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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of June, 2012

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

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

Republic of Argentina
(Jurisdiction of incorporation or organization)

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

Form 20-F x Form 40-F o

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 o No x

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

REPORT ON FORM 6-K

Attached is an English translation of the Financial Statements for the seix-month period ended on December 31, 2011 and on December 31, 2010 filed by the Company with the Comisión Nacional de Valores and the Bolsa de Comercio de Buenos Aires:

- 1 -

IRSA Inversiones y Representaciones

Sociedad Anónima

Free translation of the Unaudited Financial Statements

For the six-month periods
beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

- 2 -

IRSA Inversiones y Representaciones
Sociedad Anónima and subsidiaries

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

Company:	IRSA Inversiones y Representaciones Sociedad Anónima
Corporate address:	Bolívar 108 – Buenos Aires, Argentina
Principal activity:	Real estate investment and development

Financial Statements as of December 31, 2011
Presented in comparative form with the previous fiscal year.
Stated in thousands of pesos
Fiscal year No. 69 beginning July 1st, 2011

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

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

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

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

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

Unaudited Consolidated Balance Sheets
as of December 31 and June 30, 2011

In thousands of pesos (Notes 1 and 2)
Free translation from the original prepared in Spanish for publication in Argentina

	December 31, 2011	June 30, 2011		December 31, 2011	June 30, 2011
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 4)	217,951	168,170	Trade accounts payable (Note 11)	161,916	153,149
Investments (Note 5)	170,330	210,183	Customer advances (Note 12)	225,634	232,863
Accounts receivable, net (Note 6)	302,544	248,998	Short-term debt (Note 13)	792,174	683,813
Other receivables (Note 7)	146,628	155,169	Salaries and social security payable (Note 14)	27,329	35,792
Inventories (Note 8)	229,593	262,660	Taxes payable (Note 15)	140,368	119,053
Total Current Assets	1,067,046	1,045,180	Other liabilities (Note 16)	47,717	79,068
			Subtotal Current Liabilities	1,395,138	1,303,738
			Provisions (Note 17)	6,396	2,019
			Total Current Liabilities	1,401,534	1,305,757
			NON-CURRENT LIABILITIES		
			Trade accounts payable (Note 11)	24	47
NON-CURRENT ASSETS			Customer advances (Note 12)	105,302	94,244
Accounts receivable, net (Note 6)	18,586	14,300	Long-term debt (Note 13)	1,840,947	1,756,919
Other receivables (Note 7)	178,922	161,331	Taxes payable (Note 15)	299,589	328,692
Inventories (Note 8)	92,760	89,441	Other liabilities (Note 16)	17,749	18,129
Investments (Note 5)	2,010,128	1,946,145	Subtotal Non-Current Liabilities	2,263,611	2,198,031
Fixed assets, net (Note 9)	3,372,045	3,405,851	Provisions (Note 17)	12,267	12,881
Intangible assets, net	50,570	42,362	Total Non-Current Liabilities	2,275,878	2,210,912
Subtotal Non-Current Assets	5,723,011	5,659,430	Total Liabilities	3,677,412	3,516,669
Negative goodwill, net (Note 10)	(368,036)	(389,300)	Minority interest	315,304	316,826
Total Non-Current Assets	5,354,975	5,270,130	SHAREHOLDERS´ EQUITY	2,429,305	2,481,815
Total Assets	6,422,021	6,315,310	Total Liabilities and Shareholders´ Equity	6,422,021	6,315,310

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

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Alejandro G Elsztain
Vice president II
Acting as President

Unaudited Consolidated Statements of Income
For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

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

	December 31, 2011	December 31, 2010
Revenues	739,613	697,675
Costs	(257,977)	(270,431)
Gross profit	481,636	427,244
Selling expenses	(45,550)	(61,381)
Administrative expenses	(105,231)	(106,152)
Subtotal	(150,781)	(167,533)
Gain from recognition of inventories at net realizable value	35,248	35,930
Net gain from retained interest in securitized receivables	-	5,042
Operating income (Note 3)	366,103	300,683
Amortization of negative goodwill, net	8,865	1,819
Financial results generated by assets:		
Interest income	11,144	12,314
Foreign exchange gain	17,429	9,349
Other holding results	(19,519)	11,511
Subtotal	9,054	33,174
Financial results generated by liabilities:		
Interest expense	(136,217)	(101,822)
Foreign exchange loss	(91,853)	(20,655)
Other financial expenses	(6,526)	(1,951)
Subtotal	(234,596)	(124,428)
Financial results, net (Note 18 a.)	(225,542)	(91,254)
Gain on equity investees	58,570	73,721
Other expenses, net (Note 18 b.)	(7,987)	(15,279)
Income before taxes and minority interest	200,009	269,690
Income tax and Minimum Presumed Income Tax (MPIT)	(65,313)	(49,071)
Minority interest	(1,644)	(50,061)
Net income for the period	133,052	170,558
Earnings per share (Note 13 to the Unaudited Basic Financial Statements)		
Basic net income per share	0.230	0.295
Diluted net income per share	0.230	0.295

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

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Alejandro G Elsztain
Vice president II
Acting as President

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

In thousands of pesos (Notes 1 and 2)

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

	December 31, 2011	December 31, 2010
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of the beginning of the year	312,274	151,354
Cash and cash equivalents as of the end of the period	333,504	297,708
Net Increase in cash and cash equivalents	21,230	146,354
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	133,052	170,558
Adjustments to reconcile net income to cash flows from operating activities:		
Income tax and MPIT	65,313	49,071
Gain on equity investees	(58,570)	(73,321)
Amortization of negative goodwill, net	(8,865)	(1,819)
Minority interest	1,644	50,061
Gain from recognition of inventories at net realizable value	(35,248)	(35,930)
Allowances and provisions	19,656	32,460
Depreciation and amortization	86,971	79,148
Accrued interest	99,881	97,007
Financial results, net	135,012	(1,363)
Long-term incentive program reserve (Note 23 to the Unaudited Basic Financial Statements)	2,396	-
Net carrying value of fixed assets sold	1,138	(255)
Net loss from the derecognition of intangible assets	(536)	-
Gain from Inventory barter transactions	-	(19,332)
Net income from sales of real estate property	(3,297)	-
Additions of intangible assets	(1,438)	-
Changes in certain assets and liabilities net of non-cash transactions and effects of acquisitions:		
Increase in accounts receivable, net	(49,161)	(121,393)
Decrease (Increase) in other receivables	3,914	(28,530)
Decrease in inventories	71,372	27,174
(Increase) in intangible assets, net	-	(2,082)
Increase in trade accounts payable	18,741	78,907
(Decrease) in taxes payable, salaries and social security payable	(90,083)	(79,924)
Increase in customer advances	2,982	27,411
Decrease in other liabilities	(22,524)	(27,932)
Net cash provided by operating activities	372,350	219,916
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net loans collections	-	40
Advance payments for the acquisition of shares	-	(1,185)
Increase in current investments	(1,371)	(2,927)
Share-holding increase in equity investees	(24,040)	(788,963)
Increase in minority interest	212	-
Acquisition of undeveloped parcels of land	(200)	(115)
Acquisition and improvements of fixed assets	(49,342)	(33,858)

(Outflows) Inflows for the acquisition / sale of subsidiaries, net	(6,651)	45,322
Collection of dividends	2,669	2,200
Loans granted to related parties, net	(10,684)	26,314
Net cash used in investing activities	(89,407)	(753,172)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (payments) in short-term and long-term debt, net	75,842	(80,059)
Loans from related parties, net	(2,821)	-
Bank overdrafts, net	19,970	190,340
Capital contribution by minority owners in related parties	6,808	2,262
Proceeds from issuance of non-convertible notes, net of expenses	-	607,449
Interest paid	(116,993)	(53,542)
Dividends paid	(219,049)	(127,079)
Payments for the acquisition of shares in related companies	(12,524)	(10,399)
Reimbursement of dividends	6,937	-
Proceeds from issuance of non-convertible notes, net of expenses	-	150,638
Payment of non convertible notes	(19,883)	-
Net cash (used in) generated by financing activities:	(261,713)	679,610
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,230	146,354

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

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Alejandro G Elsztain
Vice president II
Acting as President

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

In thousands of pesos (Notes 1 and 2)
Free translation from the original prepared in Spanish for publication in Argentina

	December 31, 2011	December 31, 2010
Supplemental cash flow information		
Income tax paid	78,450	13,486
Non-cash activities:		
Decrease in inventories through an increase in fixed assets	-	9,264
Issuance of Trust Exchangeable Certificates	-	18,786
Increase in non-current investments through a decrease in other liabilities	-	16,044
Increase in non-current investments through a decrease in other receivables	-	36,229
Increase in minority interest through a decrease in other liabilities	-	20,557
Decrease in inventories through an increase in customer advances	2,602	-
Decrease in inventories through a decrease in customer advances	-	1,920
Decrease in inventories through a decrease in trade accounts payable	10,925	-
Transfer of fixed assets to inventories	10,471	-
Decrease in other investments through an increase in inventories	-	64,140
Increase in inventories through a decrease in non-current investments	-	14,541
Cumulative translation adjustment of subsidiaries	20,061	4,448
Transfer of undeveloped parcels of land to inventories	-	3,030
Increase in other receivables through an increase in taxes payable	4,795	-
Decrease in long-term debt through an increase in shareholders´equity	38	-
Decrease in intangible assets, through a decrease in trade accounts payable	1,153	-
Decrease in other receivables	8,025	-
Decrease in account receivable, net	646	-
Decrease in non-current investments	16,004	-
Decrease in trade accounts payable	(7,345)	-
Decrease in other liabilities	(17,330)	-
Increase in fixed assets, net through an increase in long-term debt	-	53,896
Composition of cash and cash equivalents at the period end		
Cash and Banks	217,951	102,688
Current investments	170,330	273,829
Subtotal cash and banks and current investments	388,281	376,517
Less: (items not considered cash and cash equivalents)		
Mutual funds	29,028	56,006
Retained interest in securitized receivables	-	1,697
Stock shares	17,128	20,611
Mortgage bonds issued by Banco Hipotecario S.A.	481	479
Interest receivable Non-Convertible Notes Cresud S.A.C.I.F. y A.	8,127	-
Other investments	13	16

Cash and cash equivalents	333,504	297,708

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Unaudited Consolidated Statements of Cash Flows (Continued)

For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010
In thousands of pesos (Notes 1 and 2)
Free translation from the original prepared in Spanish for publication in Argentina

	December 31, 2011	December 31, 2010
Sale/Acquisition of subsidiaries		
- Accounts receivable, net	(1,307)	278,805
- Other receivables	(1,436)	64,299
- Investments	-	97,287
- Fixed assets, net	(11,885)	2,829
- Intangible assets, net	(9,434)	-
- Trade accounts payable	1,684	(204,255)
- Customer advances	571	-
- Short-term and long-term debt	-	(91,173)
- Salaries and social security payable	49	(11,221)
- Taxes payable	418	(14,637)
- Other liabilities	64	9,381
- Trade accounts payable	-	6,625
Net value of assets deconsolidated/acquired/sold not considered cash and cash equivalents.	(21,276)	137,940
- Impairment and sale of investment	-	(15,326)
- Remaining investment	-	(28,968)
- Minority interest	(1,434)	(30,388)
- Negative goodwill, net	(12,468)	3,316
Net value of assets deconsolidated/acquired/sold	(35,178)	66,574
- Seller financing	26,989	-
- Cash in advance	1,538	(21,252)
Collection/Payment of cash from sale/acquisition of subsidiaries	(6,651)	45,322

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Notes to the Unaudited Consolidated Financial Statements

For the six-months periods beginning July 1, 2011 and 2010 and
ended December 31, 2011 and 2010
In thousands of pesos
Free translation from the original prepared in Spanish for publication in Argentina

NOTE 1: BASIS OF CONSOLIDATION – CORPORATE CONTROL

a. Basis of consolidation

Financial Statements have been prepared in constant currency.

