

IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
May 24, 2010

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 May, 2010

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

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(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 a copy of the English translation of the Financial Statements for the nine-month period ended on March 31, 2010 and on March 31, 2009 filed by the Company with the *Bolsa de Comercio de Buenos Aires* and the *Comisión Nacional de Valores*.

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, 2009 and 2008

and ended March 31, 2010 and 2009

IRSA Inversiones y Representaciones

Sociedad Anónima

Company

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

Principal activity: Real estate investment and development

Financial Statements as of March 31, 2010

Presented in comparative form

Stated in thousands of Pesos

Fiscal year No. 67 beginning July 1st, 2009

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: Until April 5, 2043

Controlling Company: Cresud Sociedad Anónima, Comercial,
Inmobiliaria, Financiera y Agropecuaria

Corporate Domicile: Moreno 877, floor 23th, Autonomous City of Buenos Aires

Principal Activity: Agricultural, livestock and real estate investment

Shareholding: 57.38%

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

CAPITAL COMPOSITION (Note 13 a. to the Unaudited Basic Financial Statements)

Type of share	Authorized for Public Offer	In thousands of pesos	
	of Shares (*)	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 March 31, 2010 and June 30, 2009**

In thousands of pesos (Notes 1, 2 and 3)

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

	March 31, 2010	June 30, 2009
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and banks (Note 5)	72,818	66,562
Investments (Note 6)	232,132	335,234
Accounts receivable, net (Note 7)	327,829	263,471
Other receivables and prepaid expenses (Note 8)	219,315	201,703
Inventories (Note 9)	193,222	24,899
Total Current Assets	1,045,316	891,869
<u>NON-CURRENT ASSETS</u>		
Accounts receivable, net (Note 7)	25,333	6,626
Other receivables and prepaid expenses (Note 8)	185,458	196,766
Inventories (Note 9)	68,286	164,933
Investments (Note 6)	1,519,850	1,001,654
Fixed assets, net (Note 10)	2,624,345	2,720,506
Intangible assets, net	37,229	18,559
Subtotal Non-Current Assets	4,460,501	4,109,044
Negative goodwill, net (Note 11)	(41,682)	(64,926)
Total Non-Current Assets	4,418,819	4,044,118
Total Assets	5,464,135	4,935,987
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Trade accounts payable (Note 12)	281,675	229,542
Mortgages payable		1,930
Customer advances (Note 13)	191,127	96,843
Short-term debt (Note 14)	469,079	349,243
Salaries and social security payable (Note 15)	29,036	35,863
Tax payable (Note 16)	104,605	147,883
Other liabilities (Note 17)	87,895	110,992
Total debts	1,163,417	972,296
Provisions	2,421	2,594

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Total Current Liabilities	1,165,838	974,890
<u>NON-CURRENT LIABILITIES</u>		
Trade accounts payable (Note 12)	11,425	67,300
Customer advances (Note 13)	93,412	150,357
Long-term debt (Note 14)	1,125,900	1,044,725
Taxes payable (Note 16)	96,336	61,254
Other liabilities (Note 17)	69,919	71,881
Total debts	1,396,992	1,395,517
Provisions	7,507	5,537
Total Non-Current Liabilities	1,404,499	1,401,054
Total Liabilities	2,570,337	2,375,944
Minority interest	529,190	464,381
SHAREHOLDERS' EQUITY	2,364,608	2,095,662
Total Liabilities and Shareholders' Equity	5,464,135	4,935,987

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, 2009 and 2008

and ended March 31, 2010 and 2009

In thousands of pesos, except earnings per share (Notes 1, 2 and 3)

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

	March 31, 2010	March 31, 2009
Revenues	952,052	831,960
Costs	(336,992)	(358,629)
Gross profit	615,060	473,331
Selling expenses	(133,820)	(185,462)
Administrative expenses	(141,633)	(110,231)
Subtotal	(275,453)	(295,693)
Gain from recognition of inventories at net realizable value	18,704	10,537
Net gain (loss) from retained interest in securitized receivables	34,824	(48,959)
Operating income (Note 4)	393,135	139,216
Amortization of negative goodwill, net	1,239	1,513
Financial results generated by assets:		
Interest income	13,255	7,205
Interest on discounting assets	3,584	(7,439)
Gain (loss) on financial operations	51,414	(45,762)
Gain on hedge operations		10,480
Foreign exchange gain	4,462	45,178
Subtotal	72,715	9,662
Financial results generated by liabilities:		
Interest on discounting liabilities	(55)	(83)
Foreign exchange loss	(21,701)	(178,167)
Gain on repurchase of debt (Note 23.A.2 and Note 18.1 Unaudited Basic Financial Statements)		66,804
Loss on hedge operations (Note 25)	(2,582)	
Interest expense and others	(117,396)	(105,544)
Subtotal	(141,734)	(216,990)
Financial results, net	(69,019)	(207,328)

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Gain (loss) on equity investees	146,103	(62,859)
Other expenses, net (Note 18)	(10,966)	(7,965)
Income (loss) before taxes and minority interest	460,492	(137,423)
Income tax and Minimum Presumed Income Tax (MPIT)	(111,915)	1,875
Minority interest	(48,844)	29,371
Net income (loss) for the period	299,733	(106,177)
Earnings (loss) per share		
Basic net income (loss) per share (Note 26)	0.518	(0.183)
Diluted net income (loss) per share (Note 26)	0.518	(0.183)

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

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Vice-President I

Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima
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Unaudited Consolidated Statements of Cash Flows (1)

For the nine-month periods beginning on July 1, 2009 and 2008

and ended March 31, 2010 and 2009

In thousands of pesos (Notes 1, 2 and 3)

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

	March 31, 2010	March 31, 2009
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of the beginning of the year	185,942	389,004
Cash and cash equivalents as of the end of the period	105,577	120,909
Net decrease in cash and cash equivalents	(80,365)	(268,095)
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the period	299,733	(106,177)
Plus (less) income tax and MPIT	111,915	(1,875)
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	120,574	99,402
Allowances and provision	58,122	99,028
Minority Interest	48,844	(29,371)
Loss on fixed assets retired	19,019	
(Gain) loss on equity investees	(146,103)	62,859
Net loss from retained interest in securitized receivables	(46,754)	224,284
Trust participation results, net	(34,824)	
Gain from recognition of inventories at net realizable value	(18,704)	(10,537)
Amortization of negative goodwill, net	(1,239)	(1,513)
Gain from barter of inventories		(2,867)
Gain for repurchase of debt		(66,804)
Changes in certain assets and liabilities net of non-cash transactions and effects of acquisitions:		
Decrease (increase) in current investments	10,670	(74,693)
Increase in accounts receivable, net	(79,059)	(82,101)
Increase in other receivables and prepaid expenses	(3,653)	(96,198)
(Increase) Decrease in inventories	(11,840)	27,637
Increase in intangible assets, net		(1,671)
Decrease in trade accounts payable	(11,870)	(94,887)
Increase in customer advances	33,614	63,108
(Decrease) Increase in accrued interest	(8,206)	310
(Decrease) Increase in taxes payable and social security payable	(134,808)	63,017
Increase (Decrease) in other liabilities and allowances	2,544	(25,356)
Net cash provided by operating activities	207,975	45,595
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in other investments	101,641	(908)

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Advance sale of Tarshop S.A. s shares	20,422	
Collection of credits for Related parties	6,598	
Collection of dividends	1,779	
Charge (increase) in granted loans	309	(2,210)
Increase in goodwill	(470)	
Increase in intangible assets	(7,523)	
Outflow for the acquisition of shares, net of the cash collected	(8,622)	
Advance payments for the acquisition of shares	(23,028)	(984)
Acquisitions of undeveloped parcels of land	(29,937)	(2,587)
Loans granted to related parties	(30,585)	
Acquisitions and improvements of fixed assets	(66,040)	(215,834)
Payments for the acquisition of equity investees	(78,788)	
Increase in equity investees	(106,804)	(87,127)
Acquisitions of Hersha Hospitality Trust s shares	(176,068)	
Net cash used in investing activities	(396,846)	(309,650)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in bank overdraft, net	166,289	
Increase in short-term and long-term debt	84,600	120,265
Proceeds from issuance of Negotiable Obligations, net of expenses	79,782	
Payment of short-term debt and long-term debt, and mortgages payables	(206,513)	(83,332)
Proceeds from issuance of short-term negotiable values	22,720	
Increase in loans to Related Parties	1,235	
Capital contribution from minority shareholders	25,807	36,164
Payments of dividends	(53,414)	(22,084)
Repurchase of debt	(12,000)	(55,053)
Net cash provided by (used in) financing activities	108,506	(4,040)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(80,365)	(268,095)

(1) Includes cash, bank and investments with a realization term not exceeding three months.
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, 2009 and 2008

and ended March 31, 2010 and 2009

In thousands of pesos (Notes 1, 2 and 3)

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

	March 31, 2010	March 31, 2009
Supplemental cash flow information		
Interest paid	122,148	124,072
Income tax paid	53,317	12,962
Non-cash activities:		
Increase in inventories through a decrease on fixed assets, net	39,144	25,410
Increase in minority interest, through a decrease in other liabilities	14,512	
Issuance of Trust Exchangeable Certificates	13,070	35,875
Increase in non-current investments through an increase in other liabilities	12,300	
Decrease in non-current investments through an increase in other receivables and prepaid expenses	6,359	
Increase in fixed assets, through an increase in trade accounts payable	5,623	9,802
Increase in inventories through an increase in customer advances	3,110	
Capitalization of financial costs		72,134
Transitory difference in conversion of investments	(940)	14,967
Increase in goodwill, through a decrease in minority interest		8,150
Decrease in accounts payable through a decrease in undeveloped parcels of land		5,445
Transfer of undeveloped parcels of land to inventories		4,878
Increase in other receivable and prepaid expenses through a decrease in undeveloped parcels of land		4,065
Composition of cash and cash equivalents at the period end		
Cash and Banks	72,818	53,310
Current investments	232,132	235,555
Total cash and banks and current investments as per balance sheet	304,950	288,865
Less: (items not considered cash and cash equivalents)		
Retained interest in securitized receivables of CPs	143,414	82,917
Mutual funds	56,619	61,364
TDFs	4,820	16,490
Public shares	2,552	6,483
Mortgage bonds issued by Banco Hipotecario S.A.	898	756
Other investments	54	49
Bonds		8,607
Allowance for impairment	(8,984)	(8,710)
Cash and cash equivalents	105,577	120,909
Acquisition of Subsidiaries		
- Intangible assets, net	11,278	
- Other receivable and prepaid expenses	1,022	
- Investment	395	

