IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K/A
December 19, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K/A

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

For the month of December, 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/A

The present Amendment is being filed because there was an inaccuracy in the month consigned in the cover of the 6-K form filed by the Company on December 19, 2012.

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements
as of September 30, 2012 and for the three-month periods
ended September 30, 2012 and 2011

Legal information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.

Legal address: Bolívar 108, 1st floor, Buenos Aires, Argentina.

Company activity: Real estate investment and development

Fiscal year No.: 70, beginning on July 1, 2012

Date of registration of the By-laws in the Public Registry of Commerce: June 23, 1943.

Date of registration of last amendment of the by-laws in the Public Registry of Commerce: February 12, 2008.

Registration number with the Superintendence: 213,036

Expiration of the Company’s by-laws: April 5, 2043.

Common Stock subscribed, issued and paid up 578,676,460

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

Legal Address: Moreno 877, 23rd. floor, Buenos Aires, Argentina

Main activity: Agricultural, livestock, and real estate

Percentage of votes of the Parent Company on the equity: 64.50%

Capital stock: 373,267,973 common shares

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

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

IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Consolidated Statements of Financial Position
as of September 30, 2012 and June 30, 2012 and July 1, 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for the publication in Argentina

	September 30, 2012	June 30, 2012	July 1, 2011
ASSETS			
Non-Current Assets			
Investment properties, net	3,246,662	3,275,226	3,340,081
Property, plant and equipment, net	226,687	228,033	235,245
Trading properties	167,168	167,109	155,876
Intangible assets, net	28,831	29,389	31,900
Investments in associates and joint ventures	1,437,316	1,445,815	1,373,215
Deferred income tax assets	33,843	34,255	17,903
Trade and other receivables, net	225,905	196,372	165,009
Investment in financial assets	612,684	655,660	432,676
Derivative financial instruments	21,421	18,434	60,442
Total Non-Current Assets	6,000,517	6,050,293	5,812,347
Current Assets			
Trading properties	10,027	9,714	26,115
Inventories	17,728	15,659	6,820
Investment in financial assets	535,286	475,877	419,995
Financial Assets at fair value through profits or loss	219,161	78,909	65,076
Cash and cash equivalents	281,342	259,169	301,559
Total Current Assets	1,063,544	839,328	819,565
TOTAL ASSETS	7,064,061	6,889,621	6,631,912
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital	578,676	578,676	578,676
Inflation adjustment of share capital	274,387	274,387	274,387
Other equity adjustments	(16,048)	(15,714)	-
Cumulative translation adjustment	24,992	14,502	-
Share premium	793,123	793,123	793,123
Reserve for share-based compensation	4,263	2,595	-
Legal reserve	71,136	71,136	57,031
Other reserves	419,783	419,783	391,262
Retained earnings	551,995	510,853	656,525
Equity attributable to equity holders of the parent	2,702,307	2,649,341	2,751,004
Non-controlling interest	391,659	390,428	331,609
TOTAL SHAREHOLDERS' EQUITY	3,093,966	3,039,769	3,082,613
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	194,525	166,656	149,355
Borrowings	2,018,394	2,048,397	1,725,272

Income tax liabilities	61,850	-	-
Deferred income tax liabilities	380,737	411,232	485,032
Provisions	18,312	17,823	12,881
Total Non-Current Liabilities	2,673,818	2,644,108	2,372,540
Current Liabilities			
Trade and other payables	537,815	500,926	414,186
Income tax liabilities	78,755	104,869	57,791
Payroll and social security liabilities	35,765	39,607	34,089
Borrowings	636,792	557,896	667,587
Derivative financial instruments	1,572	-	-
Provisions	5,578	2,446	3,106
Total Current Liabilities	1,296,277	1,205,744	1,176,759
TOTAL LIABILITIES	3,970,095	3,849,852	3,549,299
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	7,064,061	6,889,621	6,631,912

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

Inversiones y Representaciones Sociedad Anónima

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

IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Consolidated Statements of Income for the three-month periods ended September 30, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for the publication in Argentina