The Company has consolidated its balance sheets at December 31, and June 30, 2011, statements of income and cash flows for the six-month periods ended December 31, 2011 and 2010 line by line with the financial statements of its subsidiaries, following the procedure established in Technical Resolution No. 21 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas ("F.A.C.P.C.E.") and approved by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires and by the National Securities Commission. All significant intercompany balances and transactions have been eliminated in consolidation. The Unaudited Consolidated Financial Statements include the assets, liabilities and results of operations of the following controlled subsidiaries:

	December 31, 2011	June 30, 2011	December 31, 2011	June 30, 2011
COMPANIES	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
Ritelco S.A.	100.00	100.00	100.00	100.00
Palermo Invest S.A.	100.00	100.00	100.00	100.00
Inversora Bolívar S.A.	100.00	100.00	100.00	100.00
E-Commerce Latina S.A.	100.00	100.00	100.00	100.00
Solares de Santa María S.A. (1)	100.00	100.00	100.00	100.00
Hoteles Argentinos S.A.	80.00	80.00	80.00	80.00
Alto Palermo S.A. ("APSA") (2)	94.87	94.89	94.87	94.89
Llao Llao Resorts S.A.	50.00	50.00	50.00	50.00
Tyrus S.A. ("Tyrus")	100.00	100.00	100.00	100.00
Nuevas Fronteras S.A.	76.34	76.34	76.34	76.34
Unicity S.A. (1)	100.00	100.00	100.00	100.00

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

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	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
	December 31, 2011	June 30, 2011	December 31, 2011	June 30, 2011
Cyrsa S.A. (“CYRSA”) (1)	50.00	50.00	50.00	50.00
Canteras Natal Crespo S.A. (2)	50.00	50.00	50.00	50.00
Quality Invest S.A.(“Quality”) (3)	50.00	50.00	50.00	50.00

(1) The Company holds joint control with Cyrela Brazil Realty S.A. Empreendimentos e Partiçipações ("CYRELA"). (See Note 22 A.1.).
(2) The Company holds joint control of this company with Euromayor S.A.
(3) The Company has joint control of this company with EFESUL S.A (See Note 16.9. to the Unaudited Basic Financial Statements).

They also include assets, liabilities and net income of the companies controlled indirectly through subsidiaries.

b. Comparative Information

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

Balances for the six-month period ended December 31, 2011 of income and cash flows statements are shown for comparative purposes with the same period of the previous fiscal year.

The financial statements as of June 30, 2011 and December 31, 2010 originally issued have been subject to certain reclassifications required in order to present these figures comparatively with those stated as of December 31, 2011.

NOTE 1: (Continued)

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

On September 13, 2010, APSA sold 80% of Tarshop S.A.. Consequently, the Unaudited Statement of Income and the Unaudited Statement of Cash Flows as of December 31, 2010 include income and cash flows, respectively, for the two-month period in which APSA still controlled it. As from the sale, results generated from the remaining investment are disclosed under caption "Gain on equity investees".

The following table shows a summary of the effect that would have had Tarshop S.A.'s de-consolidation on the Statement of Income and Statement of Cash Flows as of December 31, 2010.

Statements of income	Financial Statements issued as of December 31, 2010 Ps.	Tarshop S.A. as of December 31, 2010 Ps.	Financial Statements assuming the sale as of December 31,2010 Ps.
Revenues	697,675	(53,887)	643,788
Costs	(270,431)	18,032	(252,399)
Gross profit	427,244	(35,855)	391,389
Operating income (Note 3)	300,683	(16,454)	284,229
Gain on equity investees	73,721	17,525	91,246
Net income for the period	170,558	-	170,558

Statements of Cash Flows	Financial Statements issued as of December 31, 2010 Ps.	Tarshop S.A. as of December 31, 2010 Ps.	Financial Statements assuming the sale as of December 31,2010 Ps.
Cash Flow:			
-Provided by operating activities	219,916	22,002	241,918
-(Used in) Provided by investing activities	(753,172)	101	(753,071)
-Provided by (used in) financing activities	679,610	(28,553)	651,057

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

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

a. Revenue recognition

• Revenues from admission rights, leases and services

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

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

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

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

NOTE 2: (Continued)

a. (Continued)

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

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

· Lease agent operations

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

- Consumer Financing operations

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

NOTE 2: (Continued)

a. (Continued)

- Hotel operations

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

b. Investments

- Equity investees and other non-current investments

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

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

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

c. Intangible assets, net

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

- Concession

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

- Trademarks

Trademarks include the expenses and fees related to their registration.

NOTE 2: (Continued)

c. (Continued)

• Pre-operating and organization expenses

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

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

• Non-compete agreement

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

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

d. Negative Goodwill, net

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

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

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

NOTE 2: (Continued)

e. Liabilities in kind related to barter transactions

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

NOTE 3: NET INCOME BY BUSINESS SEGMENT

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

A general description of each segment follows:

- Development and Sale of properties

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

- Office and other Non-Shopping center Rental Properties

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

- Shopping centers

This segment includes the operating results of shopping centers activities.

NOTE 3: (Continued)

- Hotel operations

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

- Consumer financing

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

- Financial operations and others

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

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

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

NOTE 3: (Continued)

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

As of December 31, 2011

	Development and Sale of Properties	Office and Other Non-Shopping Center Rental Properties (a)	Shopping Centers	Hotel Operations	Consumer Financing	Financial Operations and Others	Total
Revenues	124,166	91,205	435,980	85,034	3,228	-	739,613
Costs	(94,444)	(15,689)	(90,198)	(55,222)	(2,424)	-	(257,977)
Gross profit	29,722	75,516	345,782	29,812	804	-	481,636
Selling expenses	(9,213)	(4,463)	(22,879)	(10,919)	1,924	-	(45,550)
Administrative expenses	(19,166)	(21,645)	(42,617)	(21,523)	(280)	-	(105,231)
Subtotal	(28,379)	(26,108)	(65,496)	(32,442)	1,644	-	(150,781)
Gain from recognition of inventories at net realizable value	35,248	-	-	-	-	-	35,248
Operating income/(loss)	36,591	49,408	280,286	(2,630)	2,448	-	366,103
Depreciation and amortization (b)	47	11,294	69,091	6,535	4	-	86,971
Acquisition of fixed assets, net and intangible assets, net	-	10,113	36,319	2,910	-	-	49,342
Non-current investments in equity investees	87,560	208,804	-	295,497	39,672	977,937	1,609,470
Operating assets	736,358	1,348,769	2,441,498	502,588	18,506	977,937	6,025,656
Non-operating assets	37,462	31,523	(179,119)	73,936	44,282	388,281	396,365
Total assets	773,820	1,380,292	2,262,379	576,524	62,788	1,366,218	6,422,021
Operating liabilities	20,320	117,533	477,358	39,932	5,430	-	660,573
Non-operating liabilities	524,197	468,964	1,614,057	226,237	2,271	181,113	3,016,839
Total liabilities	544,517	586,497	2,091,415	266,169	7,701	181,113	3,677,412

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

NOTE 3: (Continued)

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

As of December 31, 2010

	Development and Sale of Properties	Office and Other Non-Shopping Center Rental Properties (a)	Shopping Centers	Hotel Operations	Consumer Financing (1)	Financial Operations and Others	Total
Revenues	117,329	81,712	330,736	105,106	62,792	-	697,675
Costs	(87,838)	(14,535)	(83,928)	(62,626)	(21,504)	-	(270,431)
Gross profit	29,491	67,177	246,808	42,480	41,288	-	427,244
Selling expenses	(4,428)	(4,928)	(19,045)	(12,092)	(20,888)	-	(61,381)
Administrative expenses	(22,343)	(23,824)	(34,258)	(19,475)	(6,252)	-	(106,152)
Subtotal	(26,771)	(28,752)	(53,303)	(31,567)	(27,140)	-	(167,533)
Gain from recognition of inventories at net realizable value	35,930	-	-	-	-	-	35,930
Gain from retained interest in securitized receivables	-	-	-	-	5,042	-	5,042
Operating income	38,650	38,425	193,505	10,913	19,190	-	300,683
Depreciation and amortization (b)	217	11,247	59,888	7,099	697	-	79,148
Acquisition of fixed assets, net and intangible assets, net	14	573	27,963	5,257	51	-	33,858
Non-current investments in equity investees (c)	84,062	207,074	-	277,248	49,459	923,807	1,541,650
Operating assets (c)	671,738	1,367,767	2,413,943	479,881	26,198	1,007,869	5,967,396
Non-operating assets (c)	40,754	44,846	(175,462)	36,913	22,510	378,353	347,914
Total assets (c)	712,492	1,412,613	2,238,481	516,794	48,708	1,386,222	6,315,310
Operating liabilities (c)	24,491	137,990	402,523	39,030	31,112	-	635,146
Non-operating liabilities (c)	483,151	436,886	1,568,627	198,135	-	194,724	2,881,523

Total liabilities (c)	507,642	574,876	1,971,150	237,165	31,112	194,724	3,516,669

(a) Includes offices, commercial and residential premises.
(b) Included in operating income
(c) Information as of June 30, 2011
(1) See Note 1.c..

NOTE 4: CASH AND BANKS

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Cash on hand	2,693	1,768
Bank accounts	215,258	166,402
	217,951	168,170

NOTE 5: INVESTMENTS

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Current		
Mutual funds	144,581	204,167
Stock shares	17,128	2,912
Mortgage bonds issued by Banco Hipotecario S.A.	481	477
Other investments	13	12
Interest receivable Non-Convertible Notes Cresud S.A.C.I.F. y A. (Note 24 B.4.)	8,127	2,615
Total Current	170,330	210,183
Non-current		
Banco Hipotecario S.A. (1)	971,304	917,690
Banco de Crédito & Securitización S.A. (Note 16.10. to the Unaudited Basic Financial Statements)	6,633	6,117
Hersha Hospitality Trust (Note 22 A.2.)	274,107	277,248
New Lipstick LLC (Note 22 A.3.)	120,854	115,946
Rigby 183 LLC (Note 22 A.6.)	87,950	91,128
Tarshop S.A. (Note 22 B.3.)	39,672	49,459
Bitania 26 S.A. (Note 22 A.8.)	21,390	-
TGLT S.A. (Notes 22 B.12. and 16.8. to the Unaudited Basic Financial Statements)	59,031	56,381
Manibil S.A.	28,529	27,681
Advance payments for the acquisition of shares (Note 16.10. to the Unaudited Basic Financial Statements)	272	1,797
Non-convertible Notes Cresud S.A.C.I.F. y A. (Note 24 B.4.)	2,690	7,706
Other investments	535	501
Subtotal	1,612,967	1,551,654

NOTE 5: (Continued)

	December 31, 2011	June 30, 2011
Undeveloped parcels of land:		
Santa María del Plata	158,750	158,742
Puerto Retiro (2)	54,275	54,370
Caballito plot of land	45,814	45,814
Patio Olmos (Note 22 B.4.)	33,385	33,475
Zetol plot of land (Note 22 A.5.)	33,289	31,721
Air Space Coto	16,110	16,110
Air Space Soleil Factory	6,676	6,676
Vista al Muelle plot of land (Note 22 A.5.)	23,231	22,140
Canteras Natal Crespo	5,967	5,779
Pilar	3,408	3,408
Other undeveloped parcels of land	16,256	16,256
Subtotal	397,161	394,491
Total non-current	2,010,128	1,946,145

(1) As of December 31, and June 30, 2011, includes Ps. 25,351 and Ps. 21,863, respectively, as goodwill and higher and lesser values and unrealized profits resulting from intergroup transactions. As of December 31, and June 30, 2011 represents 446,515,208 shares with a quoted value at closing equivalent to Ps. 1.48 and Ps. 2.36 per share, respectively.