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- Fixed assets, net	289
- Accounts receivable, net	11
- Trade accounts payable	(2,718)
- Salaries and social security payable	(87)
- Tax payable	(27)
- Other liabilities	(5,294)
Net value of assets of non cash transaction	4,869
- Cash collected	13
Net value of assets	4,882
- Minority interest	(897)
- Goodwill	21,478
Company value	25,463
- Cash collected	(13)
- Amount funded by sellers	(14,574)
- Advanced amount	(2,254)
Outflow of funds for the adquisition of Subsidiaries	8,622

Saúl Zang

Vice-President I

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IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to Unaudited Consolidated Financial Statements

For the nine-month periods beginning on July 1, 2009 and 2008

and ended March 31, 2010 and 2009

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

NOTE 1: BASIS OF CONSOLIDATION CORPORATE CONTROL

a. Basis of consolidation

The Company has consolidated its unaudited balance sheets at March 31, 2010 and June 30, 2009 and the unaudited statements of income and cash flows for the nine-month periods ended March 31, 2010 and 2009 line by line with the unaudited 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 subsidiaries of which the Company holds a direct interest:

COMPANIES	March 31,	June 30,	March 31,	June 30,
	2010	2009	2010	2009
	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
Patagonian Investment S.A. (1)		100.00		100.00
Ritelco S.A.	100.00	100.00	100.00	100.00
Palermo Invest S.A. (1)	100.00	100.00	100.00	100.00
Pereiraola S.A.I.C.I.F.y A.	100.00	100.00	100.00	100.00
Inversora Bolívar S.A. (1)	100.00	100.00	100.00	100.00
Quality Invest 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.	90.00	90.00	90.00	90.00
Hoteles Argentinos S.A.	80.00	80.00	80.00	80.00
Alto Palermo S.A. (APSA)	63.35	63.34	63.35	63.34
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. (1)	76.34		76.34	

(1) See Note 16 2. to the Unaudited Basic Financial Statement

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.

COMPANIES	March 31,	June 30,	March 31,	June 30,
	2010	2009	2010	2009
	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
Rummaala S.A (2) (3)		50.00		50.00
Cyrsa S.A. (CYRSA) (2)	50.00	50.00	50.00	50.00
Canteras Natal Crespo S.A. (1)	50.00	50.00	50.00	50.00

- (1) The Company holds joint control of this company with Euromayor S.A.
- (2) The Company holds joint control with Cyrela Brazil Realty S.A. Empreendimentos y Participações (see Note 22 A.1.).
- (3) Merged with CYRSA as from October 1st, 2009.

b. Comparative Information

Balances items as of June 30, 2009 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, 2010 of income and cash flows statements are shown for comparative purposes with the same period of the previous fiscal year.

Figures as of June 30, 2009 and March 31, 2009 have been subject to certain reclassifications required in order to present these figures comparatively with those stated as of March 31, 2010.

NOTE 2: CONSIDERATION OF THE EFFECTS OF INFLATION

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

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)

This criterion is not in line with current professional accounting standards, which establish that the financial statements should be 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 consolidated financial statements taken as a whole.

The rate used for restatement of items was the domestic whole revenue price index published by the National Institute of Statistics and Census.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The unaudited 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 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.

a. Revenue recognition

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

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 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, the 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.

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 3: (Continued)

a. (Continued)

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 nine-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.

Additionally, APSA charges its tenants a monthly administration fees 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 an interest of 99.99996%, act as the leasing agent for APSA bringing together the Company 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 and admission rights. Revenues are recognized at the time that the transaction is successfully concluded.

Credit card operations Consumer Financing

Revenues derived from credit card transactions consist in commissions and financing income, charges to clients for life and disability insurance and for

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 3: (Continued)

a. (Continued)

statements of account, among other. Commissions are recognized at the time the merchants' transactions are processed, while the rest financial income is recognized when accrued. Income generated from granting consumer loans mainly includes financial interests, which are recognized by the accrued method during the period irrespective of whether collection has or has not been made.

Hotel operations

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

b. Investments

Current Investments

Current investments include retained interests in securitized receivables pursuant to the securitization programs of Tarshop with a realization term not exceeding twelve months, which have been accounted for under the equity method, net of the allowances for impairment, if applicable. Mutual funds, government and mortgage bonds are carried at their market value at the end of the period/year and time deposits are carried at face value plus accrued interest at the end of the period/year.

Equity investees and other non-current investments

Include retained interests in securitized receivables, which have been accounted for under the equity method, net of the allowances for impairment, if applicable. In addition, the interests held in entities over which the Company does not exert control, common control or significant influence have been measured for accounting purposes at cost plus any declared dividends.

As regards the acquisition of the ownership interest in Arcos del Gourmet S.A. in the course of this fiscal year, according to the disclosure in Note 22 B.1.), APSA is presently analyzing the current value of the identifiable assets and liabilities acquired according to the Technical Resolution No. 21, Paragraph 1.3.1.

c. Intangible assets, net

Intangible assets are carried at cost restated as mentioned in Note 2, less accumulated amortization and corresponding allowances for impairment in value. Included in the Intangible Assets caption are the following:

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 3: (Continued)

c. (Continued)

Trademarks

Trademarks include the expenses and fees related to their registration.

Pre-operating and organization expenses

Those expenses are amortized by the straight-line method in 3 years, beginning as from the date of opening.

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

Non-compete agreement

Those expenses are amortized by the straight-line method in 28 months, beginning from December 1st, 2009.

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

d. Goodwill

Amortizations were calculated through the straight line method on the basis of an estimated useful life considering the weight 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 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

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 3: (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 cost of the assets received. The Company estimates that this value exceed the cost of construction of the units to deliver plus additional costs to transfer the assets to the creditor. Liabilities in kind have been shown in the Trade account payables .

NOTE 4: NET OPERATING 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. As mentioned in Note 1, the unaudited Consolidated Statements of Income were prepared following the guidelines of Technical Resolution No. 21 of the FACPCE.

A general description of each segment follows:

Development and Sale of properties

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

Office and other Non-Shopping center Rental Properties

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

Shopping centers

This segment includes the operating results of the Company's shopping centers principally comprised of lease and service revenues from tenants.

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 4: (Continued)

Hotel operations

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

Consumer financing

This segment includes the origination of loans and credit card receivables and related securitization programs carried through Tarshop S.A., APSA's subsidiary.

Financial operations and others

This segment primarily includes revenues and associated costs generated from the sale of equity securities, other securities-related transactions and other non-core activities of the Company. This segment also includes gain/loss in equity investments of the Company.

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 3 to the Unaudited Consolidated Financial Statements.

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Notes to the Unaudited Consolidated Financial Statements (Continued)**

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NOTE 4: (Continued)

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

As of March 31, 2010

	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	155,132	116,874	374,972	123,100	181,974		952,052
Costs	(50,182)	(23,423)	(112,818)	(75,835)	(74,734)		(336,992)
Gross profit	104,950	93,451	262,154	47,265	107,240		615,060
Selling expenses	(1,774)	(338)	(26,186)	(11,832)	(93,690)		(133,820)
Administrative expenses	(27,114)	(34,402)	(37,114)	(25,927)	(16,070)	(1,006)	(141,633)
Gain from recognition of inventories at net realizable value	18,704						18,704
Net income from retained interest in securitized receivables					34,824		34,824
Operating income (loss)	94,766	58,711	198,854	9,506	32,304	(1,006)	393,135
Depreciation and amortization (b)	295	18,159	84,532	12,553	5,035		120,574
Acquisition of fixed assets net and intangible assets	7	480	67,593	3,517	1,696		73,293
Non-current investments in affiliated companies	26,602					1,027,080	1,053,682

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Operating assets	570,819	874,854	1,790,279	219,762	249,469	224,338	3,929,521
Non-operating assets	73,747	80,880	198,759	28,854	18,080	1,134,294	1,534,614
Total assets	644,566	955,734	1,989,038	248,616	267,549	1,358,632	5,464,135
Operating liabilities	35,750	152,789	329,236	36,961	156,546		711,282
Non-operating liabilities	322,003	291,928	773,478	227,076	138,877	105,693	1,859,055
Total liabilities	357,753	444,717	1,102,714	264,037	295,423	105,693	2,570,337

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

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 4: (Continued)

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

As of March 31, 2009

	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	137,100	108,427	283,591	127,139	175,703		831,960
Costs	(86,319)	(21,770)	(79,105)	(74,224)	(97,211)		(358,629)
Gross profit	50,781	86,657	204,486	52,915	78,492		473,331
Selling expenses	(2,066)	(9,162)	(21,760)	(15,455)	(137,019)		(185,462)
Administrative expenses	(14,078)	(21,506)	(36,362)	(25,567)	(12,718)		(110,231)
Gain from recognition of inventories at net realizable value	10,537						10,537
Net loss from retained interest in securitized receivables					(48,959)		(48,959)
Operating income (loss)	45,174	55,989	146,364	11,893	(120,204)		139,216
Depreciation and amortization (b)	555	18,644	62,434	13,453	4,316		99,402
Acquisition of fixed assets net and intangible assets (c)	10,060	15,947	252,646	2,204	3,439		284,296
Non-current investments in affiliated companies (c)	25,332					544,191	569,523
Operating assets (c)	467,808	940,280	1,831,428	219,158	153,892		3,612,566
Non-operating assets (c)	40,020	74,633	189,244	27,231	20,973	971,320	1,323,421

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Total assets (c)	507,828	1,014,913	2,020,672	246,389	174,865	971,320	4,935,987
Operating liabilities (c)	25,379	122,869	413,381	31,236	136,853		729,718
Non-operating liabilities (c)	303,808	304,426	672,794	174,765	106,761	83,672	1,646,226
Total liabilities (c)	329,187	427,295	1,086,175	206,001	243,614	83,672	2,375,944

- (a) Include offices, commercial and residential premises.
- (b) Included in operating income.
- (c) Information as of June 30, 2009.