	September 30, 2012	September 30, 2011
Revenues	486,311	431,631
Costs	(243,142)	(203,602)
Gross Profit	243,169	228,029
Gain from disposal of investment properties	31,069	-
General and administrative expenses	(43,533)	(33,465)
Selling expenses	(23,637)	(16,592)
Other operating expense, net	(9,126)	(3,987)
Profit from Operations	197,942	173,985
Share of profit / (loss) of associates and joint ventures	16,696	(17,276)
Profit from Operations Before Financing and Taxation	214,638	156,709
Finance income	69,634	16,086
Finance cost	(197,837)	(299,980)
Financial results, net	(128,203)	(283,894)
Profit / (loss) Before Income Tax	86,435	(127,185)
Income tax expense	(35,625)	(20,677)
Profit / (loss) for the period	50,810	(147,862)
Attributable to:		
Equity holders of the parent	41,142	(112,029)
Non-controlling interest	9,668	(35,833)
Profit / (loss) per share attributable to equity holders of the parent during the period:		
Basic	0.071	(0.194)
Diluted	0.071	(0.194)

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

Inversiones y Representaciones Sociedad Anónima

By: /s/ Eduardo S. Elsztain
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IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Consolidated Statements of Comprehensive Income for the three-month periods ended September 30, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for the publication in Argentina

	September 30, 2012	September 30, 2011
Profit / (Loss) for the period	50,810	(147,862)
Other Comprehensive Income:		
Items that may be reclassified subsequently to profit or loss:	-	
Currency translation adjustment of associates and joint ventures	10,490	4,738
Other Comprehensive Income for the period, net of tax (i)	10,490	4,738
Total Comprehensive Income / (Loss) for the period	61,300	(143,124)
Attributable to:		
Equity holders of the parent	51,632	(107,291)
Non-controlling interest	9,668	(35,833)

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

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Inversiones y Representaciones Sociedad Anónima

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IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity for the three-month periods ended
September 30, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for the publication in Argentina

	Attributable to equity holders of the parent										
	Share capital	Inflation Adjustment of Share Capital	Share Premium	Reserve for acquisition of Non-controlling interest	Cumulative translation adjustment reserve	Reserve for share-based compensation	Legal reserve	Other reserves	Retained earnings	Subtotal	Non-co inte
Balance at July 1, 2012	578,676	274,387	793,123	(15,714)	14,502	2,595	71,136	419,783	510,853	2,649,341	390
Profit for the period	-	-	-	-	-	-	-	-	41,142	41,142	9,6
Others comprehensive income for the period	-	-	-	-	10,490	-	-	-	-	10,490	-
Total comprehensive income for the period	-	-	-	-	10,490	-	-	-	41,142	51,632	9,6
Reserve for share-based compensation	-	-	-	-	-	1,668	-	-	-	1,668	61
Acquisition of non-controlling interest	-	-	-	(334)	-	-	-	-	-	(334)	-
Dividends distribution of subsidiaries	-	-	-	-	-	-	-	-	-	-	(10
Capital Contribution of non-controlling interest	-	-	-	-	-	-	-	-	-	-	1,7
Balance at September 30, 2012	578,676	274,387	793,123	(16,048)	24,992	4,263	71,136	419,783	551,995	2,702,307	391

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

Inversiones y Representaciones Sociedad Anónima

By: /s/ Eduardo S. Elsztain

Eduardo S. Elsztain
President

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IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity for the three-month periods ended
September 30, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for the publication in Argentina

	Attributable to equity holders of the parent										
	Share capital	Inflation Adjustment of Share Capital	Share Premium	Other equity adjustment	Cumulative translation adjustment	Reserve for share-based compensation	Legal reserve	Other reserves	Retained earnings	Subtotal	No
Balance at July 1, 2011	578,676	274,387	793,123	-	-	-	57,031	391,262	656,525	2,751,004	
Loss of the period	-	-	-	-	-	-	-	-	(112,029)	(112,029)	
Other comprehensive income for the period	-	-	-	-	4,738	-	-	-	-	4,738	
Total comprehensive income for the period	-	-	-	-	4,738	-	-	-	(112,029)	(107,291)	
Other equity adjustment	-	-	-	(15,311)	-	-	-	-	-	(15,311)	
Capital reduction	-	-	-	-	-	-	-	-	-	-	
Reserve for share-based compensation	-	-	-	-	-	1,711	-	-	-	1,711	
Balance at September 30, 2011	578,676	274,387	793,123	(15,311)	4,738	1,711	57,031	391,262	544,496	2,630,113	

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

Inversiones y Representaciones Sociedad Anónima

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

IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Consolidated Statements of Cash Flows
for the three-month periods ended September 30, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for the publication in Argentina