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

NOTE 6: ACCOUNT RECEIVABLE, NET

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Leases and services and from the sale of properties receivables	116,598	18,586	97,025	14,300
Checks to be deposited	111,722	-	95,226	-
Consumer financing receivables	14,314	-	70,248	-
Hotel receivables	15,647	-	9,954	-
Related parties (Note 19)	8,043	-	8,767	-
Receivables with collection agents	4,616	-	4,869	-
Pass-through expenses receivables	36,096	-	18,953	-
Debtors under legal procedures	50,691	-	48,954	-
Receivables from the sale of fixed assets	-	-	4,034	-
Notes receivables	12,537	-	5,987	-
Credit cards receivables	523	-	497	-
Less:				
Allowance for leases, services and from sale of properties receivables and consumer financing receivables	(67,789)	-	(114,946)	-
Allowance for hotel receivables	(454)	-	(570)	-
	302,544	18,586	248,998	14,300

NOTE 7: OTHER RECEIVABLES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Related parties (Note 19)	45,384	434	42,270	415
Prepaid expenses and services	36,254	4,018	43,632	3,114
Value Added Tax ("VAT")	38,202	44,009	42,386	49,059
Gross revenue tax	5,337	1,225	6,947	1,067
MPIT	2,565	91,205	1,824	84,492
Income tax, net	1	-	2,373	-
Loans granted, net	684	-	644	-
Deferred Income Tax	-	43,400	-	30,383
Mortgage receivable	-	2,208	-	2,208
Others	18,201	4,673	15,093	4,478
Less:				
Allowance for doubtful mortgage receivable	-	(2,208)	-	(2,208)
Present value	-	(10,042)	-	(11,677)
	146,628	178,922	155,169	161,331

NOTE 8: INVENTORIES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Horizons Project (Note 22 A.1.)	175,782	-	209,458	-
Caballito Nuevo (1)	2,660	441	5,473	-
Rosario plot of land (2)	6,220	-	25,511	-
Units to be received Beruti (Note 19)(3)	-	23,608	-	23,309
Units to be received Caballito (Note 19)(4)	-	52,205	-	51,999
El Encuentro (5)	1,665	1,680	4,432	1,486
Torres de Rosario (Note 22 B.5.)	13,625	5,805	9,320	4,388
Plots of land receivable Pereiraola (6)	-	8,200	-	8,200
Inventories (hotel operations)	3,938	-	3,575	-
Abril	358	727	1,085	-
Museo Renault (7)	21,148	-	-	-
Other inventories	4,197	94	3,806	59
	229,593	92,760	262,660	89,441

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

NOTE 9: FIXED ASSETS, NET

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Hotels		
Llao Llao	72,802	75,207
Intercontinental Buenos Aires	52,678	52,288
Sheraton Libertador	39,482	41,091
Bariloche plots of land	21,900	21,900
Subtotal Hotels	186,862	190,486
Office buildings		
Edificio República	213,161	215,535
Torre BankBoston	151,144	152,498
Bouchard 551	147,078	148,242
Intercontinental	77,163	78,394
Dot Baires Office Building	104,069	105,144
Bouchard 710	63,764	64,277
Dique IV	61,092	62,218
Maipú 1300	36,213	36,904
Costeros Dique IV	18,229	18,523
Libertador 498 (See Note 16.1 to the Unaudited Basic Financial Statements)	9,819	12,024
Suipacha 652	10,258	10,484
Avda. De Mayo 595	4,138	4,255
Madero 1020	187	197
Rivadavia 2768	178	191
Sarmiento 517	237	244
Subtotal Office buildings	896,730	909,130
Other fixed assets		
Catalinas Norte plot of land	108,802	102,666
Santa María del Plata	12,511	12,508
Constitución 1159	6,387	6,387
Museo Renault (See Note 16.1 to the Unaudited Basic Financial Statements)	1,825	4,692
Thames (See Note 16.1 to the Unaudited Basic Financial Statements)	-	3,897
Casona Abril	2,424	2,525
Constitución 1111	833	854
Alto Palermo Park	540	542
Predio San Martín	69,435	69,994
Other	6,634	5,350
Subtotal Other fixed assets	209,391	209,415

NOTE 9: (Continued)

	December 31, 2011	June 30, 2011
Shopping Centers		
Dot Baires	488,790	495,836
Abasto	321,700	325,352
Alto Palermo	267,347	279,937
Patio Bullrich	133,984	136,466
Mendoza Plaza	121,658	123,312
Alto Rosario	138,286	138,472
Alto Avellaneda	165,836	169,456
Paseo Alcorta	133,140	133,090
Córdoba Shopping - Villa Cabrera (Note 24 B.1.)	77,761	78,527
Soleil Factory	72,090	68,578
Alto NOA	40,565	40,912
La Ribera	12,292	-
Suppliers advances	16,930	11,151
Neuquén Project (Note 24 B.2.)	20,691	17,063
Buenos Aires Design	16,711	18,103
Other fixed assets	18,157	28,815
Other properties	23,860	22,486
Units to be received Beruti	9,264	9,264
Subtotal Shopping Centers	2,079,062	2,096,820
Total	3,372,045	3,405,851

NOTE 10: NEGATIVE GOODWILL, NET

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Goodwill:		
Alto Palermo S.A.	19,375	20,194
Arcos del Gourmet S.A.	6,259	-
Torre BankBoston	5,377	5,481
Nuevo Puerto Santa Fe S.A.	6,209	-
Museo Renault	1,127	2,951
Conil S.A.	343	343
Subtotal goodwill	38,690	28,969

NOTE 10: (Continued)

	December 31, 2011	June 30, 2011
Negative goodwill:		
Alto Palermo S.A. (Note 16.2. to the Unaudited Basic Financial Statements)	(347,973)	(358,080)
Palermo Invest S.A.	(37,141)	(38,180)
Empalme S.A.I.C.F.A. y G.	(5,878)	(6,127)
Mendoza Plaza Shopping S.A.	(2,697)	(2,783)
Unicity S.A.	(3,601)	(3,601)
Emprendimiento Recoleta S.A.	(102)	(127)
Soleil Factory	(9,334)	(9,371)
Subtotal negative goodwill	(406,726)	(418,269)
Total negative goodwill, net	(368,036)	(389,300)

NOTE 11: TRADE ACCOUNTS PAYABLE

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Suppliers	56,842	24	42,414	47
Accruals	71,197	-	60,830	-
Liabilities in kind “Horizons Project” (See Note 22 A.1.)	25,518	-	36,443	-
Related parties (Note 19)	5,177	-	9,905	-
Others	3,182	-	3,557	-
	161,916	24	153,149	47

NOTE 12: CUSTOMER ADVANCES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Customers advances	115,934	-	137,020	-
Admission rights	69,204	77,196	60,822	66,885
Lease advances	40,496	28,106	35,021	27,359
	225,634	105,302	232,863	94,244

NOTE 13: SHORT-TERM AND LONG–TERM DEBT

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Bank overdrafts	440,279	-	420,032	-
Bank loans (1)	207,906	28,887	128,448	27,585
Non-Convertible Notes – APSA 2012 US$ 154 M (6)	14,329	-	28,889	-
Convertible Notes- APSA 2014 – US$ 50 M (5)	2	3,846	3	4,640
Non-Convertible Notes – APSA 2017 US$ 120 M (4)	4,516	455,129	4,490	432,591
Non-Convertible Notes – 2017 (3)	21,990	641,956	20,960	612,419
Non-Convertible Notes – 2020 (3)	32,287	627,467	30,800	598,116
Related parties (Note 19)	2,504	-	2,345	-
Seller financing (2)	68,361	83,662	47,846	81,568
	792,174	1,840,947	683,813	1,756,919

(1) Balances as of December 31, 2011 includes:

(a) Ps. 30,103 as current balance and Ps. 28,887 as a non-current balance related to debt for purchase República building (see Note 8 (1) a) to the Unaudited Basic Financial Statements).
(b) Ps. 60,713 as current corresponding to loans granted by Banco Provincia due in May and July, 2012 respectively, at a nominal fixed rate of 14% per annum. (See Note 8 (1) b) to the Unaudited Basic Financial Statements).
(c) Ps. 19,398 current balance corresponding to Hoteles Argentinos S.A.'s mortgage loan. (Note 21.A. (ii)).
(d) Ps. 5,724 current balance, which pertain to a loan of Nuevas Fronteras S.A. from Standard Bank Argentina, due in June 2012 at a fixed rate of 15.55%.
(e) Ps. 4,781 as current balance, which pertain to loans of Nuevas Fronteras S.A. from Standard Bank Argentina, due in December 2011 and June 2012, respectively, at a fixed rate in dollars of 3.7% and 3.9% respectively. The amount is disclosed net of issuance expenses for Ps. 222.
(f) Ps. 15,201 as current balance, which pertain to a loan of Nuevas Fronteras S.A. from Banco de San Juan, due in November 2012, at a fixed rate of 15.75% per annum.
(g) Ps. 50,129 as current corresponding to a loan granted by Banco Nación due in November 2012 at a nominal Badlar rate plus 400 basic points.
(h) Ps. 21,526 as current corresponding to a loan of Real Estate Investment Group L.P. with Citibank N.A., due in December 28, 2012 at a LIBOR rate plus 2.75%.
(i) Ps. 331 which pertain to miscellaneous.

(2) Balances as of December 31, 2011 includes mainly:

(a) Ps. 23,232 as current balance and a Ps. 11,621 as non-current balance to the debt from acquisition of Zetol S.A. (See Note 22 A.5.).
(b) Ps. 12,919 as current balance and a Ps. 1,608 as non-current balance related to the seller financing for purchase of Arcos del Gourmet S.A. (See Note 22 B.1.).
(c) Ps. 1,361 as current balance and a Ps. 35,639 as non-current balance related to the debt from acquisition of Soleil Factory (See Note 22 B.2.).
(d) Ps. 18,756 as current balance and Ps. 33,141 as non-current balance related to the debt for purchase of Predio San Martín. (Note 22 A.7.).

(e) Ps. 12,093 as current balance and a Ps. 1,653 as non-current balance corresponding to the debt from acquisition of Nuevo Puerto de Santa Fe S.A. (See Note 22 B.9.).

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

(4) See Note 23 A.2. Disclosed net of the issuance debt costs to be accrued for Ps. 2,464 and Ps. 5,600 lower value. See Note 18.1 to the Unaudited Basic Financial Statements

(5) Corresponds to the outstanding balance of Convertible Notes into shares ("CNB") issued originally by APSA for an outstanding amount of US$ 50,000, as detailed in Note 23 A.1., net of the CNB underwritten by the Company as of December 31, 2011 for Ps.6,175 current and Ps. 136,601 non-current. As of December 31, 2011, the non-current balance includes a higher value of Ps. 3,811.

(6) See Note 23 A.2. Disclosed net of the Notes held by the Company for Ps. 13,276 and issuance debt costs to be accrued for Ps. 7 and Ps. 1,020 of higher value.

NOTE 14: SALARIES AND SOCIAL SECURITY PAYABLE

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Provision for vacation and bonuses	16,339	27,333
Social Security payable	6,810	7,596
Salaries payable	2,815	61
Others	1,365	802
	27,329	35,792

NOTE 15: TAXES PAYABLE

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Income tax provision, net	70,884	-	67,912	-
Tax amnesty plan for income tax payable	1,923	16,431	1,759	17,386
VAT, net	18,118	-	21,615	-
MPIT, net	2,475	5,743	1,933	-
Gross revenue tax payable	5,756	-	1,607	-
Tax withholdings	9,206	-	13,345	-
Provision for tax on shareholders personal assets	4,575	-	3,961	-
Tax amnesty plan for gross revenue tax	1,791	3,736	486	832
Tax amnesty plan for ABL	142	-	1,464	1,927
Deferred Income Tax	-	273,679	-	308,547
Others	25,498	-	4,971	-
	140,368	299,589	119,053	328,692

NOTE 16: OTHER LIABILITIES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Accrual for Directors´ fees(1) (Note 19)	6,383	-	15,612	-
Guarantee deposits	3,900	8,100	4,128	6,302
Derivative financial instrument (Note 25.a))	1,751	-	-	-
Payables to National Parks Administration (Note 20)	1,100	-	1,100	-
Contributed leasehold improvements (Note 24 B.3.)	266	9,037	332	9,170
Other payable	-	-	16,004	-
Related parties (Note 19)	16,248	20	35,674	20
Dividends payable	3,128	-	-	-
Loans with shareholders of related parties	7,750	263	1,000	252
Present value	-	(93)	-	(95)
Others	7,191	422	5,218	2,480
	47,717	17,749	79,068	18,129

(1) As of December 31 and June 30, 2011, disclosed net of advances to Directors for Ps. 21,040 and Ps. 37,544 , respectively.

