos Aires	53,045	52,288
Sheraton Libertador	38,653	41,091
Bariloche plots of land	21,900	21,900
Subtotal Hotels	185,251	190,486
Office buildings		
Edificio República	212,039	215,535
Torre BankBoston	150,475	152,498
Bouchard 551	146,496	148,242
Intercontinental	76,178	78,394
Dot Baires Office Building	102,700	105,144
Bouchard 710	63,508	64,277
Dique IV	60,529	62,218
Maipú 1300	35,867	36,904
Costeros Dique IV	18,082	18,523
Libertador 498 (See Note 16.1 to the Unaudited Basic Financial Statements)	9,718	12,024
Suipacha 652	10,145	10,484
Avda. De Mayo 595	4,079	4,255
Madero 1020	181	197
Rivadavia 2768	172	191
Sarmiento 517	237	244
Subtotal Office buildings	890,406	909,130
Other fixed assets		
Catalinas Norte plot of land	109,060	102,666
Santa María del Plata	12,512	12,508
Constitución 1159	6,387	6,387
Museo Renault (See Note 16.1 and 24.4 to the Unaudited Basic Financial Statements)	1,816	4,692
Thames (See Note 16.1 to the Unaudited Basic Financial Statements)	-	3,897
Casona Abril	2,374	2,525
Constitución 1111	822	854

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Alto Palermo Park	539	542
Predio San Martín	69,156	69,994
Other	6,501	5,350
Subtotal Other fixed assets	209,167	209,415

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NOTE 9: (Continued)

	March 31, 2012	June 30, 2011
Shopping Centers		
Dot Baires	485,415	495,836
Abasto	318,088	325,352
Alto Palermo	260,583	279,937
Patio Bullrich	131,917	136,466
Mendoza Plaza	120,316	123,312
Alto Rosario	136,859	138,472
Alto Avellaneda	161,073	169,456
Paseo Alcorta	132,058	133,090
Córdoba Shopping - Villa Cabrera (Note 24 B.1.)	77,341	78,527
Soleil Factory	73,101	68,578
Alto NOA	39,738	40,912
La Ribera (Note 2 B.)	12,110	-
Suppliers advances	17,042	11,151
Neuquén Project (Note 24 B.2.)	22,066	17,063
Buenos Aires Design	16,169	18,103
Other fixed assets	24,504	28,815
Other properties	23,760	22,486
Units to be received Beruti	9,264	9,264
Subtotal Shopping Centers	2,061,404	2,096,820
Total	3,346,228	3,405,851

NOTE 10: NEGATIVE GOODWILL, NET

The breakdown for this item is as follows:

	March 31, 2012	June 30, 2011
Goodwill:		
Alto Palermo S.A.	18,974	20,194
Arcos del Gourmet S.A. (Note 2 B.)	6,259	-
Torre BankBoston	5,324	5,481
Nuevo Puerto Santa Fe S.A.	6,339	-
Museo Renault	1,111	2,951
Conil S.A.	343	343
Doneldon S.A.	28	-

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Sedlor S.A.	25	-
Alafox S.A.	31	-
Codalis S.A.	28	-
Efanur S.A.	28	-
Subtotal goodwill	38,490	28,969

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NOTE 10: (Continued)

	March 31, 2012	June 30, 2011
Negative goodwill:		
Alto Palermo S.A. (Note 16.2. to the Unaudited Basic Financial Statements)	(342,984)	(358,080)
Palermo Invest S.A.	(36,622)	(38,180)
Empalme S.A.I.C.F.A. y G.	(5,754)	(6,127)
Mendoza Plaza Shopping S.A.	(2,654)	(2,783)
Unicity S.A.	(3,601)	(3,601)
Emprendimiento Recoleta S.A.	(90)	(127)
Soleil Factory	(9,150)	(9,371)
Subtotal negative goodwill	(400,855)	(418,269)
Total negative goodwill, net	(362,365)	(389,300)