	September 30, 2012	September 30, 2011
Cash flows from operating activities:		
Cash generated from operations	272,039	208,153
Income tax paid	(25,931)	(8,931)
Net cash generated from operating activities	246,108	199,222
Cash Flows from investing activities:		
Capital contributions in associates and joint ventures		-
Purchases of associates and joint ventures	(7,570)	(1,538)
Purchases of investment properties	(36,767)	(12,378)
Proceeds from sale of investment properties	53,299	-
Purchases of property, plant and equipment	(5,832)	(3,256)
Purchases of intangible assets	(253)	(608)
Purchases in financial assets at fair value through profit or loss	(102,855)	(30,288)
Proceeds from sale of financial assets at fair value through profit or loss	46,433	-
Advanced payments for purchases of associates	(23,485)	-
Loans granted to associates and joint ventures	-	(109,459)
Dividends received	4,953	2,929
Net cash used in investing activities	(72,077)	(154,598)
Cash flows from financing activities:		
Proceeds from borrowings	24,624	72,975
Repayments of borrowings	(80,266)	(50,072)
Payment of seller financing	(2,000)	(9,821)
Acquisition of non-controlling interest in subsidiaries	-	(7,363)
Dividends paid	(48,899)	-
Capital contribution of non-controlling interest	1,717	3,036
Interest paid	(96,116)	(79,587)
Loans from Associates and Joint Ventures	47,181	-
Net cash used in financing activities	(153,759)	(70,832)
Net increase in cash and cash equivalents	20,272	(26,208)
Cash and cash equivalents at beginning of period .	259,169	301,559
Foreign exchange gain on cash and cash equivalents	1,901	646
Cash and cash equivalents at end of period	281,342	275,997

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

Inversiones y Representaciones Sociedad Anónima

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

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

1. The Group's business and general information

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

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

As of September 30, 2012, the Group operates in six business segments. See Note 5 for a description of the Group's segments.

The Group's real estate business operations are conducted primarily through IRSA and IRSA's principal subsidiary, Alto Palermo S.A. ("APSA"). Through APSA, the Group primarily owns, manages and develops shopping centers across Argentina. The Group primarily owns, manages and develops a portfolio of office and other rental properties in Buenos Aires, the capital of Argentina. Through IRSA or APSA, the Group also develops residential properties for sale. The Group, through IRSA, is also involved in the operation of branded hotels. The Group uses the term "real estate" indistinctively in these consolidated financial statements to denote investment, development and/or trading properties activities.

The Group's segment "Financial operations and others" is carried out mainly through Banco Hipotecario S.A. ("BHSA"), where IRSA has a 30.51% interst. BHSA is a commercial bank offering a wide variety of banking activities and related financial services to individuals, small and medium-sized companies and large corporations, including the provision of mortgaged loans. BHSA's shares are listed on the Buenos Aires Stock Exchange ("BASE"). Besides that, APSA has a 11.54 % interest in Tarshop S.A ("Tarshop") which main activities are credit card and loan origination transactions.

In 2009, IRSA entered into the US real estate market, mainly through the acquisition of non-controlling interests in US assets, primarily office properties and hotel investments.

IRSA's shares are listed and traded on both the Buenos Aires Stock Exchange ("BASE") and the New York Stock Exchange ("NYSE"). APSA's shares are listed and traded on both the BASE and the National Association of Securities Dealers Automated Quotation ("NASDAQ").

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

These consolidated financial statements have been approved for issue by the Board of Directors on November 19, 2012.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS")

2.1 Basis of preparation and transition to IFRS

The National Securities Commission, ("CNV", as per its Spanish acronym), through General Resolutions No. 562/9 and 576/10, has provided for the application of Technical Resolutions No. 26 and 29 of the Argentine Federation of Professional Councils of Economic Sciences, which adopt the IFRS, issued by the International Accounting Standards Board (IASB), for companies subject to the public offering regime ruled by Law 17,811, due to the listing of their shares or corporate notes, and for entities that have applied for authorization to be listed under the mentioned regime.

The Group is required to adopt IFRS as from the fiscal year beginning July 1, 2012, being the current financial statements the first interim financial statements prepared under IFRS as published by the IASB. Consequently, the Group's transition date for the adoption of IFRS is July 1, 2011.

The Unaudited Condensed Interim Consolidated Financial Statements of the Group for the three-month periods ended September 30, 2012 and 2011 have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" and IFRS 1 "First-time Adoption of International Financial Reporting Standards". The Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with the accounting policies that the Group expects to adopt in its annual consolidated financial statements as of June 30, 2013. The accounting policies are based on IFRS issued by the IASB and the interpretations issued by the IFRS Interpretation Committee ("IFRIC") that the Group expects to become applicable on such date.