NOTE 17: PROVISIONS

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Allowance for contingencies	6,396	12,267	2,019	12,881
	6,396	12,267	2,019	12,881

NOTE 18 a.: FINANCIAL RESULTS, NET

The breakdown for this item is as follows:

	December 31, 2011	December 31, 2010
Financial results generated by assets:		
Interest income	8,947	9,991
Interest on discounting assets	2,197	2,323
Subtotal interest income	11,144	12,314
Foreign exchange gain	17,429	9,349
(Loss)/Gain on financial operations	(19,519)	11,511
Subtotal other holding results	(19,519)	11,511
Total financial results generated by assets	9,054	33,174
Financial results generated by liabilities:		
Interest expense	(136,210)	(101,882)
Interest on discounting liabilities	(7)	60
Subtotal interest expense	(136,217)	(101,822)
Foreign exchange loss	(91,853)	(20,655)
Loss on derivative financial instruments	(2,100)	-
Others	(4,426)	(1,951)
Subtotal other financial expenses	(6,526)	(1,951)
Total financial results generated by liabilities	(234,596)	(124,428)
Total financial results, net	(225,542)	(91,254)

NOTE 18 b.: OTHER EXPENSES, NET

The breakdown for this item is as follows:

	December 31, 2011	December 31, 2010
Other income:		
Recovery of allowances	1,811	9
Sale of client base and assignment of portfolio	385	-
Others	2,053	274
Subtotal other income	4,249	283
Other expenses:		
Donations	(4,579)	(4,070)
Tax on Shareholders´ personal assets	(2,035)	(2,440)
Provision for contingencies	(3,696)	(1,708)
Unrecoverable VAT	(19)	(560)
Others	(1,907)	(6,784)
Subtotal other expenses	(12,236)	(15,562)
Total Other expenses, net	(7,987)	(15,279)

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

a. Balances as of December 31 and June 30, 2011 held with related companies, persons and shareholders are as follows:

Related parties	Account receivables – current	Other receivables- current	Other receivables- non current	Inventories – Units to be received Beruti and Caballito- non current	Trade accounts payable – current	Short-term debt	Other liabilities – current	Other liabilities – non current	Totals
Baicom Networks S.A. (4)	1	17	434	-	(4)	-	(23)	-	425
Banco Hipotecario S.A. (2)	276	-	-	-	(1,045)	-	-	-	(769)
Cactus Argentina S.A. (2)	32	-	-	-	(3)	-	-	-	29
Canteras Natal Crespo S.A. (4)	434	48	-	-	-	-	-	-	482
Consorcio Libertador (3)	32	25	-	-	(27)	-	(4)	-	26
Consorcio Dock del Plata (3)	-	-	-	-	(76)	-	-	-	(76)
Consorcio Torre Boston (3)	38	199	-	-	(141)	-	-	-	96
Consultores Assets Management S.A. (3)	2,087	29	-	-	(10)	-	-	-	2,106
Cresud S.A.C.I.F. y A. (5)	52	27,974	-	-	(236)	-	(14,884)	-	12,906
Cyrsa S.A. (4)	134	220	-	-	(179)	-	(185)	-	(10)
Directors (3)	1	156	-	-	(49)	-	(6,383)	(20)	(6,295)
Elsztain Managing Partners Ltd (3)	-	-	-	-	-	-	(34)	-	(34)
Elsztain Reality Partner Master Fund I (3)	-	105	-	-	-	-	(92)	-	13
Elsztain Reality Partner Master Fund II (3)	-	13	-	-	-	-	(2)	-	11
	-	116	-	-	-	-	-	-	116

Elsztain Reality Partner Master Fund III (3)									
Estudio Zang, Bergel y Viñes (3)	-	51	-	-	(568)	-	-	-	(517)
Fundación IRSA (3)	41	2	-	-	(1)	-	-	-	42
Futuros y Opciones.com S.A. (2)	69	-	-	-	(8)	-	-	-	61
Hersha Hospitality Trust (2)	-	2,817	-	-	-	-	-	-	2,817
Irsa Developments LP (2)	-	8	-	-	-	-	(4)	-	4
Real Estate Strategies LP (2)	-	80	-	-	-	-	(9)	-	71
Lipstick Management LLC (2)	-	438	-	-	-	-	-	-	438
Museo de los Niños (3)	1,688	-	-	-	(31)	-	-	-	1,657
New Lipstick LLC (2)	-	1,527	-	-	-	-	(692)	-	835
Nuevo Puerto Santa Fe (4)	77	-	-	-	(54)	-	(7)	-	16
Personnel loans (3)	36	5,803	-	-	(350)	-	(256)	-	5,233
Puerto Retiro S.A. (4)	59	60	-	-	(5)	-	-	-	114
Quality Invest S.A. (4)	178	-	-	-	-	-	(56)	-	122
Tarshop S.A. (2)	1,174	5,696	-	-	(1)	-	-	-	6,869
TGLT S.A. (2)	1,634	-	-	75,813	(2,389)	(2,504)	-	-	72,554
Totals as of December 31, 2011	8,043	45,384	434	75,813	(5,177)	(2,504)	(22,631)	(20)	99,342

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NOTE 19: (Continued)

a. (Continued)

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

Estudio Zang, Bergel y Viñes (3)									
Fundación IRSA (3)	33	1	-	-	(1)	-	-	-	33
Futuros y Opciones.com S.A. (2)	16	-	-	-	(8)	-	-	-	8
Hersha Hospitality Trust (2)	-	2,690	-	-	-	-	-	-	2,690
Irsa Developments LP (2)	-	7	-	-	-	-	(4)	-	3
Real Estate Strategies LP (2)	-	64	-	-	-	-	(8)	-	56
Lipstick Management LLC (2)	-	448	-	-	-	-	-	-	448
Museo de los Niños (3)	1,781	-	-	-	(9)	-	-	-	1,772
New Lipstick LLC (2)	-	960	-	-	-	-	(622)	-	338
Personnel loans (3)	61	2,522	-	-	(146)	-	(1,000)	-	1,437
Puerto Retiro S.A. (4)	58	63	-	-	(5)	-	-	-	116
Quality Invest S.A (4)	799	241	-	-	-	-	(16)	-	1,024
Tarshop S.A (2)	660	13,715	-	-	(5,533)	-	(17,330)	-	(8,488)
TGLT S.A (2)	658	1,680	-	75,308	-	(2,345)	-	-	75,301
Totals as of June 30, 2011	8,767	42,270	415	75,308	(9,905)	(2,345)	(51,286)	(20)	63,204

NOTE 19: (Continued)

b. The Statement of Income balances for the six – month periods ended December 31, 2011 and 2010, held with related companies, persons and shareholders are as follows:

Related parties	Sale and fees for services	Leases	Interest and exchange differences	Fees	Share services – salaries and bonuses	Donations	Totals
Canteras Natal Crespo S.A. (4)	24	-	2	-	-	-	26
Consorcio Libertador (3)	61	7	-	-	-	-	68
Consorcio Torre Boston (3)	161	-	-	-	-	-	161
Consultores Assets Management S.A. (3)	-	59	-	-	-	-	59
Cresud S.A.C.I.F. y A. (5)	-	385	1,481	-	(32,838)	-	(30,972)
Cyrsa S.A. (4)	-	4	-	-	-	-	4
Directors (3)	-	-	-	8,564	-	-	8,564
Estudio Zang, Bergel y Viñes (3)	-	-	-	211	-	-	211
Fundación IRSA (3)	-	-	-	-	-	(1,640)	(1,640)
Inversiones Financieras del Sur S.A. (3)	-	-	71	-	-	-	71
Tarshop S.A. (2)	110	2,476	-	-	-	-	2,586
Personnel Loans	-	-	194	-	-	-	194
Totals as of December 31, 2011	356	2,931	1,748	8,775	(32,838)	(1,640)	(20,668)

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NOTE 19: (Continued)

b. (Continued)

Related parties	Sale and fees for services	Leases	Cost of services	Interest and exchange differences	Fees	Share services – salaries and bonuses	Donations	Totals
Canteras Natal Crespo S.A. (4)	24	-	-	2	-	-	-	26
Consorcio Libertador (3)	61	6	-	-	-	-	-	67
Consorcio Dock del Plata (3)	78	-	-	-	-	-	-	78
Consorcio Torre Boston (3)	161	-	(2,966)	-	-	-	-	(2,805)
Consultores Assets Management S.A. (3)	-	11	-	-	-	-	-	11
Cresud S.A.C.I.F. y A. (5)	-	339	-	(4,631)	-	(27,670)	-	(31,962)
Cyrsa S.A. (4)	-	4	-	-	-	-	-	4
Directors (3)	-	-	-	(3)	(30,099)	-	-	(30,102)
Estudio Zang, Bergel y Viñes (3)	-	-	-	-	(2,783)	-	-	(2,783)
Fundación IRSA (3)	-	-	-	-	-	-	(1,526)	(1,526)
Tarshop S.A. (2)	95	1,821	-	80	-	-	-	1,996
Parque Arauco S.A. (1)	-	-	-	(315)	-	-	-	(315)
Personnel Loans	-	-	-	138	-	-	-	138
Totals as of December 31, 2010	419	2,181	(2,966)	(4,729)	(32,882)	(27,670)	(1,526)	(67,173)

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

NOTE 20: NATIONAL PARKS ADMINISTRATION DISPUTE

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

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

Furthermore, the plaintiff requested to initiate an incidental procedure for execution of sentence by performing a settlement through the Ministry of Economy. After various judicial instances, such liquidation was approved. In April 2010, LLR paid Ps. 12,297 in cash and bonds, in addition to the Ps. 826 which had already been levied through an attachment. On December 28, 2011, the court settlement that cancels the amounts owed was ruled.

At the same time, the plaintiff stated that the deposited amounts were in line with the settlement that had taken place on June 30, 2007,and that was eventually approved in the framework of these proceedings on December 5, 2007. As a result, it argued that the interest accrued until actual payment was to be adjusted by application of the Argentine Central Bank’s borrowing interest rate. As estimated by the Argentine Agency of National Parks, the outstanding balance to be deposited by LLR would amount to US$ 659. As of December 31, 2011, the Company’s attorneys have estimated the contingency at Ps. 587. In addition, on September 22, 2010, the judge calculated that the fees payable to the auctioneer who took part in the proceedings amount to Ps. 1.8 million. LLR lodged an appeal against the award for considering the amount excessively high. The auctioneer, in turn, lodged his appeal against the award for considering the amount insufficient. After various judicial instances, the courts rendered a decision favorable to LLR and considered the debt related to interest settled.

Since LLR had a credit balance as regards the deposit made pursuant to settlement approved in the proceedings, on February 18, 2011 LLR filed a remedy for relief whereby it requested that the Court of Appeal issue a decision on the amount deposited in excess and order the eventual repayment to the defendant. The Court of Appeal ruled that the claim should be treated by the Court of original jurisdiction. Hence, the file was returned to the original Court. There, the auctioneer has requested payment of fees, which were decreased to Ps. 1.1 million plus VAT after LLR’s appeal was favorable. LLR presented a proposal to pay the auctioneer’s fees settled, which will be withheld from the funds seized, from the freely disposable funds (Ps. 826) and from the funds invested in time deposits in dollars. Likewise, LLR requested professional fees to be settled and resolution of the pending clarifying remedy as to the amount deposited in excess.

NOTE 20: (Continued)

As of the date these financial statements, the Company's attorneys have informed that the fees were made available to be collected. The remaining balance will be used to pay incidental expenses until the court process finishes.

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.

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

NOTE 21: (Continued)

A. (Continued)

(i) (Continued)

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

(ii) Loan of Hoteles Argentinos S.A.

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

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

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

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

As of the date of these financial statements, HASA had committed no event of default.

NOTE 21: (Continued)

A. (Continued)

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

Properties	Book value as of December 31, 2011
Edificio República	213,161
Predio San Martín	69,435
Soleil Factory	72,090
Zetol plot of land	33,289
Vista al Muelle plot of land	23,231
Bariloche plots of land	21,900

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

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

(vi) On December 28, 2011, 2,061,856 shares of Hersha Hospitality Trust were transferred to Citibank N.A. as collateral for the loan (see Note 13 (1) (h)).

B. Alto Palermo S.A. (APSA)

(i) On June 15, 2011, APSA granted in favor of Banco Hipotecario S.A. a pledge on the Company´s Class I Non-Convertible Notes issued on May 11, 2007, for a face value of US$ 1.2 million (See Note 22 B.3.).

(ii) On August 3, 2011, a mortgage was constituted on Soleil Factory (See Note 22 B.2.).

NOTE 21: (Continued)

B. (Continued)

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

(iv) As regards the case "Alto Palermo S.A. (APSA) with Dirección General Impositiva in re: Appeal", Case file No. 25,030-I, currently heard by Room A, Office of the 3rd Nomination, the property located at Av. Olegario Andrade 367, Caballito, Buenos Aires City has been encumbered, and its value as of December 31, 2011 amounts to Ps. 45,814 (disclosed in the "Non-current investments- Undeveloped plots of land").