NOTE 11: TRADE ACCOUNTS PAYABLE

The breakdown for this item is as follows:

	March 31, 2012		June 30, 2011	
	Current	Non-current	Current	Non-current
Suppliers	54,296	16	42,414	47
Accruals	61,679	-	60,830	-
Liabilities in kind "Horizons Project" (See Note 22 A.1.)	24,172	-	36,443	-
Related parties (Note 19)	2,245	-	9,905	-
Others	2,972	-	3,557	-
	145,364	16	153,149	47

NOTE 12: CUSTOMER ADVANCES

The breakdown for this item is as follows:

	March 31, 2012		June 30, 2011	
	Current	Non-current	Current	Non-current
Customers advances	113,149	-	137,020	-
Admission rights	74,115	83,535	60,822	66,885
Lease advances	42,473	25,567	35,021	27,359
Related parties (Note 19)	87	-	-	-
	229,824	109,102	232,863	94,244

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NOTE 13: SHORT-TERM AND LONG-TERM DEBT

The breakdown for this item is as follows:

	March 31, 2012		June 30, 2011	
	Current	Non-current	Current	Non-current
Bank overdrafts	162,928	-	420,032	-
Bank loans (1)	192,764	29,390	128,448	27,585
Non-Convertible Notes – APSA 2012 US\$ 154 M (6)	14,067	-	28,889	-
Non-Convertible Notes – 2013 Class III (3)	52,106	101,956	-	-
Non-Convertible Notes – 2014 Class IV (3)	(272)	147,662	-	-
Convertible Notes- APSA 2014 – US\$ 50 M (5)	1	3,469	3	4,640
Non-Convertible Notes – APSA 2017 US\$ 120 M (4)	14,085	464,059	4,490	432,591
Non-Convertible Notes – 2017 Class I (3)	8,431	653,425	20,960	612,419
Non-Convertible Notes – 2020 Class II (3)	13,977	638,699	30,800	598,116
Related parties (Note 19)	-	-	2,345	-
Seller financing (2)	64,889	83,960	47,846	81,568
	522,976	2,122,620	683,813	1,756,919

(1) Balances as of March 31, 2012 includes:

- (a) Ps. 32,386 as current balance and Ps. 29,390 as a non-current balance related to debt for purchase República buildings. (see Note 8 (1) a) to the Unaudited Basic Financial Statements).
- (b) Ps. 60,713 as current corresponding to loans granted by Banco Provincia due in May and July, 2012, at a nominal fixed rate of 14% per annum. (See Note 8 (1) b) to the Unaudited Basic Financial Statements).
- (c) Ps. 1,863 current balance corresponding to Hoteles Argentinos S.A.'s mortgage loan. (Note 21.A. (ii)).
- (d) Ps. 5,650 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%.
- (e) Ps. 4,994 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. The amount is disclosed net of issuance expenses for Ps. 145.
- (f) Ps. 15,201 as 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. 50,054 as current corresponding to a loan granted by Banco Nación due in November 2012 at a nominal Badlar rate plus 400 basic points.
- (h) Ps. 21,895 as current corresponding to a loan of Real Estate Investment Group L.P. with Citibank N.A., due in December 28, 2012 at a LIBOR rate plus 2.75% (Note 21 A. (vi)).
- (i) Ps. 8 which pertain to miscellaneous.

(2) Balances as of March 31, 2012 includes mainly:

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- (a) Ps. 22,537 as current balance and a Ps. 11,823 as non-current balance to the debt from acquisition of Zetol S.A. (See Note 22 A.5.).
- (b) Ps. 10,558 as current balance and a Ps. 1,577 as non-current balance related to the seller financing for purchase of Arcos del Gourmet S.A. (See Note 22 B.1.).
- (c) Ps. 2,073 as current balance and a Ps. 36,842 as non-current balance related to the debt from acquisition of Soleil Factory (See Note 22 B.2.).
- (d) Ps. 20,029 as current balance and Ps. 33,718 as non-current balance related to the debt for purchase of Predio San Martín. (Note 22 A.7.).
- (e) Ps. 9,692 as current balance corresponding to the debt from acquisition of Nuevo Puerto de 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. 2,351 and Ps. 5,337 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 March 31, 2012 for Ps. 2,856 current and Ps. 138,982 non-current. As of March 31, 2012, the non-current balance includes a higher value of Ps. 3,431.
 - (6) See Note 23 A.2. Disclosed net of the Notes held by the Company for Ps. 13,459 and issuance debt costs to be accrued for Ps. 3 and Ps. 391 of higher value.
-