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Notes to the Unaudited Consolidated Financial Statements (Continued)**

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NOTE 5: CASH AND BANKS

The breakdown for this item is as follows:

	March 31, 2010	June 30, 2009
Cash on hand	5,401	3,758
Bank accounts	57,185	61,655
Checks to be deposited	10,232	1,149
	72,818	66,562

NOTE 6: INVESTMENTS

The breakdown for this item is as follows:

	March 31, 2010	June 30, 2009
Current		
Retained interest in securitized receivables (1)	143,414	136,231
Mutual funds (2)	89,378	141,011
TDFs (1)	4,820	16,490
Shares of public companies (1)	2,552	21,603
Mortgage bonds issued by Banco Hipotecario S.A. (1)	898	798
Other investments (1)	54	48
Time deposits		15,156
PRE 2009 bonds (1)		10,108
PRO 2012 bonds (1)		3,987
Allowance for impairment of investments (1)	(8,984)	(10,198)
	232,132	335,234
Non-current		
Banco Hipotecario S.A. (4)	796,814	539,064
Hersha Hospitality Trust (Note 22 A.2.)	224,339	
Manibil S.A. (Note 14.2 to the Unaudited Basic Financial Statements)	26,602	25,332
Advance payments for the acquisition of shares (Note 16.4. and 22.B.1. to the Unaudited Basic Financial Statements)	23,028	6,250
Banco de Crédito y Securitización S.A.	5,927	5,127
Retained interest in securitized receivables	3,929	22,899

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Other investments	129	95
Allowance for impairment of investments	(254)	(1,891)
	1,080,514	596,876

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Notes to the Unaudited Consolidated Financial Statements (Continued)**

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NOTE 6: (Continued)

Undeveloped parcels of land:		
Santa María del Plata	140,546	139,748
Puerto Retiro (3)	54,424	54,380
Plot of land Beruti (Note 22 B.6.)	52,901	52,715
Plot of land Caballito	36,741	36,741
Patio Olmos (Note 22 B.4.)	32,949	32,949
Catalinas Norte s advances (Note 16.3. to the Unaudited Basic Financial Statements)	22,259	
Pereiraola (Note 21 to the Unaudited Basic Financial Statements)	21,717	21,717
Torres Rosario plot of land	16,090	15,577
Plot of land Zetol (Note 22 A.5.)	13,443	13,116
Air space Coto (Note 22 B.7.)	13,188	13,188
Canteras Natal Crespo	5,707	5,706
Plot of land Vista al Muelle (Note 22 A.5.)	7,570	1,739
Pilar	3,408	3,408
Torre Jardín IV	3,030	3,030
Other undeveloped parcels of land	15,363	10,764
	439,336	404,778
	1,519,850	1,001,654

- (1) Not considered cash equivalent for purposes of presenting the Unaudited Statements of Cash Flows.
- (2) As of March 31, 2010 and June 30, 2009 includes; Ps. 56,619 and Ps. 36,787, respectively, corresponding to mutual funds, not considered as cash for the purpose of the Unaudited Statement of Cash Flows.
- (3) See Note 21.A.i).
- (4) As of March 31, 2010, includes Ps. 34,782 and Ps. 21,347 as goodwill and negative goodwill, respectively, and as of June 30, 2009 includes Ps. 36,023 and Ps. 14,557 as goodwill and negative goodwill, respectively. Represents 419,663,730 shares with a quoted value at closing equivalent to Ps. 1.56 per share as of March 31, 2010.

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Notes to the Unaudited Consolidated Financial Statements (Continued)**

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NOTE 7: ACCOUNTS RECEIVABLE, NET

The breakdown for this item is as follows:

	March 31, 2010		June 30, 2009	
	Current	Non-Current	Current	Non-Current
Consumer financing receivables (Tarshop)	207,490	24,026	141,570	6,490
Leases and services receivables	62,993	2,010	75,113	1,413
Checks to be deposited	51,245		62,230	
Pass-through expenses receivables	34,422		37,689	
Leases and Services receivables under legal proceedings	34,133		34,583	
Hotel receivables	17,023		7,713	
Receivables from the sale of properties	12,468	133	8,713	153
Related parties (Note 19)	10,367		9,812	
Notes receivables	6,534	660	7,461	1,278
Receivables with collection agents (Tarshop)	6,099		5,070	
Receivables from the sale of properties under legal proceedings	1,133		1,320	
Credits cards receivables	258		1,161	
Less:				
Allowance for doubtful accounts	(116,336)	(1,496)	(128,964)	(2,708)
	327,829	25,333	263,471	6,626

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 8: OTHER RECEIVABLES AND PREPAID EXPENSES

The breakdown for this item is as follows:

	March 31, 2010		June 30, 2009	
	Current	Non-Current	Current	Non-Current
Metropolitan 885 Third Ave. LLC, put option (Note 22 A.3.)	46,826		44,877	
Related parties (Note 19)	41,330	20,724	12,526	22,513
Receivable from the sale of shares (1)	35,290		34,553	
Prepaid expenses and services	30,973	3,166	25,413	3,733
Value Added Tax (VAT)	25,263	63,643	1,821	71,400
Guarantee deposits re. securitization programs (Note 24 B.4.)	6,522		6,782	999
Gross revenue tax prepayment	5,877	944	2,789	1,989
Receivable for third party services offered in Tarshop stores	4,105		2,746	
MPIT	3,177	54,746	4	40,799
Income tax, net	1,109		13,719	
Loans Granted	860	295	5,424	
Financial operations to liquidate (Note 19)			36,089	
Deferred Income Tax		56,408		71,320
Mortgage receivable		2,208		2,208
Guarantee of defaulted credits (Note 21. A.ii))			4,206	
Others	17,983	1,238	10,754	3,354
Less:				
Allowance for doubtful mortgage receivable		(2,208)		(2,208)
Present value other receivables		(15,706)		(19,341)
	219,315	185,458	201,703	196,766

(1) See Note 4(1) to the Unaudited Basic Financial Statements.

NOTE 9: INVENTORIES

The breakdown for this item is as follows:

	March 31, 2010		June 30, 2009	
	Current	Non-Current	Current	Non-Current
Horizons (Note 22 A.1.)	174,135			106,391

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Credit from barter transaction of Caballito (Koad) (1)	11,435	19,661	15,828	11,795
Inventories (hotel operations)	3,394		2,676	
Mendoza plot of land (Note 22.B.13.)	1,116			
Abril	1,101	662	2,932	742
El Encuentro (3)	760	9,544	1,802	8,193
Credit from barter transaction of Caballito (Cyrsa) (2)		18,970		18,970
Credit from barter transaction of Rosario (Note 22 B.5.)		11,023		11,023
Caballito plot of land		6,754		6,653
Credit from barter transaction of Plot 1 c) Dique III			54	
Other inventories	1,281	1,672	1,607	1,166
	193,222	68,286	24,899	164,933

- (1) See Note 5 (i) to the Unaudited Basic Financial Statements.
(2) See Note 5 (iii) to the Unaudited Basic Financial Statements.
(3) See Note 5 (ii) to the Unaudited Basic Financial Statements.

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Notes to the Unaudited Consolidated Financial Statements (Continued)**

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NOTE 10: FIXED ASSETS, NET

The breakdown for this item is as follows:

	March 31, 2010	June 30, 2009
Hotels		
Llao-Llao	80,515	86,691
Intercontinental	55,306	57,109
Libertador	41,624	43,069
Bariloche plots of land	21,900	21,900
	199,345	208,769
Office buildings		
Edificio República	220,952	224,478
Torre BankBoston	155,871	157,894
Bouchard 551	151,152	152,898
Intercontinental Plaza	83,411	86,517
Bouchard 710	65,517	66,283
Dique IV	65,194	66,984
Maipú 1300	38,633	39,670
Costeros Dique IV	19,258	19,699
Libertador 498	14,799	27,199
Suipacha 652	11,049	11,388
Avda. De Mayo 595	4,547	4,723
Dock del Plata	3,167	12,691
Libertador 602	2,559	2,633
Sarmiento 517	337	355
Rivadavia 2768	224	243
Madero 1020	223	269
Edificios Costeros (Dique II)		17,373
	836,893	891,297
Commercial real estate		
Museo Renault	4,808	4,877
Abril	2,534	2,686
Constitución 1111	908	940
	8,250	8,503
Other fixed assets		

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Santa María del Plata	12,496	12,496
Constitución 1159	5,173	5,173
Thames	3,898	3,899
Alto Palermo Park	546	548
Others	4,004	4,082
	26,117	26,198

Shopping Center

Dot Baires (i)	585,438	557,852
Abasto	165,640	172,586
Alto Palermo	140,366	156,665
Patio Bullrich	91,597	96,903
Mendoza Plaza	81,300	85,294
Alto Rosario	77,744	79,436
Alto Avellaneda	75,855	84,624
Paseo Alcorta	71,192	74,020
Córdoba Shopping Villa Cabrera (Note 24 B.1.)	66,636	69,195
Financial advance for fixed assets purchase (Note 22 B.2.)	34,076	27,252
Alto NOA	21,985	23,081
Neuquén Project (Note 24 B.2.)	12,332	12,127
Buenos Aires Design	9,434	11,306
Other fixed assets	101,696	116,485
Other properties	18,449	18,913
Subtotal Shopping Center	1,553,740	1,585,739
Total	2,624,345	2,720,506