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

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

2. Preparation and adoption of international financial reporting standards ("IFRS") (Continued)

These Unaudited Condensed Interim Consolidated Financial Statements should be read together with the annual financial statements of the Group as of June 30, 2012 prepared in accordance with Argentine GAAP in force. Exhibit I present additional information as of June 30, 2012 and July 1, 2011 under IFRS which is considered necessary to understand these condensed interim consolidated financial statements. The figures corresponding to the unaudited statement of financial position, the statement of income, the statement of changes in shareholders' equity, and the statement of cash flows under IFRS for the fiscal year ended June 30, 2012, and the figures of the statement of financial position as of July 1, 2011 are detailed in Note 2.3 to these Unaudited Condensed Interim Consolidated Financial Statements. The Unaudited Condensed Interim Consolidated Financial Statements are presented in Argentine Pesos.

The format of the primary financial statements under Argentine GAAP is governed by Technical Resolutions 8 and 9 of the Argentine Federation of Professional Councils of Economic Science (as per its Spanish acronym "FACPCE") and Resolutions of the CNV. IAS 1 "Presentation of Financial Statements" requires certain disclosures to be made on the face of the primary statements and other required disclosures may be made in the notes or on the face of the financial statements, unless another standard specifies otherwise. The transition to IFRS has resulted in the Group changing the format of its statement of income, statement of financial position and statement of cash flows, as well as the disclosure of certain line items not prescribed by Argentine GAAP.

2.2 Initial elections upon adoption of IFRS

IFRS exemption options

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

Exemption for business combinations

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

Exemption for deemed cost

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

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

Exemption for accumulated exchange differences

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

Exemption for compound financial instruments

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

Exemption for borrowing costs

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

Exemption for assets and liabilities of subsidiaries

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

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

IFRS mandatory exceptions

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

Exemption for estimates

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

Exemption for non-controlling interests

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

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

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

2.3 Reconciliations of Argentine GAAP to IFRS

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

The first reconciliation provides an overview of the impact on equity of the transition at July 1, 2011, at September 30, 2011 and June 30, 2012 (Note 2.3.1). The following reconciliations provide details of the impact of the transition on:

- Shareholders' equity at July 1, 2011 (Note 2.3.2)
- Shareholders' equity at September 30, 2011 (Note 2.3.3)
- Shareholders' equity at June 30, 2012 (Note 2.3.4)
- Statement of income for the three-month periods ended September 30, 2011 (Note 2.3.5)
- Statement of income for the fiscal year ended June 30, 2012 (Note 2.3.6)
- Statement of comprehensive income for the three-month periods ended September 30, 2011 (Note 2.3.7)
- Statement of comprehensive income for the fiscal year ended June 30, 2012 (Note 2.3.8)
- Statement of cash flows for the three-month period ended September 30, 2011 and for the fiscal year ended June 30, 2012 (Note 2.3.9).

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.1. Summary of equity

		July 1, 2011	September 30, 2011	June 30, 2012
Total shareholders' equity under Argentine GAAP attributable to IRSA		2,313,687	2,337,597	2,335,279
Revenue recognition – "scheduled rent increases"	B	51,991	58,613	78,479
Revenue recognition – "letting fees"	C	(35,447)	(38,137)	(44,446)
Trading properties	D	(29,315)	(15,724)	(18,946)
Pre-operating and organization expenses	E	(22,002)	(20,252)	(22,083)
Goodwill	F,G	425,839	418,722	406,526
Long-term investments – financial assets	H	151,411	19,296	138,204
Initial direct costs on operating leases	I	698	839	946
Tenant deposits	J	114	163	329
Impairment of financial assets	K	(2,088)	(2,159)	(519)
Present value accounting – tax credits	L	11,231	7,973	5,917
Investment properties	M	-	(8,095)	-
Investments in associates	N	(56,224)	(83,396)	(152,163)
Investments in joint ventures	O	(16,716)	(16,203)	(11,219)
Acquisition of non-controlling interest	P	-	(14,575)	(15,178)
Amortization of transaction costs on borrowings	Q	110	180	123
Deferred income tax	S	(15,748)	(19,029)	(24,409)
Non- controlling interest on adjustments above	T	(26,537)	4,300	(27,499)
Subtotal shareholders' equity under IFRS attributable to IRSA		2,751,004	2,630,113	2,649,341
Non-controlling interest		331,609	295,343	390,428
Total shareholders' equity under IFRS		3,082,613	2,925,456	3,039,769