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

A. IRSA Inversiones y Representaciones Sociedad Anónima

1. Creation of CYRSA - Horizons Project

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

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

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

NOTE 22: (Continued)

A. (Continued)

1. (Continued)

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

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

Each buyer chose from the following purchase plans:

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

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

As of December 31, 2011, the percentage of completion of the “Horizons” project was 99%. Three of the six towers included in the project have already been completed and are currently signing the title deeds.

2. Acquisition of Hersha Hospitality Trust (“Hersha")

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

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

NOTE 22: (Continued)

A. (Continued)

2. (Continued)

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

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

As of December 31, 2011 the Company´s direct and indirect interest in Hersha amounts to 9.17%. If the call option was exercised and the Company´s interest was not diluted due to newly issued shares, the Company´s interest in Hersha would be 12.12%. The Company accounts for its investment in Hersha at cost while the call option has been accounted for its fair value.

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

3. Acquisition of Lipstick Building, New York

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

NOTE 22: (Continued)

A. (Continued)

3. (Continued)

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

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

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

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

NOTE 22: (Continued)

A. (Continued)

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

During the last fiscal years, the Company has been conducting various purchase and sale transactions of BHSA shares, as a result of which, as of December 31, 2011, the Company´s ownership interest in BHSA is 29.77% of BHSA´s capital stock (without considering treasury shares).

5. Acquisition of companies in the Oriental Republic of Uruguay

During the fiscal year ended on June 30, 2009, the Company (through Tyrus) acquired by a minimum payment a 100% ownership interest in Liveck S.A. (Liveck), a company organized under the laws of the Oriental Republic of Uruguay. Later, the Company sold 50% of its interest in Liveck to Cyrela Brazil Realty S.A. for an amount of US$ 1.3 million.

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

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

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

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

NOTE 22: (Continued)

A. (Continued)

5. (Continued)

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

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

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

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

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

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

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

NOTE 22: (Continued)

A. (Continued)

5. (Continued)

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

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

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

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

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

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

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

NOTE 22: (Continued)

A. (Continued)

6. (Continued)

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

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

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

7. Acquisition of facilities located in San Martín

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

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

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

NOTE 22: (Continued)

A. (Continued)

7. (Continued)

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

8. Acquisition of Bitania 26 S.A.´s shares

On December 12, 2011, Ritelco S.A. purchased 9,800,000 non-transferable nominative common shares, of one vote each, issued by the company Bitania 26 S.A., representative of 49% of its capital stock. Bitania 26 S.A. owns the hotel "Esplendor Savoy" in the city of Rosario. The amount of the transaction was set in US$ 5.0 million, which has been settled as of December 31, 2011.

9. Supertel Hospitality Inc. ("Supertel")

On November 16, 2011, the Company informed that Real Estate Strategies L.P. ("RES"), an investment company managed and controlled by the Company, signed a purchase agreement of Supertel's shares, subject to the approval of Supertel's shareholders and to RES's satisfaction with the restructuring of certain debt of Supertel.

In case the conditions described above are met, RES will invest US$ 20.0 million in return for 2 million preferred shares to be issued by Supertel. The investment will also include a purchase option to acquire up to a maximum of 1 million of preferred shares at US$ 10 each.

The mentioned preferred shares will accrue a preferred dividend of 6.25% per annum and will grant, subject to certain limitations, the same politic rights as those of the common shares. Additionally, subject to certain limitations, they will be convertible into Supertel's common shares, at a rate of ten shares per preferred share, for a five-year term.

NOTE 22: (Continued)

A. (Continued)

9. (Continued)

As part of the agreement, RES will also receive warrants to purchase 20 million of common shares, which can increase up to 30 million, in case RES exercises the option for the additional preferred shares. Subject to certain limitations, these warrants can be exercised at any time at a price of US$ 1.20 per share, within a five-year term after the transaction is closed.

The Company, by means of RES, communicated to Supertel that it will increase its interest by exercising the above mentioned option to purchase 1 million of additional preferred shares at a price of US$ 10.0 million.

The issuing and sale of the preferred shares was subject to the approval of Supertel's Shareholders' Special Meeting, which took place on January 31, 2012.

In such Special Meeting, Supertel's Shareholders, through the required voting, approved the issuing and sale of up to 3 million of preferred shares, 30 million of common shares which can be issued when the preferred shares are converted, and the issuing of the warrants to purchase up to 30 million of additional common shares, in favor of RES, as per the purchase agreement.

On February 1st, 2012, Supertel issued and sold 2.1 million of preferred shares to RES for US$ 21.0 million. Likewise, the parties expect the transaction regarding the 0.9 million of remaining shares to be completed soon.

B. Alto Palermo S.A.

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

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

NOTE 22: (Continued)

B. (Continued)

1. (Continued)

On September 7, 2011, APSA acquired additional shares which represent 8.185% of the voting capital in the amount of US$ 1.75 million. Furthermore, it agreed to modify the variable price of shares acquired in 2009 by setting it at 10% of any capital increase made in Arcos de Gourmet S.A., which of the issuance date of these financial statements constitutes the remaining balance. The above is recognized at its present value and is disclosed in the accounts Short and Long-term Debt.

2. Acquisition of a commercial center goodwill

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

On July 1st, 2010, APSA and INC S.A. executed the definitive instrument for the partial transfer of the goodwill and memorandum of closure by which INC S.A. transferred the goodwill of the commercial center; becoming operational on such date. Guidelines provided that INC S.A. did not transfer APSA its receivables or its payables from the part of the goodwill transferred originated before executing the final agreement. It should be noted that the goodwill and the building related to the hypermarket transaction located on the same premises were excluded from the transaction.

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

On August 3, 2011, INC S.A. granted to APSA the conveyance deed of the property.

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

NOTE 22: (Continued)

B. (Continued)

2. (Continued)

Additionally, APSA granted a first-grade privilege mortgage on the property in favor of INC S.A. to secure payment of the balance plus interest to be accrued up to the effective payment date.

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

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

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

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

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

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

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

NOTE(Continued)
22:

B. (Continued)

3. (Continued)

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

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

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

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

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

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

The building is under a concession agreement effective for 40 years, falling due in February 2032, which grants the concession holder the commercial exploitation of the property. Such agreement provides for paying a staggered fee in favor of the concession principal which shall be increased by Ps. 2.5 every 47 months. As of the issuance date of these unaudited financial statements, the concession is at the 238 month, with a current monthly fee of Ps. 15.1 while the next increase is scheduled for the 281 month.

NOTE(Continued)
22:

B. (Continued)

4. (Continued)

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

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

APSA has recorded this transaction as non-current investments.

5. Barter transaction agreements

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

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

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

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

NOTE 22: (Continued)

B. (Continued)

5. (Continued)

On December 28, 2011, APSA and Condominios del Alto S.A. signed a deed by means of which Condominios del Alto S.A. transferred the units committed in favor of APSA, thus settling the consideration to be fulfilled by Condominios del Alto S.A.

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

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

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

6. Beruti plot of land

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

NOTE(Continued)
22:

B. (Continued)

6. (Continued)

In compliance with what was agreed upon in the previously mentioned agreement of sale, on December 16, 2010, it was executed the title deed by which APSA transfer the entire ownership and title to TGLT S.A. to the previously mentioned plot of land. TGLT constituted in favor of APSA a mortgage on the real estate, as collateral for the fulfillment of the obligations assumed in the title deed.

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

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

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

TGLT S.A. and APSA filed appeals against the resolution that ruled the cautionary measure to suspend the works. These appeals are pending to be solved.

7. Barter with CYRSA S.A.

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

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

NOTE(Continued)
22:

B. (Continued)

8. Paraná plot of land

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

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

i) US$ 0.05 million was settled as prepayment on July 14, 2009,
ii) US$ 0.1 million was settled upon executing such agreement, and
iii) US$ 0.35 million will be paid upon executing the title deed.

On December 29, 2011, possession of the real estate was granted, and a minute was signed in which the parties agreed that the deed transferring ownership will be granted on June 30, 2012, or within sixty (60) consecutive days as from the date in which the selling party evidences with a certified copy before the buying party that the real estate is not subject to any encumbrance, burden, limit or restriction to the ownership, except for the electroduct administrative easement in favor of EDEER S.A.

The real estate is disclosed under the fixed assets line item.

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

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

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

NOTE(Continued)
22:

B. (Continued)

9. (Continued)

Additionally, the purchasers will pay to the sellers, proportionally to the shares purchased, fifty (50%) of the working capital calculated on the purchase agreement, which will stem from the special closing financial statements of NPSF. The latter will prepare them as a supplement to the price.

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

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

10. Sale of properties

Rosario plot of land

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

Lots		Offer acceptance date	Agreed price (in thousands of US$)	Collected amount 12/31/11 (in thousands of US$)	Title deed´s date
2	A	04/14/10	4,200	4,200	05/26/11
2	E	05/03/10	1,430	1,430	09/29/10
2	F	11/10/10	1,931	1,931	07/06/11
2	B	12/03/10	1,507	1,507	08/11/11
2	C	12/03/10	1,507	1,507	08/11/11
2	D	12/03/10	1,539	1,026	-

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

NOTE 22: (Continued)

B. (Continued)

11. APSAMEDIA S.A.´s operations (formerly Metroshop S.A., which changed its legal name)

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

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

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

i) Receivables from consumption transactions carried out through December 31, 2010 and that are performing or in default for not more than 60 days (both those in Metroshop S.A.'s own portfolio and those assigned to Fideicomiso Financiero Metroshop S.A. Serie XV- previous return of them).
ii) The contractual position in the credit card issuance agreements whose customers did not have as of December 31, 2010 a default for over 60 days in complying with their obligations.
iii) All credit card customers or accounts and consumer loans.
iv) Lease agreements on certain branches and their personal property.
v) Labor agreements for payroll personnel.

Finally, on April 18, 2011, APSA transferred to Fibesa S.A. (APSA´s subsidiary) 1,840,000 shares, representative of 5% of APSAMEDIA S.A.'s capital stock for a total amount of Ps. 0.8 million, which has been canceled as of the date of these unaudited financial statements.

NOTE 22: (Continued)

B. (Continued)

11. (Continued)

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

- Consumer credit marketing and financing.
- Issuance and marketing of credit cards.
- Performance of any type of agency and representation.
- Management of administrative, advertising and commercial activities.

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

As of December 31, 2011, APSA´s direct and indirect interest in APSAMEDIA S.A. amounted to 100%.

On October 7, 2011, APSAMEDIA, as trustor, together with Comafi Fiduciario Financiero S.A., acting as Trustee of the “Fideicomiso Financiero Privado Yatasto”, as Original Holder, created a private financial trust called "Consumo Centro", which was assigned by APSAMEDIA under trust the legal ownership of certain receivables that were not in good standing, including consumer loans, credit card receivables and refinanced receivables generated by APSAMEDIA in the ordinary course of business, and which shall issue pass-through in favor of the Original Holder. Receivables assigned to the trust amount to Ps. 39.1 million approximately, which were reserved. APSAMEDIA will assume no liability whatsoever for the creditworthiness or repayment capacity of any of the debtors, or for the success or failure to collect such receivables, or for compliance by debtors of obligations assumed in relation to such receivables.

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

NOTE(Continued)
22:

B. (Continued)

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

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

Thereafter, during fiscal year 2011, APSA acquired 1,017,284 additional shares for a total consideration of Ps. 9.2 million, representing 8.87% of the TGLT S.A. shares at the end of that year.

During the six month period ended December 31, 2011, APSA acquired 262,927 additional shares for a total amount of Ps. 2.6 million, thus reaching together with the Company's interest to 9.25 % of the capital stock of TGLT S.A. at the end of the period.

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

A. Alto Palermo S.A.

1. Issuance of convertible notes.

On July 19, 2002, APSA issued Series I of Convertible Notes ("ONC") for up to US$ 50 million with a face value of Ps. 0.1 each, maturing on July 19, 2014.

Convertible Notes accrued interest at a fixed nominal rate of 10% per annum. Interest is payable semi-annually. They can be converted at any time by choice of each Corporate Noteholder into common shares at a conversion price which is the higher of: (i) the result of dividing the Company's shares face value (Ps. 0.1) by the exchange rate, and (ii) US$ 0.0324, which means that each Convertible Corporate Note can be turned into 30.864 shares of Ps. 0.1 face value. 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.