(i) As of March 31, 2010 and June 30, 2009 includes Ps. 97,686 and Ps. 96,391 of financial cost, respectively

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NOTE 11: NEGATIVE GOODWILL, NET

The breakdown for this item is as follows:

	March 31, 2010	June 30, 2009
Goodwill:		
Arcos del Gourmet S.A. (Note 3.b.)	20,873	
Alto Palermo S.A.	19,601	20,670
Tarshop S.A.	6,904	6,897
Torre BankBoston	5,742	5,899
Museo Renault	3,154	3,276
Fibesa S.A.	856	2,395
Conil S.A.	506	
Baicom Networks S.A.	174	
Subtotal goodwill	57,810	39,137
Negative goodwill:		
Alto Palermo S.A.	(44,128)	(46,365)
Palermo Invest S.A.	(40,733)	(42,290)
Empalme S.A.I.C.F.A. y G.	(8,608)	(9,084)
Mendoza Plaza Shopping S.A.	(5,743)	(5,988)
Emprendimiento Recoleta S.A.	(280)	(336)
Subtotal negative goodwill	(99,492)	(104,063)
Total negative goodwill, net	(41,682)	(64,926)

NOTE 12: TRADE ACCOUNTS PAYABLE

The breakdown for this item is as follows:

	March 31, 2010		June 30, 2009	
	Current	Non-Current	Current	Non-Current
Suppliers (1)	195,741	11,425	134,178	58,862
Accruals	70,045		87,237	
Related parties (Note 19)	15,207		7,088	8,438
Other	682		1,039	

281,675	11,425	229,542	67,300
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- (1) As of March 31, 2010 and June 30, 2009 includes Ps. 46,451 current and non-current that reflects the in-kind liability obligations to deliver units for the projects Horizons and Caballito (See Note 22 A.1.).

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NOTE 13: CUSTOMER ADVANCES

The breakdown for this item is as follows:

	March 31, 2010		June 30, 2009	
	Current	Non-Current	Current	Non-Current
Customers advances	116,633		30,601	56,822
Admission rights	50,787	61,382	45,392	60,626
Lease advances (1)	23,707	32,030	20,850	32,909
	191,127	93,412	96,843	150,357

(1)

- (a) Includes balances owed to NAI INTERNATIONAL II. INC., due to the financing agreement enclosed by Empalme S.A.I.C.F.A. y G. (See note 24 B.1).
- (b) As of March 31, 2010 and June 30, 2009 includes Ps. 10,121 and 8,122, respectively, from Wal-Mart Argentina S.R.L. in the context of a rent contract entered into with Panamerican Mall S.A. (APSA's subsidiary), for a 30 years term.

NOTE 14: SHORT-TERM AND LONG TERM DEBT

The breakdown for this item is as follows:

	March 31, 2010		June 30, 2009	
	Current	Non-Current	Current	Non-Current
Bank overdrafts	256,834		90,539	
Bank loans (1)	100,669	78,087	178,654	76,611
Non convertible notes APSA 2012 Ps. 154 M (6)	28,616	39,694	26,569	52,801
Seller financings (2)	23,421	12,119	28,895	8,609
Short-term debt (Note 24.B.7.).	22,720			
Debt for purchase of shares	19,386			
Non convertible notes APSA 2017 US\$ 120 M (4) (Note 19)	8,631	290,242	2,679	284,171
Non convertible notes 2017 (3) (Note 19)	7,366	576,525	19,297	563,719
Convertible Notes APSA 2014 US\$ 50 M (5)	1,185	60,069	2,610	58,814
Non convertible notes APSA 2011 Ps. 55 M (7)	240	43,771		
Non convertible notes APSA 2011 US\$ 6 M (7)	11	25,393		
	469,079	1,125,900	349,243	1,044,725

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- (1) Balances as of March 31, 2010 includes:
 - (a) Ps. 31,299 as a current balance and Ps. 78,084 as a non-current balance related to debt for purchase República building.
 - (b) Ps. 18,985 correspond to Hoteles Argentinos S.A. s loan. (Note 21 A.(ii))
 - (c) Ps. 50,385 as a current balance and Ps. 3 as a non-current balance related to loans granted by different financial institutions (mainly Ps. 20,000 granted by Banco Hipotecario S.A. and Ps. 17,237 granted by Standard Bank Argentina S.A.)
- (2) The balance as of March 31, 2010 includes:
 - (a) Ps. 582 as a current balance related to the debt for purchase of shares of Conil S.A. (Note 22.B.12.)
 - (b) Ps. 8,636 related to the debt from acquisition of shares of Zetol S.A. (See Note 22 A.5.)
 - (c) Ps. 11,911 corresponding to Tyrus debt as result of the purchase of shares of Banco Hipotecario S.A. (Note 22 A.4.)
 - (d) Ps. 14,137 related to the debt from acquisition of shares of Arcos del Gourmet S.A. (Note 22 B.1.).
- (3) See Note 17 to the Unaudited Basic Financial Statement.
- (4) See Note 23.A.2. Disclosed net of the notes held by the Company for Ps. 158,444 and of issuance debt costs to be accrued for Ps. 2,311.
- (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 for Ps. 125,509.
- (6) See Note 23 A.2. Disclosed net of the notes held by the Company for Ps. 34,331 and issuance debt costs to be accrued debt for Ps. 83.
- (7) See Note 23 A.2.

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NOTE 15: SALARIES AND SOCIAL SECURITY PAYABLE

The breakdown for this item is as follows:

	March 31, 2010	June 30, 2009
Provision for vacation and bonuses	22,675	25,986
Social Security payable	5,932	8,990
Salaries payable	172	299
Others	257	588
	29,036	35,863

NOTE 16: TAXES PAYABLES

The breakdown for this item is as follows:

	March 31, 2010		June 30, 2009	
	Current	Non-Current	Current	Non-Current
VAT payable, net and tax payment facilities plan for VAT	43,502		75,576	
Income tax provision, net	31,900		14,042	
MPIT, net	8,821	28	17,081	8
Gross revenue tax payable	4,571		2,501	1,138
Provision for tax on shareholders personal assets	5,212	1,256	2,576	
Moratorium for income tax	1,509	21,830	1,358	20,704
Withholdings tax to third parties	3,788		5,328	
Gross revenue tax moratorium	477	1,952	449	2,433
Deferred Income Tax		71,270		36,971
Tax payment facilities plan for MPIT			1,137	
Tax payment facilities plan for income tax			21,835	
Others	4,825		6,000	
Total	104,605	96,336	147,883	61,254

NOTE 17: OTHER LIABILITIES

The breakdown for this item is as follows:

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	March 31, 2010		June 30, 2009	
	Current	Non-current	Current	Non-current
Accrual for directors fees (1) (Note 19)	24,116		2,068	
Advance sale of Tarshop S.A. shares (Note 22 B.3.(ii))	20,840			
Payables to National Parks Administration (Note 20)	12,632		10,223	
Related parties (Note 19)	8,155	8	138	
Guarantee deposits	5,051	3,963	5,228	4,795
Debt to the former minority shareholders of Tarshop S.A. (Note 22.B.14.)	3,481	4,064		
Additional capital contribution payable (Note 22 A.3.)	2,295	3,462	2,270	3,425
Bellow market leases (2)	2,238		3,722	1,308
Contributed leasehold improvements (Note 24 B .3.)	470	9,610	470	9,964
Loans with shareholders of related parties		48,047	837	47,388
Directors guarantee deposits (Note 19)		12		20
Liabilities for financial operations to liquidate (Note 19)			78,788	
Hedging operations (Notes 19 and 25)			243	
Present value other liabilities		(109)		(164)
Others	8,617	862	7,005	5,145
Total	87,895	69,919	110,992	71,881

(1) Disclosed net of advances to director s fees for Ps. 15,369 as of March 31, 2010.

(2) See Note 1.5.1. to the Unaudited Basic Financial Statements.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 18: OTHER EXPENSES, NET

The breakdown for this item is as follows:

	March 31, 2010	March 31, 2009
Other income:		
Recovery of allowances	145	750
Others	424	484
Subtotal other income	569	1,234
Other expenses:		
Tax on shareholder's personal assets	(3,870)	(1,881)
Donations	(4,252)	(4,010)
Provision for contingencies	(138)	(82)
Unrecoverable VAT	(2,817)	(2,842)
Others	(458)	(384)
Subtotal other expenses	(11,535)	(9,199)
Total Other expenses, net	(10,966)	(7,965)

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Notes to the Unaudited Consolidated Financial Statements (Continued)**

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

- a. Balances as of March 31, 2010, compared to the balances as of June 30, 2009, held with related companies, persons and shareholders are as follows:

Related parties	Account receivables current	Other receivables and prepaid expenses current	Other receivables and prepaid expenses non current	Trade account payable current	Short-term debt	Long-term debt	Other liabilities current	Other liabilities non current	Totals
Baicom Networks S.A. (1)			277						277
Banco Hipotecario S.A. (2)	340								340
Cactus S.A. (3)	16	1		3					20
Canteras Natal Crespo S.A. (4)	243	1,102							1,345
Consortio Libertador (3)	841	111		265			4		1,221
Consortio Dock del Plata (3)	1,382	16		53					1,451
Consultores Assets Management S.A. (3)	692	1		7					700
Cresud S.A.C.I.F. y A. (5)	3,052	33,863		12,642	2,415	88,424	3,157		143,553
Cyrsa S.A. (4)	2,565	32		985					3,582
Directors (3)	2	161		29			24,116	20	24,328
Dolphin Fund PLCv (3)							3,023		3,023
Estudio Zang, Bergel y Viñes (3)		20		710					730
Fundación IRSA (3)	31	3		474					508
Futuros y Opciones.com S.A. (3)	5			6					11
Hersha Hospitality Trust (1)		1,928							1,928
Metroshop S.A. (6)		2,265	20,443						22,708
Museo de los Niños (3)	1,082			5					1,087
Parque Arauco S.A.(7)					1,184	60,002			61,186
Personnel loans (3)	64	1,730	4	28			1,971		3,797
Puerto Retiro S.A. (2)	52	97							149
Totals al 03.31.10	10,367	41,330	20,724	15,207	3,599	148,426	32,271	20	271,944