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 14: SALARIES AND SOCIAL SECURITY PAYABLE

The breakdown for this item is as follows:

	March 31, 2012	June 30, 2011
Provision for vacation and bonuses	22,394	27,333
Social Security payable	4,590	7,596
Salaries payable	193	61
Others	1,133	802
	28,310	35,792

NOTE 15: TAXES PAYABLE

The breakdown for this item is as follows:

	March 31, 2012		June 30, 2011	
	Current	Non-current	Current	Non-current
Income tax provision, net	83,881	-	67,912	-
Tax amnesty plan for income tax payable	1,910	15,989	1,759	17,386
VAT, net	20,885	-	21,615	-
MPIT, net	9,638	37	1,933	-
Gross revenue tax payable	5,841	-	1,607	-
Tax withholdings	2,167	-	13,345	-
Provision for tax on shareholders personal assets	4,575	1,211	3,961	-
Tax amnesty plan for other taxes	1,961	4,240	486	832
Tax amnesty plan for ABL	142	-	1,464	1,927
Deferred Income Tax	-	265,586	-	308,547
Others	4,834	-	4,971	-
	135,834	287,063	119,053	328,692

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 16:

OTHER LIABILITIES

The breakdown for this item is as follows:

	March 31, 2012		June 30, 2011	
	Current	Non-current	Current	Non-current
Accrual for Directors' fees(1) (Note 19)	20,081	-	15,612	-
Guarantee deposits	2,143	10,031	4,128	6,302
Derivative financial instrument (Note 22 to the Unaudited Basic Financial Statements)	836	-	-	-
National Parks Administration dispute (Note 20)	-	-	1,100	-
Contributed leasehold improvements (Note 24 B.3.)	266	8,970	332	9,170
Other payable	-	-	16,004	-
Related parties (Note 19)	18,412	20	35,674	20
Dividends payable	3,128	-	-	-
Administration and reserve funds	2,757	-	2,975	-
Loans with shareholders of related parties	350	-	1,000	252
Present value	-	(110)	-	(95)
Others	5,889	587	2,243	2,480
	53,862	19,498	79,068	18,129

(1) As of March 31, 2012 and June 30, 2011, disclosed net of advances to Directors for Ps. 24,246 and Ps. 37,544, respectively.

NOTE 17:

PROVISIONS

The breakdown for this item is as follows:

	March 31, 2012		June 30, 2011	
	Current	Non-current	Current	Non-current
Allowance for contingencies	8,069	12,929	2,019	12,881
	8,069	12,929	2,019	12,881

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 18 a.:

FINANCIAL RESULTS, NET

The breakdown for this item is as follows:

	March 31, 2012	March 31, 2011
Financial and holding results generated by assets:		
Interest income	13,935	13,251
Interest on discounting assets	4,229	3,614
Subtotal interest income	18,164	16,865
Foreign exchange gain	50,908	16,991
(Loss)/Gain on financial operations	(5,215)	5,952
Gain on derivative financial instruments	-	2,220
Subtotal other holding results	(5,215)	8,172
Total financial and holding results generated by assets	63,857	42,028
Financial and holding results generated by liabilities:		
Interest expense	(210,732)	(164,863)
Interest on discounting liabilities	10	(109)
Subtotal interest expense	(210,722)	(164,972)
Foreign exchange loss	(131,127)	(58,455)
Loss on derivative financial instruments	(2,080)	-