NOTE 23: (Continued)

A. (Continued)

1. (Continued)

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.

On October 7, 2010, holders of Convertible Notes for a face value of US$ 15.5 million exercised their conversion rights. Consequently, the Company issued 477,544,197 shares of common stock with a face value of Ps. 0.1 each. As from the conversion and issuing of the shares, common stock of APSA increased from 782,064,214 to 1,259,608,411 shares.

Additionally, on September 21, 2011, a Convertible Corporate Noteholder exercised his conversion right. Thus, the Company issued 277,777 common shares of Ps. 0.1 face value each. After the conversion and issue of the shares, the Company's capital stock increased from 1,259,608,411 to 1,259,886,188 common shares. Therefore, as from the program issuing date until December 31, 2011, the Convertible Corporate Noteholders have exercised their right to convert in APSA common shares for a total amount of US$ 18.3 million.

As of December 31, 2011, APSA's Convertible Notes amounts to US$ 31.7 million, mainly held by the Company. (See Note 23 A.3.).

On May 26, 2011 APSA has made an offer to repurchase them, subject to certain conditions (See Note 23 A.3.).

NOTE 23: (Continued)

A. (Continued)

2. Issuance of notes

On May 11, 2007, APSA issued two new series of Non-Convertible notes for a total amount of US$ 170 million. These issuances are included within the Global Issuance Program of Non-Convertible notes, for a face value of up to US$ 200 million authorized by the National Securities Commission (CNV) by means of Resolution No. 15,614 dated April 19, 2007. The APSA´s Ordinary and Extraordinary General Shareholders' Meeting held on October 29, 2009 approved the increase in the amount of the Global Issuance Program of Non-Convertible notes in place up to US$ 200 million, reaching a total amount of US$ 400 million.

Series I relates to the issuance of US$ 120 million, capital 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.

On June 15, 2011, APSA granted in favor of Banco Hipotecario S.A. a pledge on its Series I Non-Convertible notes Corporate Notes issued on May 11, 2007, for a face value of US$ 1.2 million.

Series II relates to the issuance of Ps. 154 million (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.

On April 18, 2011 APSA acquired from Cresud S.A.C.I.F. y A., the Company´s parent company, Non-Convertible notes Series I due in 2017 for a face value of US$ 5 million at a price of US$ 5.1 million, which resulted from averaging the prices quoted by three banks plus accrued interest until settlement of the transaction. As of December 31, 2011, total Series I and Series II Non-Convertible notes repurchased by APSA amount to US$ 10.0 million and US$ 1.4 million, respectively. Such Non-Convertible notes have been valued at face value and are disclosed netting the current and non-current capital and interest owed.

NOTE 23: (Continued)

A. (Continued)

2. (Continued)

As of December 31, 2011, the Company holds Corporate Notes Series II in the nominal amount of Ps. 13.3 million.

Additionally, under such Global Issuance Program of Non-Convertible Notes, on November 10, 2009, the placement of the two new Series of Non-Convertible Notes for a total value of Ps. 80.7 million was completed.

Series III relates to the issuance of Ps. 55.8 million, which matured on May 12, 2011 and accrued interest at variable Badlar rate plus a 3 % payable on a quarterly basis. On May 12, 2011, APSA made the last payment of interest and paid off all of the principal of the series referred above.

Series IV relates to the issuance of Ps. 24.9 million (equivalent to US$ 6.6 million), which matured on May 12, 2011 and accrued interest at a fixed rate of 6.75 %, payable on a quarterly basis. On May 12, 2011, APSA made the last payment of interest and paid off all of the principal of the series referred above.

The APSA´s Ordinary and Extraordinary General Shareholders' Meeting held on October 29, 2009 approved the creation of a Global Program for the issuance of securities representing short-term debt (up to one year term) 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.

NOTE 23: (Continued)

A. (Continued)

3. Capital increase

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

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

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

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

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

NOTE 24: SIGNIFICANT EVENTS

A. IRSA Inversiones y Representaciones Sociedad Anónima

1. Investment in Banco Hipotecario

Banco Hipotecario´s treasury Shares

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

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

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

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

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

NOTE 24: (Continued)

A. (Continued)

1. (Continued)

Dividends Payment

Banco Hipotecario's General Annual Shareholders Meeting, held on April 13, 2011 approved the payment of dividends for a total amount of Ps. 100 million, equivalent to 6.66667% of the capital stock or Ps. 0.068335 per outstanding share of par value Ps. 1, corresponding to the fiscal year ended on December 31, 2010. As per the Company's holding, it is entitled to Ps. 30.5 million.

As of the date of issuance of these unaudited financial statements, the availability of this dividend is liable to BCRA's approval in accordance with the regulation disclosed by Communication "A" 5072, its amendments and complementary regulations. The BCRA has not yet issued its approval. Additionally, on January 27, 2012, BCRA issued communications "A" 5272 and "A" 5273, by means of which it ruled the increase of some parameters of minimum capital stock to be paid-in in order to allow for dividends distribution.

2. Compensation plan for executive management

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

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

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

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.

NOTE 24: (Continued)

A. (Continued)

2. (Continued)

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

- Regular retirement under applicable labor regulations
- Full or permanent disability or incapacity
- Demise

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

During the six- month periods ended December 31, 2011 and 2010, contributions paid by the Company amount to Ps. 1,305 and Ps. 2,296.

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

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

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

NOTE 24: (Continued)

A. (Continued)

3. (Continued)

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

4. Negative working capital

At the period end the Company had posted a Ps. 334,488 deficit in its working capital. The treatment to be afforded to this situation is currently being considered by the Board and the Company's Management.

B. Alto Palermo S.A.

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

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

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

NOTE 24: (Continued)

B. (Continued)

1. (Continued)

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

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

- The outstanding debt was de-dollarized (Ps. 1 = US$ 1).
- An antichresis right was created and it was established that all obligations assumed by Empalme S.A.I.C.F.A. y G. under the agreement by which the normal use and operation of the cinema center is warranted to NAI INTERNATIONAL II, INC., including those obligations involving restrictions on the use or title to property by Empalme S.A.I.C.F.A. y G. or third parties, shall be comprised in the previously mentioned real right.

Principal owed as of December 31, 2011, and unpaid interest accrued through that date, due to the original loan agreement and respective amendments are disclosed under Customers advances - Lease advances together with other advances not included in this agreement.

2. Neuquén Project

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

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

NOTE 24: (Continued)

B. (Continued)

2. (Continued)

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

On July 5, 2010, Shopping Neuquen S.A. began the committed works for the first stage, which should be completed at a maximum 22 month terms starting upon beginning construction. In the case of failing to comply the conditions established in the agreement, the Municipality of Neuquén is entitled to terminate the agreement and carry out the actions that may be considered necessary for such respect, among them, to request the return of the Company´s plots acquired to the Municipality As of the date of issuance of these financial statements, an updated Schedule of Works was filed, which was not observed by the City Hall.

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

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

3. Contributed leasehold improvements - Other liabilities

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

NOTE 24: (Continued)

B. (Continued)

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

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

5. Arcos del Gourmet S.A.

(i) Amendment Agreement of Arcos del Gourmet S.A.

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

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

This agreement would replace the one subscribed in ONABE.

NOTE 24: (Continued)

B. (Continued)

5. (Continued)

(ii) Capital increase

A Shareholders Meeting of Arcos del Gourmet S.A. was held on October 5, 2011, which finally approved Arcos´s financial statements for the fiscal year ended June 30, 2011. Such Meeting was adjourned and on November 4, 2011 approved a capital increase of up to Ps. 11,000 with a subscription price of Ps. 0.002594 per shares, which includes Ps. 0.001 par value per share and Ps. 0.001594 as share premium per share. The Shareholder Meeting also approved payment of subscription price by the capitalization of existing irrevocable contributions, the debt-for-equity swap involving some loan agreements granted by APSA plus accrued interest, with the balance being paid-in in cash. As of the date these financial statements are issued, the registration of these increases before the Public Trade Registry is pending.

6. Reimbursement of current and expired cash dividends.

On December 20, 2011, APSA received from Caja de Valores S.A. the amount of Ps. 5,838 for funds sent by the former to pay undistributed cash dividends, both for current dividends and for expired dividends, as per the following detail:

- Ps. 2,711 to expired dividends;
- Ps. 3,128 to current dividends.

Additionally, on December 30, 2011, the Company received from Caja de Valores S.A. the amount of Ps. 1,098 corresponding to expired dividends.

The amounts corresponding to current dividends are disclosed under the “Dividends payable” line item, while the funds corresponding to expired dividends were booked against “Retained Earnings”.

NOTE 25: DERIVATIVES CONTRACTS

a) Futures - APSA

During the period APSA entered into transactions with derivative instruments which resulted in an unrealized loss of Ps. 1,074 and is accounted for under "Other financing expense" in the Statement of Income.

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

Futures	Bank	Amount US$	Due date	Gain (Loss)
Unsettled transactions				
Purchase of dollars	Standard Bank Argentina S.A.	5,000	01/31/12	(502)
Purchase of dollars	Standard Bank Argentina S.A.	6,000	03/30/12	(373)
Subtotal				(875)
Settled transactions				
Purchase of dollars	Banco Santander Río S.A.	6,000	11/30/11	79
Purchase of dollars	Standard Bank Argentina S.A.	5,000	12/31/11	(278)
Subtotal				(199)
Gain on transactions with derivative financial instruments				(1,074)

As of December 31, 2011, the balance of derivative financial instruments transactions amounts to Ps. 875, disclosed under “Other Payables” line item.

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

In order to reduce financing costs related to loans granted by Standard Bank Argentina S.A., HASA entered into non-deliverable forwards (“NDF”) for the purchase of US Dollars. During the six-month period ended December 31, 2011, the Company has recognized a loss on such transactions that amounts to Ps.150 included under “Other financial expenses” of the Statement of Income.

NOTE 26: SUBSEQUENT EVENTS

Emprendimiento Recoleta S.A. (ERSA) Shareholders' meeting

On January 9, 2012, ERSA (APSA's subsidiary) Annual General and Special Shareholders' Meeting was held. In the meeting the following main points were approved:

– Approval of the financial statements as of and for the fiscal year ended on June 30, 2011;

- Transfer to legal reserve of 5% of the net income for the fiscal year ended on June 30, 2011, i.e. the amount of Ps. 498.

- To pay a cash dividend of Ps. 5,000 and to allocate the balance to the account "Reserve for new projects".