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NOTE 19: (Continued)

a. (Continued)

Related parties	Account receivables current	Other receivables and prepaid expenses current	Other receivables and prepaid expenses non current	Trade account payable current	Trade account payable non current	Short-term debt	Long-term debt	Other liabilities current	Other liabilities non current	Totals
Banco Hipotecario S.A. (2)	5									5
Cactus S.A. (3)	13			3						16
Canteras Natal Crespo S.A. (4)	193	864								1,057
Consorcio Libertador (3)	528	4		122						654
Consorcio Dock del Plata (3)	344	26		46						416
Consultores Assets Management S.A. (3)	539	5		7						551
Cresud S.A.C.I.F. y A. (5)	5,777	7,594		5,565		4,666	80,189	378		104,169
Cyrsa S.A. (4)	1,530	20		540						2,090
Directors (3)		191		29				2,068	20	2,308
Dolphin Fund PLC (3)		36,089						53,288		89,377
Estudio Zang, Bergel y Viñes (3)		20		431				3		454
Fundación IRSA (3)	22	3		259						284
Futuros y Opciones.com S.A. (3)	5			6						11
IFISA (3)								25,500		25,500
Inversiones Ganaderas S.A. (3)				1						1
Metroshop S.A. (6)		2,265	22,509		8,438					33,212
Museo de los Niños (3)	811			5						816
Parque Arauco S.A. (7)						2,609	58,749			61,358
Personnel loans (3)	6	1,521	4	52						1,583
Puerto Retiro S.A. (2)	39	13								52

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Rummaala S.A. (4) (8)				22						22
Totals al 06.30.09	9,812	48,615	22,513	7,088	8,438	7,275	138,938	81,237	20	323,936

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Notes to the Unaudited Consolidated Financial Statements (Continued)**

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NOTE 19: (Continued)

- b. The Unaudited Statement of Income balances for the nine-month period ended March 31, 2010 and 2009, held with related companies, persons and shareholders are as follows:

Related parties	Sale and fees for services	Leases	Costs	Interest and exchange differences	Fees	Share services payroll	Donations	Tax on Shareholders personal assets	Totals
Shareholders (5)								(328)	(328)
Canteras Natal Crespo S.A. (4)	36			74					110
Consortio Libertador S.A. (3)	92	8							100
Consortio Dock del Plata S.A. (3)	169								169
Cresud S.A.C.I.F. y A. (5)		790	(6,813)	(11,255)		(8,337)			(25,615)
Cyrsa S.A. (4)	146	47							193
Directors (3)					(40,177)				(40,177)
Estudio Zang, Bergel y Viñes (3)				(6)	(3,077)				(3,083)
Fundación IRSA (3)							(409)		(409)
Parque Arauco S.A. (7)				(5,697)					(5,697)
Personnel loans (3)				92					92
Totals al 03.31.10	443	845	(6,813)	(16,792)	(43,254)	(8,337)	(409)	(328)	(74,645)

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Notes to the Unaudited Consolidated Financial Statements (Continued)**

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NOTE 19: (Continued)

b. (Continued)

Related parties	Sale and fees for services	Leases	Costs	Interest and exchange differences	Fees	Donations	Tax on Shareholders personal assets	Totals
Shareholders (5)							(392)	(392)
Canteras Natal Crespo S.A (4)	36			61				97
Consorcio Libertador (3)	48	4						52
Consultores Assets Management S.A. (3)				11				11
Cresud S.A.C.I.F. y A. (5)			(327)	(5,874)				(6,201)
Cyrsa S.A. (4)		214						214
Directores (3)				(9)	(23,608)			(23,617)
Directors of Banco Hipotecario S.A. (1)				(7)				(7)
Estudio Zang, Bergel y Viñes (3)					(1,049)			(1,049)
Fundación IRSA (3)						(191)		(191)
Parque Arauco S.A. (7)				(14,793)				(14,793)
Personnel Loans (3)		11		98				109
Totals al 03.31.09	84	229	(327)	(20,513)	(24,657)	(191)	(392)	(45,767)

- (1) Subsidiary
- (2) Subsidiary (direct or indirect)
- (3) Related party
- (4) Joint control
- (5) Shareholders
- (6) Joint control by Tarshop S.A.
- (7) Shareholders of Alto Palermo S.A.
- (8) See Note 1.a.(3).

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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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) (in liquidation process following the merger with and into the Company), 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. A ruling of the court of original jurisdiction sustained the claim. That ruling was appealed, and the Court of Appeals confirmed the judgment of the court of original jurisdiction, demanding payment from the company of US\$ 3.8 million, plus interest accrued through payment, penalties and attorney's fees. In March 2004, LLH paid Ps. 9,156 in cash and EDB.

The plaintiff requested the court of original jurisdiction to initiate an incidental procedure for execution of sentence by performing a settlement through the Ministry of Economy, the procedure having being questioned by LLR. In view of the fact that the information provided was not sufficient to evaluate the amount settled by the Ministry of Economy, it was requested that the execution be suspended until there is a sentence on the complaint recourse filed with the National Supreme Court for the denial of the extraordinary recourse soliciting that the debt be converted to pesos.

On July 2008 the Court of Appeal notified LLR that by means of a resolution dated June 18, 2008 it had confirmed the settlement approved by the court of original jurisdiction.

On March 17, 2009, the National Supreme Court admitted the incidental procedure and decided to suspend the enforcement of the judgment in so far as the extraordinary appeal lodged by LLR is not resolved.

On February 23, 2010, the Supreme Court of Justice dismissed the action, which rendered the judgment final and compelled LLR to pay the amount calculated by the State, which as of March 31, 2010 was \$ 12,632 including interest and legal counsel fees, as disclosed in Other current liabilities Payables to National Parks Administration .

Finally, on April 30, 2010 the Company paid the amount claimed.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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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.

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.

The Management and legal advisors of Puerto Retiro S.A. estimate that there are legal and technical issues sufficient 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 final.

(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 6 months plus 7.0% being the last of US\$ 5.07 million due in March, 2010.

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 21: (Continued)

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. For valuable consideration, IRSA received a coupon on a periodical basis. Additionally, the Company has deposited as guarantee the amount of US\$ 1.2 million.

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 funds from Standard Bank Argentina again, in the amount of \$ 19,000, which will accrue interest at a fixed nominal 16.25% interest rate per annum, payable on a quarterly basis and with principal becoming due on March 15, 2011.

As a security interest for this transaction, the Company entered into a put option agreement with Standard Bank 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's default.

(iii) The company and subsidiaries still have mortgages on properties as follows:

Properties	Book value as of March 31, 2010
Edificio República	220,952
Caballito plot of land	36,741
Terrenos Bariloche	21,900
Plot of land Zetol	13,443
Suipacha 652	11,049
Plot of land Vista al Muelle	7,570
Terrenos Caballito	6,754

(iv) The Company maintains a pledge over CYRSA's shares.

(v) To guarantee due compliance with all the covenants assumed by Liveck S.A., Zetol S.A.'s and Vista al Muelle S.A.'s minority shareholder pursuant to the stock purchase agreement for Vista al Muelle S.A.'s shares executed on June 11, 2009 and the Addendums to the Agreement dated January 4, 2010 and March 30, 2010 as well as payment of any 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.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 21: (Continued)

B. Alto Palermo S.A (APSA)

- (i) The fixed assets account includes the multiplex cinema building in the Córdoba Shopping Villa Cabrera, which is encumbered by an antichresis to secure the financial payable carried by Empalme S.A.I.C.F.A. y G. (merged into Shopping Alto Palermo S.A. as from January 1st, 2009) had with NAI INTERNATIONAL II Inc. (See Note 24 B.1.).
- (ii) The accounts receivable financial trusts includes the contingency and expenses funds of financial trust as credit protection for investors that as of March 31, 2010 amounted to Ps. 5,412. They are restricted availability credits until settlement in accordance with the respective prospectus.
- (iii) As of March 31, 2010, under other current receivables and prepaid expenses, APSA has deposits that are restricted under due to different court attachments.
- (iv) As regards the case Alto Palermo S.A. 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 March 31, 2010 amounts to Ps. 36,741 (disclosed in the Non-current investments- Undeveloped plots of land).
- (v) Other current investments account includes BONTE 2006 bonds for Ps. 34, which are deposited as rental guarantee.
- (vi) As of March 31, 2010, Tarshop S.A. has granted a pledge over Certificates of Participation related to Fideicomisos Financieros Tarjeta Shopping (CP) according to the following detail:
 - To Standard Bank Argentina S.A. CP related to Fideicomisos Financieros Tarjeta Shopping Series XLI, XLII, XLIV, XLVII, and LIV (loan for Ps. 17,415).
 - To Banco Itaú Buen Ayre S.A. CP related to Fideicomiso Financiero Tarjeta Shopping Series XXXIX and XL, (loan for Ps. 3,958).
 - To Banco Supervielle S.A. CP related to Fideicomiso Financiero Tarjeta Shopping Series XXXII, XXXVIII and L, (loan for Ps. 4,411).

- To Banco Hipotecario S.A. CP related to Fideicomiso Financiero Tarjeta Shopping Series XLVII, XLIX and LVI, (loan for Ps. 20,140).

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NOTE 21: (Continued)

B. (Continued)

(vii) As of June 30, 2009, the plot of land located at Beruti 3351/59, Buenos Aires City, was encumbered by a first mortgage in favor of Dowler Company S.A., in security of the unpaid balance as of the date of purchase for US\$ 4.5 million. On February 16, 2010 this amount was cancelled and the mortgage was lifted. (See Note 22 B.6.).

(viii) 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. , the building located at Av. Virrey Toledo 702, Salta has been encumbered for an amount of Ps. 180 (disclosed in fixed assets, net).

(ix) Guarantee Tarshop S.A.: On May 13, 2009, the Board of Directors of Alto Palermo S.A. resolved to approve that APSA stands as surety before Banco Itaú for the payment of emerging obligations for Tarshop as regards the organization of a new financial trust with such bank for up to a maximum amount equivalent to 10% of the face value of VDF s (trust debt securities) subscribed by Banco Itaú. The total maximum amount of this surety stands at Ps. 5,000 and extends through the actual settlement of VDF s. Likewise, it was resolved that the APSA assumes the obligation to act as Substitute Manager in the eventual case that Tarshop S.A. were removed from its function as Manager under the trust agreement.

(x) As regards the barter commitment described in Note 22.B.7, the delivery and title deed of Air Space Coto is compromised.

(xi) Tarshop S.A. has granted cash as guarantee for leases, related to the stores where its branches operate, which are included in Other receivables and prepaid expenses for an amount of Ps. 413.

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). The purchase price was US\$ 36.2 million of which US\$ 30.3 million will be cancelled

IRSA Inversiones y Representaciones Sociedad Anónima

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NOTE 22: (Continued)

A. (Continued)

1. (Continued)

by delivering 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.

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 for over 99% 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.

The buyer can choose from the following purchase plan:

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

Trust preliminary sales agreements, CYRSA has committed to transfer the functional units before February 2011 to the latest.

As of March 31, 2010, the percentage of completion of the Horizons project was 78.74% considering the cost incurred in relation to the total estimated project costs.

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NOTE 22: (Continued)

A. (Continued)

2. Acquisition of Hersha Hospitality Trust (Hersha)

On August 4, 2009, through Real Estate Investment Group (REIG), an entity controlled and managed by IRSA, the Company announced the subscription of 5,700,000 of ordinary shares representative of approximately 10.4% Hersha's common stock.

Together with the acquisition of this shareholding, REIG acquired an option for a five-year term over a further 5,700,000 of additionally ordinary shares at a price of US\$ 3.00 per share. The total price to be paid by REIG for such shares was US\$ 14.3 million. Also contemplated in the investment agreements was the appointment of our Chairman and CEO, Mr. Eduardo S. Elsztain, to the position of member of Hersha's Board of Directors.

In January 2010, through REIG, the Company subscribed 4,789,917 shares of Hersha's common stock at a price of US\$ 3.00 per share and for a total purchase amount of US\$ 14.4 million.

In March 2010, the Company through REIG, subscribed 3,864,000 shares of Hersha's common stock at a price of US\$ 4.25 per share and for a total purchase amount of US\$ 16.4 million.

As of March 31, 2010, IRSA's ownership interest in Hersha amounts to 11.06%. Besides, if the purchase option previously mentioned were exercised without any new shares being issued in favor of third parties, IRSA's stake in Hersha would amount to 14.60%. Hersha's shares are valued at cost and the purchase option at its current 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 73 hotels throughout the United States of America totaling approximately 9,294 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 and some others in 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 Metropolitan

In July 2008, IRSA (through its subsidiaries) acquired a 30% interest in Metropolitan 885 Third Ave. LLC (or Metropolitan) whose equity is composed of an office building known as 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 offering to acquire a 60% portion of the 5% interest of the shareholding. The price paid in this transaction was US\$ 22.6 million.

During 2009, Metropolitan had incurred losses that became negative their equity mainly from the allowance for impairment booked in connection with the Lipstick Building. Consequently, the Company's share in Metropolitan's losses exceeds its equity interest, therefore, the investment was valued at zero and a liability that represents the maximum amount that IRSA has agreed to contribute in the event of being required to fund Metropolitan's operations was recognized and recorded under Other liabilities for an amount of US\$ 1.5 million.

Additionally the put right was revalued accordingly and adjusted to its value at March 31, 2010, that amounts to US\$ 12.2 million and is disclosed under other receivables and prepaid expenses.

4. Acquisition of shares in Banco Hipotecario

In fiscal year ended as of June 30, 2009, IRSA (through its subsidiaries) acquired, in arm's length conditions, from Dolphin Fund PLC and from Inversiones Financieras del Sur S.A., 143,627,987 directly from market shares in Banco Hipotecario in exchange for Ps. 107.6 million of which Ps. 78.8 million was paid in July, 2009. The transaction was recognized by the acquisition method (See Note 1.5.I to the Unaudited Basic Financial Statements) generating a gain of Ps. 133.0 million. As a result of these acquisitions, as of June 30, 2009 IRSA had a 21.34% interest in Banco Hipotecario's capital stock (excluding treasury shares).

During this period IRSA (through its Subsidiaries) acquired the equivalent of 99,625,593 shares of BHSA for an amount of Ps. 117.4 million of which Ps. 105.2 million were paid as of March 31, 2010. The transaction was recorded by application of the acquisition method (See Note 1.5.I. to the Unaudited Basic Financial Statements) generating a gain of Ps. 62.9 million. The analysis of the fair value of assets and liabilities acquired is in the process.

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NOTE 22: (Continued)

A. (Continued)

4. (Continued)

After the above mentioned purchases, as of March 31, 2010, IRSA has 27.98% of the shares of BHSA (without consideration of treasury stock).

5. Acquisition of companies in the Oriental Republic of Uruguay

During the fiscal year ended on June 30, 2009, the Company acquired a 100% ownership interest in Liveck S.A. (Liveck) (a company organized under the laws of the Oriental Republic of Uruguay). On June 30, 2009, the Company sold 50% of its stake in Liveck to Cyrela Brazil Realty S.A. for a price of US\$ 1.3 million.

On June 11, 2009, Liveck acquired a 90% interest over the shares of the companies Vista al Muelle S.A. (Vista al Muelle) and Zetol S.A. (Zetol), both property owners in Uruguay's Canelones Department.

The price of the purchase of all the shares in Zetol, of which 90% was acquired by Liveck and the remaining 10% was acquired by Banzey S.A. (Banzey), had been fixed at US\$ 7.0 million, of which:

I) US\$ 2.0 million have already been paid.

II) the US\$ 5.0 million balance is to be paid in 5 installments of US\$ 1.0 million each 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 balance outstanding on the price accrues an annual 3.5% compensatory interest rate calculated on the total outstanding amount and payable jointly and undividedly with each one of the price balance installments.

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.

The price for the purchase and sale of all the shares in Vista al Muelle amounted to US\$ 0.8 million, of which:

I) US\$ 0.5 million have already been paid.

IRSA Inversiones y Representaciones Sociedad Anónima

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NOTE 22: (Continued)

A. (Continued)

5. (Continued)

II) US\$ 0.3 million to be paid within a maximum two-year term counted as from the date of the purchase and sale agreement.

An annual 8% compensatory interest rate has been agreed on the outstanding amounts, to be paid jointly and undividedly with each one of the price balance installments.

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. As a consequence of the above-mentioned sale of a 50% stake to Cyrela Brazil Realty S.A., there has been a 50% reduction in the original amount of the surety bond.

On December 22, 2009, Vista al Muelle acquired plot of lands for a total of US\$ 1.9 million and the terms of payment were:

I) US\$ 0.1 million have already been paid.

II) US\$ 0.2 million will be paid within the 10 days immediately following the earlier of the date on which the municipal office of the Mayor of Canelones serves conclusive notice of the approval and coming into force of the so-called Detailed Urban Plan (PUD) or within a maximum term of 8 months as from the date of execution of the agreement.

III) US\$ 1.6 million to be paid by delivering Home Units and/or Retail Stores to be built and representative of a 12% portion of the 65.54% interest resulting from the sum of the prices of all the units appearing on the Price List for the launch to the market of the B Sector (with the parties having signed a boundary plan of said sector).

Pursuant to the stock purchase agreement for Vista al Muelle's shares executed on June 11, 2009 and the Addendum to the Agreement dated January 4, 2010 and March 30, 2010, Liveck has agreed to buy the shares held by Ernesto Kimelman or Banzey 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.

Both parties have agreed that this purchase and sale is dependent upon, and shall be rendered ineffectual if the parties entered into a shareholder agreement no later than September 1, 2010. If no such shareholder agreement is signed, this sale shall be executed and delivered on September 13, 2010

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NOTE 22: (Continued)

B. Alto Palermo S.A.

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

During August 2007, APSA exercised an option for subscription of shares of Arcos del Gourmet S.A., a company that holds a concession granted by ONABE.

The price of the option was fixed in US\$ 0.6 million and it has been fully cancelled. As of June 30, 2009 the option has been accounted in non-current investments advances for purchase of shares.

On November 27, 2009, Alto Palermo S.A. acquired 7,916,488 shares of common stock with a face value of Ps. 1, entitled to 1 vote each, representing 80% of the common stock.

The price agreed upon for 40% of acquired shares was fixed at US\$ 4.3 million, out of which the amount of US\$ 0.3 million has been settled as part of the option price; US\$ 2.0 million was paid upon executing the share purchase agreement and the remaining balance shall be paid in two equal annual installments, falling due on November 27, 2010 and November 27, 2011.

For the remaining 40% of shares, the price was fixed at (i) US\$ 0.8 million, plus (ii) 20% of the investment required to develop the project. Out of the price indicated in (i), US\$ 0.3 million has been settled as part of the option price and US\$ 0.5 million will be paid when the Shareholders Meeting approves the capital increase of Arcos del Gourmet S.A. for US\$ 2.7 million. The portion of the price indicated in (ii) shall be paid upon the possible capital increase required to develop the project, which should be approved by the respective authorities and as agreed by the parties, up to US\$ 6.9 million.

On February 17, 2010, Arcos del Gourmet S.A. held a shareholders meeting that approved a capital increase of US\$ 2.7 million, equivalent to Ps. 10.4 million. Consequently, 3,515,545 registered nonendorsable shares of common stock will be issued, with a face value of Ps. 1 and entitled to one vote per share, with a subscription price of Ps. 2.9622 per share, of which Ps. 1 is the face value and Ps. 1.9622 is additional paid-in capital, of which APSA is entitled to eighty percent thereof.