IRSA Inversiones y Representaciones
Sociedad Anónima

Free translation of the Unaudited Financial Statements
For the six-month periods
beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Balance Sheets as of December 31 and June 30, 2011
In thousands of pesos (Note 1)

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

	December 31, 2011	June 30, 2011		December 31, 2011	June 30, 2011
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 2)	18,918	27,276	Trade accounts payable (Note 6)	18,776	18,734
Investments (Exhibits C and D)	42,168	42,188	Customer advances (Note 7)	7,550	4,971
Accounts receivable, net (Note 3)	39,582	48,536	Short-term debt (Note 8)	589,264	525,926
Other receivables (Note 4)	36,064	72,908	Salaries and social security payable	2,536	3,086
Inventories (Note 5)	26,698	11,979	Taxes payable (Note 9)	8,294	10,081
Total Current Assets	163,430	202,887	Other liabilities (Note 10)	54,014	23,856
			Subtotal Current Liabilities	680,434	586,654
			Provisions (Exhibit E)	5,511	1,082
			Total Current Liabilities	685,945	587,736
NON-CURRENT ASSETS					
Accounts receivable, net (Note 3)	330	1,885			
Other receivables (Note 4)	69,714	58,738	NON-CURRENT LIABILITIES		
Inventories (Note 5)	63,253	61,685	Long-term debt (Note 8)	1,298,310	1,238,120
Investments (Exhibits C and D)	3,295,729	3,183,238	Taxes payable (Note 9)	12,030	41,809
Fixed assets, net (Exhibit A)	926,338	939,252	Other liabilities (Note 10)	56,150	60,112
Intangible assets, net (Exhibit B)	41	41	Total Non-Current Liabilities	1,366,490	1,340,041
Subtotal Non-Current Assets	4,355,405	4,244,839	Total Liabilities	2,052,435	1,927,777
Negative goodwill, net	(37,095)	(38,134)			
Total Non-Current Assets	4,318,310	4,206,705	SHAREHOLDERS´ EQUITY (according to the corresponding statement)	2,429,305	2,481,815
Total Assets	4,481,740	4,409,592	Total Liabilities and Shareholders´ Equity	4,481,740	4,409,592

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

Alejandro G Elsztain
Vice president II
Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Income
For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

In thousands of pesos (Note 1)
Free translation from the original prepared in Spanish for publication in Argentina

	December 31, 2011	December 31, 2010
Revenues	130,649	114,411
Costs (Exhibit F)	(36,524)	(41,978)
Gross profit	94,125	72,433
Administrative expenses (Exhibit H)	(34,868)	(40,358)
Selling expenses (Exhibit H)	(7,520)	(7,125)
Subtotal	(42,388)	(47,483)
Gain from recognition of inventories at net realizable value	25,031	12,192
Operating income	76,768	37,142
Amortization of negative goodwill, net	1,039	1,039
Financial results generated by assets:		
Interest income	10,848	18,303
Foreign exchange gain	13,641	7,141
Other holding (loss) gain	(7,626)	6,630
Subtotal	16,863	32,074
Financial results generated by liabilities:		
Interest expense (Exhibit H)	(107,136)	(74,269)
Foreign exchange loss	(67,358)	(16,993)
Other financial expenses (Exhibit H)	(3,247)	(1,951)
Subtotal	(177,741)	(93,213)
Financial results, net	(160,878)	(61,139)
Gain on equity investees (Note 12 c.)	187,741	190,068
Other expenses, net (Note 11)	(7,015)	(6,654)
Net income before tax	97,655	160,456
Income tax (Note 15)	35,397	10,102
Net income for the period	133,052	170,558
Earnings per share (Note 13):		
Basic net income per share	0.230	0.295
Diluted net income per share	0.230	0.295

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

Alejandro G Elsztain
Vice president II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Changes in Shareholders' Equity
For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010
In thousands of pesos (Note 1)
Free translation from the original prepared in Spanish for publication in Argentina

	Shareholders' contributions				Reserved earnings					
Caption	Common stock (Note 14.a)	Inflation adjustment of common stock	Additional paid-in capital	Total	Legal Reserve (Note 14.b)	Reserve for new developments	Long-term incentive program reserve (Note 23)	Cumulative translation adjustment	Retained earnings	Total at the period end
Balances as of June 30, 2010	578,676	274,387	793,123	1,646,186	40,306	193,486	-	17,459	505,609	2,403,046
Cumulative translation adjustment	-	-	-	-	-	-	-	4,448	-	4,448
Appropiation of retained earnings approved by Shareholders meeting held 10.29.10										
- Distribution of dividends	-	-	-	-	-	-	-		(120,000)	(120,000)
- Legal Reserve increase	-	-	-	-	16,725	-	-	-	(16,725)	-
- Reserve for new developments increase	-	-	-	-	-	197,776	-	-	(197,776)	-
Net gain for the period 07.01.10 – 12.31.10	-	-	-	-	-	-	-	-	170,558	170,558
Balances as of December 31, 2010	578,676	274,387	793,123	1,646,186	57,031	391,262	-	21,907	341,666	2,458,052
Appropiation of retained earnings approved by Shareholders meeting held 05.26.11										
- Distribution of dividends	-	-	-	-	-	-	-	-	(100,000)	(100,000)

Cumulative translation adjustment	-	-	-	-	-	-	-	12,217	-	12,217
Net gain for the period 01.01.11 – 06.30.11	-	-	-	-	-	-	-	-	111,546	111,546
Balances as of June 30, 2011	578,676	274,387	793,123	1,646,186	57,031	391,262	-	34,124	353,212	2,481,815
Appropiation of retained earnings approved by Shareholders meeting held 10.31.11										
- Distribution of dividends	-	-	-	-	-	-	-	-	(211,575)	(211,575)
- Legal Reserve increase.	-	-	-	-	14,105	-	-	-	(14,105)	-
- Reserve for new developments increase	-	-	-	-	-	56,421	-	-	(56,421)	-
Long-term incentive program reserve	-	-	-	-	-	-	2,312	-	-	2,312
Reimbursement of expired dividends. (see Note 1.5.r)	-	-	-	-	-	-	-	-	3,640	3,640
Cumulative translation adjustment	-	-	-	-	-	-	-	20,061	-	20,061
Net gain for the period 07.01.11 – 12.31.11	-	-	-	-	-	-	-	-	133,052	133,052
Balances as of December 31, 2011	578,676	274,387	793,123	1,646,186	71,136	447,683	2,312	54,185	207,803	2,429,305

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

Alejandro G Elsztain
Vice president II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Cash Flows
For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

In thousands of pesos (Note 1)
Free translation from the original prepared in Spanish for publication in Argentina

	December 31, 2011	December 31, 2010
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of the beginning of the year	45,162	57,467
Cash and cash equivalents as of the end of the period	28,758	119,296
Net (decrease) increase in cash and cash equivalents	(16,404)	61,829
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
· Net income for the period	133,052	170,558
- Adjustments to reconcile net income to cash flows from operating activities:		
· Income tax accrued for the period	(35,397)	(10,102)
· Allowances and provisions	17,915	17,793
· Amortization and depreciation	11,555	12,238
· Gain on equity investees	(187,741)	(190,068)
· Financial results, net	50,357	(10,823)
· Accrued interest	105,279	63,047
· Long-term incentive program reserve (Note 23)	517	-
· Gain from recognition of inventories at net realizable value	(25,031)	(12,192)
· Amortization of negative goodwill, net	(1,039)	(1,039)
- Changes in certain assets and liabilities net of non-cash transactions:		
· Decrease in accounts receivable net	15,476	6,689
· Increase in other receivables	(1,438)	(7,389)
· Decrease in inventories	19,213	24,626
· Decrease in trade accounts payable	(3,758)	(3,215)
· Increase (Decrease) in customer advances	4,800	(11,324)
· Decrease in taxes payable, salaries and social security payable	(3,644)	(2,995)
· Decrease in other liabilities	(7,817)	(12,179)
Net cash provided by operating activities	92,299	33,625
CASH FLOWS FROM INVESTING ACTIVITIES:		
· Increase in current investments	(21,937)	(15,704)
· Decrease in other investments	13,473	164,283
· Acquisition and improvements of fixed assets	(8,320)	(573)
· Decrease (Increase) in loans granted to related parties	35,637	(59,638)
· Share-holding increase in equity investees	(28)	(480,317)
· Irrevocable contributions in subsidiary companies	(1,723)	(241,182)
· Dividends collected	111,580	114,784
Net cash provided by (used in) investing activities:	128,682	(518,347)
CASH FLOWS FROM FINANCING ACTIVITIES:		
· Dividends paid	(211,575)	(120,000)
· Proceeds from issuance of Non convertible notes 2020 net of expenses	-	567,449

· Increase in bank overdraft, net	29,073	116,370
· Increase in loans received from related parties	18,190	54,925
· Increase (payment) of loans	30,000	(40,000)
· Interest paid	(103,073)	(32,193)
Net cash (used in) provided by financing activities:	(237,385)	546,551
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENT	(16,404)	61,829

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

Alejandro G Elsztain
Vice president II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Cash Flows (continued)
For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

In thousands of pesos (Note 1)

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

	December 31, 2011	December 31, 2010
Supplemental cash flow information		
· Income tax paid	-	5,598
Non-cash activities:		
· Increase in non-current investments through a decrease in other receivables	-	56,593
· Decrease in non-current investment through an increase in other receivables	819	-
· Increase in other receivables through an increase in taxes payable	3,032	-
· Cumulative translation adjustment of investments	20,061	4,448
· Transfer of fixed assets to inventories	10,469	-
· Transfer of undeveloped parcels of land to inventories	-	3,030
· Increase in inventories through a decrease in equity investments	-	14,541
· Long term incentive program reserve	1,795	-
· Reimbursement of dividends barred by the statute of limitations	3,640	-
Composition of cash and cash equivalents at the period end		
Cash and banks	18,918	11,030
Current investments	42,168	145,033
Subtotal cash and banks and current investments	61,086	156,063
Less: (items not considered cash and cash equivalents)		
· Boden 2012	1	2
· Boden 2013	12	14
· Mutual funds	2,349	2,097
· Stock shares	17,107	20,595
· Non-convertible Notes APSA 2012 – Accrued interest	39	116
· Non-convertible Notes APSA 2012	6,645	8,238
· Convertible Notes APSA 2014 – Accrued interest	6,175	5,705
Cash and cash equivalents	28,758	119,296

Alejandro G Elsztain
Vice president II
Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Financial Statements
For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

In thousands of pesos
Free translation from the original prepared in Spanish for publication in Argentina

NOTE 1: ACCOUNTING STANDARDS

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

1.1. Preparation and presentation of financial statements

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

The Company's results for the six-month periods ended December 31, 2011 have not been audited. The Company's management estimates that they include all the adjustments necessary to present fairly the results for such period.

The Company's results for the six-month periods ended December 31, 2011 do not necessarily reflect the proportion of the Company's full-year results.

1.2. Use of estimates

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

NOTE 1: (Continued)

1.3. Recognition of the effects of inflation

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

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

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

1.4. Comparative information

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

Balances of the six - month period ended December 31, 2011 of the unaudited income, shareholders' equity and cash flow statements are shown for comparative purpose with the same period of the previous fiscal year.

The unaudited financial statements as of December 31, 2010 originally issued have been subject to certain reclassifications required in order to present these figures comparatively with those stated as of December 31, 2011.

IRSA Inversiones y Representaciones Sociedad Anónima

NOTE 1: (Continued)

1.5. Significant accounting polices

a. Cash and banks

Cash on hand has been valued at face value.

b. Foreign currency assets and liabilities

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

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

c. Current investments

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

d. Accounts receivable, net and trade accounts payable.

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

e. Financial receivables and payables

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

NOTE 1: (Continued)

1.5. (Continued)

f. Other receivables and liabilities

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

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

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

Financial Derivatives Instruments

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

Liabilities originated in these transactions pertain to foreign currency futures contracts and they have been measured at their estimated settlement cost (See Note 22).

The differences generated during the period as a consequence of applying the measurement criteria described above have been recorded under “financial results, net”.

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

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

NOTE 1: (Continued)

1.5. (Continued)

h. Inventories

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

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

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

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

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

- Units to be received

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

i. Non-current investments

- Investments in debt securities:

Investments in debt securities were valued at their net realizable value.

NOTE 1: (Continued)

1.5. (Continued)

i. (Continued)

- Investments in subsidiaries and equity investments:

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

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

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

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

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

- Tyrus S.A.:

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

- Undeveloped parcels of lands:

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

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

NOTE 1: (Continued)

1.5. (Continued)

i. (Continued)

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

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

j. Fixed assets, net

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

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

- Rental properties:

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

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

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

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

NOTE 1: (Continued)

1.5. (Continued)

j. (Continued)

- Other properties and equipment:

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

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

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

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

k. Intangible assets, net

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

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

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

NOTE 1: (Continued)

1.5. (Continued)

l. Business combinations

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

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

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

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

m. Debt issuance costs

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

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

n. Customer advances

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

NOTE 1: (Continued)

1.5. (Continued)

o. Income tax

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

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

p. MPIT

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

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

q. Allowances and Provisions

Changes in provisions are showed in Exhibit E.

- Allowance for doubtful accounts:

The allowance for losses is recognized when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the terms of the agreements. The allowance is calculated based on an individual analysis of the recoverability of the accounts receivable.

NOTE 1: (Continued)

1.5. (Continued)

q. (Continued)

The estimate of the amount and the possibility of fulfillment are made considering the opinion of the legal counsels. When it comes to its mortgage-secured receivables, the Company applies the collateral's realization value upon analyzing the recoverability of receivables with hints of uncollectibility.

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

- For impairment of assets:

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

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

- For lawsuits:

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

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

NOTE 1: (Continued)

1.5. (Continued)

q. (Continued)

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

r. Shareholders’ equity accounts

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

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

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

“Long-term incentive program reserve”, corresponds to contributions accrued by the Company and its subsidiaries (at the participation rate), following the Long-term Incentive Program mentioned on Note 23. The reimbursement of APSA’s dividends expired has been recorded against Retained Earnings proportionally to the Company’s interest (See Note 24 B.6 to the unaudited consolidated financial statements).

s. Profit and loss accounts

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

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

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

NOTE 1: (Continued)

1.5. (Continued)

s. (Continued)

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

t. Revenue recognition

t.1. Sales of properties

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

- The sale has been consummated.
- There is sufficient evidence to demonstrate the buyer's ability and commitment to pay for the property.
- The Company's receivable is not subject to future subordination.
- The Company has transferred the property to the buyer.

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

t.2. Revenues from leases

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

NOTE 1: (Continued)

1.5. (Continued)

u. Cash and cash equivalents

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

v. Negative Goodwill, net

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

w. Dividends

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

x. Financial Derivatives Instruments

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

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

NOTE 1: (Continued)

1.5. (Continued)

x. (Continued)

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

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

1.6. Adoption of the International Financial Reporting Standards

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

NOTE 2: CASH AND BANKS

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Cash on hand (Exhibit G)	114	149
Banks accounts (Exhibit G)	18,804	27,127
	18,918	27,276

IRSA Inversiones y Representaciones Sociedad Anónima

NOTE 3: ACCOUNTS RECEIVABLE, NET

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Trade receivables, leases receivable and services (1) (Exhibit G)	28,472	330	27,569	1,885
Related parties (Note 12.a.) (Exhibit G)	10,998	-	15,285	-
Debtors under legal proceedings and past due debts	8,162	-	8,596	-
Checks to be deposited	1,788	-	6,908	-
Less:				
Allowance for doubtful accounts (Exhibit E)	(9,838)	-	(9,822)	-
	39,582	330	48,536	1,885

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

NOTE 4: OTHER RECEIVABLES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Related parties (Note 12.a.) (Exhibit G)	25,841	2,855	58,914	2,851
Prepaid expenses	4,134	1,384	5,417	992
MPIT	214	64,866	2,363	54,278
Present value	-	(146)	-	(146)
Maintenance fees to be reimbursed	1,393	-	-	-
Others (Exhibit G)	4,482	755	6,214	763
	36,064	69,714	72,908	58,738

NOTE 5: INVENTORIES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Museo Renault (4)	21,148	-	-	-
Units to be received Caballito (1) (Note 12.a.)	-	52,205	-	51,999
Caballito Nuevo (2)	2,660	441	5,473	-
El Encuentro (3)	1,665	1,680	4,432	1,486
Plots of land receivable Pereiraola (5)	-	8,200	-	8,200
Abril	358	727	1,085	-
Other inventories	867	-	989	-
	26,698	63,253	11,979	61,685

(1) See Note 16.11.

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

During the fiscal year ended on June 30, 2011, several sale agreements had been subscribed, which measured the properties at their net realizable value and for which all deeds have been issued. During the six-month period ended on December 31, 2011 and 2010, Ps. 421 and Ps. 3,626, respectively, were generated on this concept. As of December 31, 2011 the sale had been perfected upon execution of the deed of conveyance of 106 units and 42 parking spaces for which the respective preliminary sales agreements had been signed.

(3) In March 2004, the Company sold (through subsidiaries) a parcel in Benavidez to Desarrolladora El Encuentro S.A. (DEESA) in exchange for (i) US$ 1.0 million in cash and (ii) 110 residential lots in the parcel to be subdivided by DEESA for US$ 3 million. On December 22, 2009 DEESA delivered the residential lots. During the fiscal year ended on June 30, 2011, several sale agreements were subscribed and the corresponding deeds have been issued. During the six-month period ended December 31, 2011, an additional sale agreement which measured the properties at their net realizable value was subscribed, generating a result of Ps. 338 on that concept. As of December 31, 2011 the property rights had been recorded as public deed for 77 residential lots.

(4) Investment property. See Note 16.1.

(5) See Note 16.3.

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NOTE 6: TRADE ACCOUNTS PAYABLE

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Related parties (Note 12.a.) (Exhibit G)	6,985	6,252
Suppliers (Exhibit G)	5,504	5,629
Accruals	6,092	6,746
Others	195	107
	18,776	18,734

NOTE 7: CUSTOMER ADVANCES

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Customer advances (Exhibit G)	7,539	3,632
Leases and services advances	11	1,339
	7,550	4,971

NOTE 8: SHORT-TERM AND LONG–TERM DEBT

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Bank overdrafts	394,042	-	365,198	-
Bank loans (Exhibit G) (1)	140,945	28,887	108,968	27,585
Non-convertible Notes -2017 (Note 17 and Exhibit G)(2)	21,990	641,956	20,960	612,419
Non-convertible Notes -2020 (Note 17 and Exhibit G)(3)	32,287	627,467	30,800	598,116
	589,264	1,298,310	525,926	1,238,120

(1) Balances as of December 31, 2011 includes:

a) Ps. 30,103 under current balances and Ps. 28,887 under long-term balances in relation to the debt for purchase the Republica building (Exhibit G).

b) Ps. 60,713 as current loans granted by Banco Provincia due in May and July, 2012, and accruing interest at a fixed rate of 14% per annum.

c) Ps. 50,129 as current loan granted by Banco Nación due in November 2012 at a nominal Badlar rate plus 400 basic points.

(2) It is disclosed net of issuance expenses for Ps. 874 current and Ps. 3,644 non-current as of December 31, 2011 and Ps. 874 current and Ps. 4,081 non-current as of June 30, 2011.

(3)

It is disclosed net of issuance expenses for Ps. 710 current and Ps. 5,328 non-current as of December 31, 2011 and Ps. 710 current and Ps. 5,683 non-current as of June 30, 2011.

NOTE 9: TAXES PAYABLES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Provision on tax on Shareholders' personal assets	4,199	-	3,668	-
MPIT, net	604	5,743	-	-
VAT, net	1,424	-	3,965	-
Tax retentions to third parties	1,299	-	1,051	-
Gross revenue tax	342	-	555	-
Tax facilities for gross revenue tax	106	168	128	222
Tax facilities for municipal taxes	142	260	142	331
Deferred income tax (Note 15)	-	5,859	-	41,256
Other taxes	178	-	572	-
	8,294	12,030	10,081	41,809

NOTE 10: OTHER LIABILITIES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Related parties (Note 12.a. and Exhibit G)	40,224	50,472	11,670	55,139
Directors' fees provision (Note 12.a.) (1)	5,189	-	5,508	-
Administration and reserve funds	3,604	-	2,975	-
Guarantee deposits (Exhibit G)	2,884	5,576	2,479	4,873
Present value	-	(93)	-	(95)
Operations to liquidate (Note 22)	876	-	-	-
Others	1,237	195	1,224	195
	54,014	56,150	23,856	60,112

(1) As of December 31, and June 30, 2011 is disclosed net of advances to Directors for Ps. 4,566 and Ps. 17,935, respectively.

NOTE 11: OTHER EXPENSES, NET

The breakdown for this item is as follows:

	December 31, 2011	December 31, 2010
Other income:		
Recovery of allowances	294	-
Others	1,669	18
Subtotal	1,963	18
Other expenses:		
Donations	(2,051)	(3,646)
Tax on Shareholders´ personal assets	(1,948)	(2,295)
Unrecoverable VAT	(19)	(559)
Lawsuits contingencies (1)	(4,460)	(121)
Others	(500)	(51)
Subtotal	(8,978)	(6,672)
Total Other expenses, net	(7,015)	(6,654)

(1) As of December 31, 2011 and 2010 includes Ps. 31 and Ps. 104, corresponding to legal expenses and provisions.

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

a. The balances as of December 31 and June 30, 2011 with subsidiaries shareholders, affiliated and related companies are as follows:

Related parties	Current Investments	Non-current Investments	Account receivable, net - current	Other receivables - current	Other receivable - non-current	Inventories non-current Units to be received Caballito	Trade accounts payable - current	Other current liabilities	Other non-current liabilities	Total
Alto Palermo S.A. (1)	12,859	136,601	839	1,816	-	-	(2,262)	(14)	-	149,839
Arcos del Gourmet S.A. (1)	-	-	1	1	-	-	-	-	-	2
Baicom Networks S.A. (5)	-	-	2	11	-	-	(8)	(47)	-	(42)
Banco Hipotecario S.A. (3)	-	-	-	-	-	-	(1,044)	-	-	(1,044)
Cactus Argentina S.A. (3)	-	-	3	-	-	-	-	-	-	3
Canteras Natal Crespo S.A. (5)	-	-	867	97	-	-	-	-	-	964
Consorcio Dock del Plata (4)	-	-	-	-	-	-	(76)	-	-	(76)
Consorcio Libertador (4)	-	-	31	25	-	-	(23)	(4)	-	29
Consorcio Torre Boston (4)	-	-	37	199	-	-	(141)	-	-	95
Consultores Assets Management S.A. (4)	-	-	2,033	29	-	-	(5)	-	-	2,057
Cresud S.A.C.I.F. y A. (2)	-	-	-	10,557	-	-	-	(3,945)	-	6,612
Cyrsa S.A. (5)	-	-	35	439	-	-	(46)	-	-	428
Directors (4)	-	-	-	156	-	-	(49)	(5,189)	(8)	(5,090)
E-Commerce Latina S.A. (1)	-	-	1	-	-	-	-	(309)	(6,966)	(7,274)
Emprendimiento Recoleta S.A. (1)	-	-	-	-	-	-	(1)	-	-	(1)
	-	-	-	47	-	-	(227)	-	-	(180)

Estudio Zang, Bergel & Viñes (4)										
Fibesa S.A. (1)	-	-	126	16	-	-	(5)	-	-	137
Fundación IRSA (4)	-	-	27	2	-	-	(1)	-	-	28
Futuros y opciones S.A. (3)	-	-	-	-	-	-	(2)	-	-	(2)
Hersha Hospitality Trust (3)	-	-	-	148	-	-	-	-	-	148
Hoteles Argentinos S.A. (1)	-	-	1	53	-	-	-	(863)	-	(809)
IMadison LLC (1)	-	-	-	774	-	-	-	-	-	774
Inversora Bolívar S.A. (1)	-	-	-	34	-	-	(27)	(173)	(7,274)	(7,440)
IRSA International LLC (1)	-	-	-	767	-	-	(575)	-	-	192
Jiwin S.A. (1)	-	-	-	1	-	-	-	-	-	1
Llao Llao Resorts S.A. (1)	-	-	1,965	7,791	-	-	(1)	-	(8)	9,747
Museo de los niños (4)	-	-	30	-	-	-	(3)	-	-	27
New Lipstick LLC (3)	-	-	-	1,001	-	-	-	-	-	1,001
Nuevas Fronteras S.A. (1)	-	-	107	1	-	-	(30)	(33,871)	-	(33,793)
Palermo Invest S.A. (1)	-	-	-	5	-	-	-	(223)	-	(218)
Panamerican Mall S.A. (1)	-	-	15	72	-	-	-	-	-	87
Loans granted to employees (4)	-	-	-	640	-	-	(22)	-	-	618
Puerto Retiro S.A. (5)	-	-	118	18	-	-	(11)	-	-	125
Quality Invest S.A. (5)	-	-	355	-	-	-	(37)	(112)	-	206
Real Estate Investment Group LP (1)	-	-	-	919	-	-	-	-	-	919
Real Estate Investment Group LP V (1)	-	-	-	10	-	-	-	-	-	10
Real Estate Strategies LP (1)	-	-	-	10	-	-	-	-	-	10
Ritelco S.A. (1)	-	-	5	-	-	-	-	(663)	(36,216)	(36,874)

Solares de Santa María S.A. (1)	-	-	2,393	52	2,855	-	-	-	-	5,300
Tarshop S.A. (3)	-	-	333	6	-	-	-	-	-	339
TGLT S.A. (3)	-	-	1,634	-	-	52,205	(2,389)	-	-	51,450
Torodur S.A. (1)	-	-	11	124	-	-	-	-	-	135
Tyrus S.A. (1)	-	-	28	20	-	-	-	-	-	48
Unicity S.A. (1)	-	-	1	-	-	-	-	-	-	1
Totals as of December 31, 2011	12,859	136,601	10,998	25,841	2,855	52,205	(6,985)	(45,413)	(50,472)	138,489

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NOTE 12: (Continued)

a. (Continued)

Related parties	Current Investments	Non-current Investments	Account receivable – net current	Other receivables - current	Other receivables - non current	Inventories non current Units to be received Caballito