On May 7, 2010, two share subscription agreements were executed establishing that such amount will be paid in as follows: (i) capitalizing of loans for Ps. 5.6 million, (ii) capitalizing receivables from APSA for Ps. 0.9 million, (iii) capitalizing irrevocable contributions for Ps. 2.5 million and (v) the amount of Ps. 1.4 million will be paid up in cash within three working days as from executing the agreements.

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NOTE 22: (Continued)

B. (Continued)

2. Acquisition of a commercial center goodwill

On December 28, 2007, Alto Palermo S.A. 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, the transaction was subject to certain precedent compliance conditions. The total price of the operation is US\$ 20.7 million of which US\$ 8.1 million were paid at the time the preliminary purchase contract was entered into. Such disbursement was recorded as an advance for the purchase of fixed assets.

Once the definitive signature of the goodwill transference has taken place, the remaining amount of US\$ 12.6 million will accrue 5% annual interest plus VAT, which will be repaid in 7 annual and consecutive installments. The first interest installment will be paid 365 days after the contract is signed and together with the payment of the last interest installment the total capital owed will be cancelled.

On March 15, 2010, Alto Palermo S.A. e INCSA agreed to waive the conditions precedent and, consequently, the partial transfer of the goodwill started, upon which completion, a portion of the goodwill related to the shopping mall will be transferred and ownership of the portion of the real property related to the shopping mall will be surrendered. Alto Palermo S.A. and INCSA agreed to file with the Argentine Antitrust Authority within the legal terms after such partial transfer. Likewise, the title deed will be granted once the use of the property has been obtained.

On April 12, 2010, the publication of legal notices announcing the partial transfer of the goodwill and as instructed by the notary public involved, no creditors appeared within the legal term to do so.

Furthermore, Alto Palermo S.A. 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. This transaction is subject to certain conditions, one of these being that Alto Palermo S.A. partially acquires from INCSA the goodwill established by the commercial center that develops activities in Soleil Factory. 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 as an advance for purchase of fixed assets.

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NOTE 22: (Continued)

B. (Continued)

3. Tarshop S.A.

i) Capital increase and capital contributions to Tarshop S.A.

During the course of fiscal year 2009 and due to the international financial context, Alto Palermo S.A. reviewed the general and specific economic prospects for Tarshop S.A.'s business, taking various measures, all of which tend to strengthen the business upon the prevailing economic conditions.

To meet the growing volatility in the international financial context and provide Tarshop S.A. with a capital base according to the prevailing market conditions, during the first quarter of fiscal year 2009, Alto Palermo S.A. decided to participate in a capital increase in Tarshop S.A. for up to the amount of Ps. 60,000, increasing its equity interest in this company from 80% to 93.439%.

During the second quarter of fiscal year 2009, Alto Palermo S.A. provided financial assistance to Tarshop S.A. for Ps. 105,000, then accepted as irrevocable capital contributions. The capitalization of such irrevocable capital contribution and its subsequent capital increase was decided by Tarshop S.A.'s Extraordinary Shareholder's Meeting held on October 30, 2009. After this capitalization, the interest in such company stands at 98.5878%.

Subsequently, during January 2010 and related to the restructure operation of its interest in Tarshop S.A., APSA acquired the minority interest (1.4122%) property of the minority shareholder for US\$ 0.54 million, thus consolidating what its 20% interest will be in the future as regards Tarshop S.A.'s capital stock in the event the previously mentioned Central Bank approval is registered.

ii) Agreement to sell the equity interest in Tarshop S.A.

On December 22, 2009, APSA reported the approval by its Board of Directors of sale, assignment and transfer of 80% of the equity interest in Tarshop S.A. to Banco Hipotecario S.A. Such interest represents 80% of the capital stock issued and outstanding, this is 107,037,152 registered, nonendorsable shares of common stock with a face value of Ps. 1 and entitled to 1 vote each.

The sale price was established at the total and definitive amount of US\$ 26.8 million and APSA granted to Banco Hipotecario S.A. the indemnities that are usual in this type of transaction.

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NOTE 22: (Continued)

B. (Continued)

3. (Continued)

ii) (Continued)

In this line of thought, on December 29, 2009, the contractual documents related to the sale of the 80% of Tarshop S.A.'s capital stock to Banco Hipotecario S.A. were subscribed.

It must be noted that the Transaction is subject to the authorization and/or approval of the Central Bank of Argentina, under its function of enforcement agency in accordance with current regulations.

Upon executing the agreement, US\$ 5.4 million was received as prepayment, disclosed in Other Liabilities and the remaining balance of US\$ 21.4 million will be collected 5 working days after the Central Bank of Argentina notifies about the authorization, even with conditions to the Transaction, whereupon price adjustments considered in the agreement and compliance with other precedent conditions set in the contract will be taken into account.

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

On November 20, 2006, Alto Palermo S.A. acquired the building known as Ex Escuela Gobernador Vicente de Olmos, located in the city of Cordoba 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 217 month, with a current monthly fee of Ps. 12.6 while the next increase is scheduled for the 234 month.

On September 25, 2007, the transfer deed of the building was signed with the Government of the Province of Córdoba and the transference of the respective concession contract. As of March 31, 2010 Alto Palermo S.A. has recorded this transaction as non-current investments.

5. Barter with Condominios del Alto S.A.

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.

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NOTE 22: (Continued)

B. (Continued)

5. (Continued)

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 properties: (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 building 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, the Company and Condominios del Alto S.A. subscribed a supplementary deed specifically determining the units committed for bartering that will be transferred to the Company and the ownership title to 15 garage slots.

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

As a complementary consideration in favor of Alto Palermo S.A., Condominios del Alto S.A. paid US\$ 0.015 and establish certain guarantees in favor of APSA.

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 buildings: (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.

6. Acquisition of Beruti plot of land

On June 24, 2008, APSA acquired from Dowler Company S.A. a plot of land located at Beruti 3351/3359, between Bulnes street and Coronel Díaz Avenue in Buenos Aires City, near Shopping Alto Palermo, a location considered to be strategic for APSA.

The transaction was executed for a total price of US\$ 17.8 million, which were completely cancelled. Such plot of land is disclosed in non-current investments undeveloped parcels of land.

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NOTE 22: (Continued)

B. (Continued)

7. Barter with Cyrsa S.A.

On September 24, 1997 Alto Palermo S.A. and COTO Centro Integral de Comercialización S.A. (COTO) granted a title deed by which APSA, which then operated under the name of Sociedad Anónima Mercado de Abasto Proveedor (SAMAP), acquired the rights to receive the garage parking slots and the rights to increase the height of the building located between the Agüero, Lavalle, Guardia Vieja and Gallo streets, in the Abasto neighborhood.

On July 31, 2008, a conditioned barter commitment was executed by which Alto Palermo S.A. would transfer CYRSA 112 garage parking slots and the rights to increase the height of the property to build two towers buildings on the previously mentioned property, upon compliance with certain conditions.

In consideration, CYRSA would give Alto Palermo S.A. an amount to be determined in the future of units in the building that would be built equivalent to 25% of square meters, which as a whole will be total not less than the amount of 4,053.50 proprietary square meters to be built. Likewise, if any, CYRSA would deliver Alto Palermo S.A. a number of storing units equivalent to 25% of all storage units in the future building.

Additionally and in the case of the conditions which the transaction is subject to are considered to have been met, CYRSA would pay APSA the amount of US\$ 0.1 million and would carry out the works at the parking slots that APSA would receive from COTO.

In order for the barter to be effective, certain essential provisions should be complied with by COTO.

Possession of the mentioned assets will be simultaneously granted upon executing the title deed, which will be carried out within 30 running days as from the date on which APSA notifies CYRSA the compliance of the conditions precedent.

The total amount of the transaction between CYRSA and APSA total US\$ 5.9 million.

8. Letter of intent Plot of land Paraná.

On June 30, 2009, Alto Palermo S.A. 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. The price established for the purchase stands at US\$ 0.5 million, out of which by early July, the amount of US\$ 0.05 million was paid as down payment and as consideration of the commitment of not selling the property until November 27, 2009. At the date of preparation of these unaudited financial statements, parties have postponed the deadlines of the letters of intent and agreed to the documents that, once authorized by Walt-Mart USA will be signed by the parties.

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NOTE 22: (Continued)

B. (Continued)

8. (Continued)

Such documents refer to transferring the plot of land (the agreement of sale) to develop a shopping mall, regulation of the relationship between Wal-Mart USA's supermarket and the future shopping mall (the Coexistence Regulations) and the creation of easements to guarantee the use of parking slots by APSA, the supermarket communication with the future shopping mall and other committed agreed-upon by the parties in the agreement of sale and the Regulations.

9. Merger between Shopping Alto Palermo S.A., Mendoza Plaza Shopping S.A. and Empalme S.A.I.C.F.A. y G. Shopping Alto Palermo S.A.'s Extraordinary and Unanimous Shareholders Meeting held on February 16, 2009, resolved the merger of such company with Mendoza Plaza Shopping S.A. and Empalme S.A.I.C.F.A. y G.

As of July 1, 2009 SAPSA was merged into APSA.

10. Merger between Alto Palermo S.A. (APSA) and Shopping Alto Palermo S.A. On November 27, 2009, it was held APSA's shareholders meeting that approved, among others, the corporate reorganization consisting in APSA's merger with Shopping Alto Palermo S.A. as from July 1, 2009, Alto Palermo S.A. being the absorbing or merging company and Shopping Alto Palermo S.A. the absorbed and merged company, with the ensuing dissolution without liquidation of Shopping Alto Palermo S.A.

Subsequently, on January 21, 2010, the Definitive Merger Agreement has been notarized into a public deed and filed with the enforcement agencies in due course.

11. Purchase of Fibesa S.A.'s shares

On August 3, 2009, a share transfer agreement was executed by which Alto Palermo S.A. sold to Shopping Alto Palermo S.A. 49,999 Fibesa S.A.'s shares, with a face value of Ps. 0.00000001 each and entitled to 5 votes per share, representing 4.9999% of the company's capital stock.

On August 3, 2009, a share transfer agreement was executed by which Ritelco S.A. sold to Shopping Alto Palermo S.A. one Fibesa S.A.'s share, with a face value of Ps. 0.00000001 each and entitled to 5 votes per share, representing 0.0001% of the company's capital stock.

Due to the previously mentioned agreements, Alto Palermo S.A. owned 95% of the company's capital stock and Shopping Alto Palermo S.A. owned the remaining 5%. Afterwards, due to the merger between Alto Palermo S.A. and Shopping Alto Palermo S.A., as mentioned in

subsection 10 of this note, Alto Palermo S.A. is the owner of 99.99996% of the company's shares.

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NOTE 22: (Continued)

B. (Continued)

12. Purchase of Conil S.A.'s shares

On October 21, 2009, it was executed the share purchase agreement by which Alto Palermo S.A. and Fibesa S.A. acquired 95% and 5% of the 50% of Conil S.A.'s shares, respectively. The agreed price amounted to US\$ 0.29 million which were completely cancelled at March 31, 2010.

As a result of the previously mentioned agreement, Alto Palermo S.A. becomes the owner of 97.5% of such company's shares, while Fibesa becomes the owner of the remaining 2.5%.

13. Agreement to sell the plot of land Guaymallén

On March 26, 2010, APSA executed an agreement of sale without ownership by which the Company sells the property located in the District of Guaymallén, Province of Mendoza. The total agreed-upon price stands at US\$ 0.3 million, of which US\$ 0.2 was collected in account of the total agreed-upon price and disclosed in the customer advances. The unpaid balance will be settled upon executing the title deed scheduled for June 24, 2010. Such transaction was valued at net realizable value, generating an income for Ps. 826 during the period ended March 31, 2010.

14. Agreement with the former minority shareholder of Tarshop S.A.

During January 2010, APSA executed an agreement with Mr. León Halac (LH), by which the latter assumed the obligation to abstain during 28 running months from performing any role or developing and participating in any manner whatsoever in any new credit card companies other than those existing on the market, or in the regions in which at present Tarjeta Shopping is developed. Such agreement also contemplates the impossibility by the same period of time that LH participates in developing, under any method, shopping malls of over 20,000 square meters within the territory of Buenos Aires City, Argentine Republic. Alto Palermo S.A., shall pay in consideration of the obligations assumed by the other party a total and definitive price of US\$ 2.2 million payable: (1) A down payment of US\$ 0.8 million upon executing the agreement and (2) the balance of the price for US\$ 1.4 million in 28 monthly consecutive installments, accruing no interest of US\$ 0.05 million each, to which income tax withholdings will be added. At March 31, 2010 the initial amount of US\$ 1.20 million and the first installment falling due in March for US\$ 0.077 million were paid.

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NOTE 23: CONVERTIBLE AND NON CONVERTIBLE 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: On May 2, 2006, the Meeting of Obligees decided to postpone the original due date to July 19, 2014 and, for this reason, the Convertible Notes have been classified as non-current in these unaudited financial statements. As the subscription terms have not been significantly modified, this postponement of the maturity term has had no an impact on the financial statements.
- Interest: at a fixed nominal rate of 10% per annum. Interest is payable semi-annually.
- 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.

As of March 31, 2010, the holders of Convertible Notes in APSA ordinary shares, have exercised their right to convert them for a total of US\$ 2.8 million, leading to the issuing of ordinary shares of Ps. 0.1 face value each. As of March 31, 2010 Convertible Notes amounted to US\$ 47.2

million.

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NOTE 23: (Continued)

2. Issuance of notes

On May 11, 2007, Alto Palermo S.A. 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 March 31, 2010 total Series I and Series II Notes repurchased by APSA amount to US\$ 5.0 million and US\$ 3.7 million, respectively. Such notes have been valued at face value and are disclosed netting the current and non-current capital and interest owed.

As of March 31, 2010 the Company holds Series I Notes for Fv. US\$ 39.6 million and Series II Notes for Fv. Ps 33.2 million. Likewise, Cresud S.A.C.I.F. y A. holds Series I Notes for Fv. US\$ 5.0 million.

Such issuances are constituted within 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.

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

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

As of March 31, 2010 Emprendimiento Recoleta S.A. is the holder of Series III Notes for a net value of Ps. 12 million.

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

APSA's Shareholders Meeting held on October 29, 2009 approved the increase in the amount of the Global Program for the Issuance 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.

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NOTE 24: SIGNIFICANT EVENTS

A. IRSA Inversiones y Representaciones Sociedad Anónima

1. Investment in Banco Hipotecario

Compensation of the National Government to financial entities as a result of the asymmetric pesification

The National Government, through Decree 905, provided for the issuance of National Government Compensating Bonds, to compensate financial entities for the adverse equity effects generated due to the conversion into pesos, under various exchange ratios, of the credits and obligations denominated in foreign currency as established by Law No. 25,561, Decree 214 and addenda, also provided for covering the negative difference in the net position of foreign currency denominated assets and liabilities resulting from its translation into pesos as established by the above-mentioned regulations, and entitled the BCRA to determine the pertinent rules.

Banco Hipotecario S.A. submitted the presentation as regards sections 28 and 29 of Decree 905 Compensation to Financial Entities, as follows:

- National Government Compensation Bond - US\$ 2,012 (section 29, points b, c and d): compensating bond difference between pesified assets and liabilities at Ps. 1.00 for the rate of exchange difference of Ps. 0.40, translated at Ps. 1.40 per US\$ dollar: US\$ 360,811.

- National Government Compensation Bond coverage - US\$ 2,012 (section 29 point e). Coverage bond difference between assets and liabilities in US dollars net of the compensating bond: US\$ 832,827.

In September 2002 and October 2005, the Argentine Central Bank credited US\$ 344,050 and US\$ 16,761 in BODEN 2012, respectively, for compensation.

On August 1, 2005, a note was submitted to the Argentine Central Bank stating the acceptance of the number of BODEN verified by the Superintendence of Financial and Exchange Entities.

In the period beginning in September 2005 and ended in January 2006, subscriptions were made for BODEN 2012 hedging bonds equivalent to US\$ 773,533. A supplementary subscription of hedging bonds and detached coupons took place on June 26, 2009, subscribing an original par value of US\$ 59,294 in exchange for a payment in cash of Ps. 211,947 as subscription price. In addition, US\$ 40,207 were received as matured coupons.

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NOTE 24: (Continued)

A. (Continued)

1. (Continued)

Exposure to the non-financial public sector

Banco Hipotecario S.A. keeps recorded in its financial statements assets with the Non-Financial Public Sector amounting to Ps. 2,245,663 as of March 31, 2010.

As from January 1 st, 2006, the dispositions of point 12 of Communication A 3911 (Communication A 4455) became effective, as regards that the assistance to the Public Sector (average measured) cannot exceed 40% of total Assets of the last day of the previous month. Through Communication A 4546 of July 9, 2006, it was established that as from July 1, 2007, such limit was modified to 35%.

The exposure of Banco Hipotecario S.A. to the Public Sector originated in compensations granted by the National Government as a result of year 2002 crisis, principally related to the asymmetric pesification of assets and liabilities. To such extent and considering that assets to the Public Sector exceeded the mentioned limit. On January 19, 2006, Banco Hipotecario S.A. reported to the Argentine Central Bank that it will gradually decrease the proportion of assets subject to the exposure to the Public Sector, in line with the amortization and cancellation made by the Government of the bonds received for asymmetric compensation in the currency of issuance. To date, no objections to this issue have been received.

As of March 31, 2010 and 2009 the assistance to the Public Sector arises 19.4% and 24.8%, from total Assets, respectively.

Banco Hipotecario s Treasury Shares

In the course of the previous fiscal year and with the Total Return Swap dated January 29, 2004 having expired, Banco Hipotecario received treasury shares totaling 71.1 million. These are available in the terms and conditions laid down by the Argentine Companies Law in its Section 221.

Pursuant to the Minutes of the Board Meeting No. 268 dated January 12, 2010, Banco Hipotecario s Board of Directors adopted the following resolutions: 1) to deliver the Class D shares currently in BHSA s portfolio as payment to STARS holders up to the amount of their receivables and at the value quoted for the share at that time (or using any other method for improved accuracy), and 2) to analyze possible alternatives for the application of the remaining shares.

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In thousands of pesos

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NOTE 24: (Continued)

A. (Continued)

1. (Continued)

The Ordinary General Shareholders Meeting held on April 30, 2010 resolved to extend for a year, counted as from January 31, 2010, the term for realizing the treasury shares held by the Bank.

On April 30, 2010, the Extraordinary General Shareholders Meeting resolved to delegate upon the Board of Directors the decision to pay with the treasury shares in portfolio the Stock Appreciation Rights (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.

2. Compensation plan for executive management

The Company have 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.

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

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NOTE 24: (Continued)

A. (Continued)

2. (Continued)

In the event 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.

As of March 31, 2010, security charges of the Company amount to Ps. 2,438.

3. Llao Llao Resorts S.A.: Capitalization of the Loans granted by the Shareholders

Pursuant to a decision made by Llao Llao's shareholders' meeting on October 31, 2009, the financial loans granted by its shareholders are to be capitalized up to a total of US\$ 7,600 thereby effecting a capital increase (as well as a turnaround in the situation contemplated by the Argentine Companies Law in its Section 94, sub-section 5 and in Section 206).

4. Negative working capital

At the end of the period, the Company's working capital exhibited a Ps. 120,522 deficit. Both the Board and the corresponding members of management are analyzing the treatment to be afforded to this situation.

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 1st, 2009, see Note 22 B.12.) 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 ori