2.3.1. Summary of profit / (loss)

		September 30, 2011	June 30, 2012
Profit under Argentine GAAP attributable to IRSA		5,693	280,081
Revenue recognition – "scheduled rent increases"	B	6,622	26,488
Revenue recognition – "letting fees"	C	(2,691)	(8,999)
Trading properties	D	21,378	10,369
Pre-operating and organization expenses	E	1,772	(81)
Goodwill	F,G	(5,125)	(19,398)
Long-term investments – financial assets	H	(131,697)	(13,207)
	I	141	248

Initial direct costs on operating leases			
Tenant deposits	J	49	215
Impairment of financial assets	K	(71)	1,569
Present value accounting – tax credits	L	(3,294)	(5,314)
Investment properties	M	(8,095)	-
Investments in associates	N	(26,008)	(89,858)
Investments in joint ventures	O	(91)	5,497
Acquisition of non-controlling interest	P	-	1,245
Amortization of transaction costs on borrowings	Q	70	13
Foreign currency translation	R	3,532	32,518
Deferred income tax	S	(3,513)	(9,205)
Non- controlling interest on adjustments above	T	29,299	(8,290)
(Loss) / Profit under Argentine GAAP attributable to IRSA		(112,029)	203,891
Non-controlling interest		(35,833)	20,785
(Loss) / Profit under IFRS		(147,862)	224,676

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2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.1. Summary of other comprehensive income

		September 30, 2011	June 30, 2012
Other comprehensive income under Argentine GAAP attributable to IRSA		9,898	45,851
Goodwill	F,G	1,565	85
Investments in associates	N	(677)	(6,082)
Currency translation adjustment	R	(7,737)	(32,518)
Deferred income tax	S	180	544
Non- controlling interest on adjustment above	T	1,509	8,430
Other comprehensive income under IFRS attributable to IRSA		4,738	16,310
Other comprehensive income under IFRS		4,738	16,310

2.3.2. Reconciliation of shareholders' equity at July 1, 2011

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

Investments in financial assets	62,678	-	2,398	-	65,076
Cash and cash equivalents	309,659	(10,717)	2,617	-	301,559
Other investments	6,016	(1,001)	(5,015)	-	-
Total Current Assets	1,045,180	(242,891)	16,331	945	819,565
TOTAL ASSETS	6,303,605	(186,506)	-	514,813	6,631,912

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2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.2. Reconciliation of shareholders' equity at July 1, 2011 (Continued)

	Argentine GAAP balances I	Deconsolidation of joint ventures II	Reclassifications III	Measurement adjustments IV	IFRS balances V
SHAREHOLDERS' EQUITY					
Capital and reserves attributable to equity holders of the parent company					
Share capital	578,676	-	-	-	578,676
Inflation adjustment of share capital	274,387	-	-	-	274,387
Share premium	793,123	-	-	-	793,123
Legal reserve	57,031	-	-	-	57,031
Other reserves	391,262	-	-	-	391,262
Cumulative translation adjustment	34,124	-	-	(34,124)	-
Retained earnings	185,084	-	-	471,441	656,525
Equity attributable to equity holders of the parent company	2,313,687	-	-	437,317	2,751,004
Non-controlling interest	304,932	-	-	26,677	331,609
TOTAL SHAREHOLDERS' EQUITY	2,618,619	-	-	463,994	3,082,613
LIABILITIES					
Non-Current Liabilities					
Trade and other payables	132,565	(488)	-	17,278	149,355
Borrowings	1,756,919	(31,647)	-	-	1,725,272
Deferred income tax liabilities	476,864	(7,580)	-	15,748	485,032
Provisions	12,881	-	-	-	12,881
Total Non-Current Liabilities	2,379,229	(39,715)	-	33,026	2,372,540
Current Liabilities			-		
Trade and other payables	525,242	(128,959)	-	17,903	414,186
Income tax liabilities	57,791	-	-	-	57,791
Payroll and social security liabilities	35,792	(1,703)	-	-	34,089
Borrowings	683,813	(16,116)	-	(110)	667,587
Provisions	3,119	(13)	-	-	3,106
Total Current Liabilities	1,305,757	(146,791)	-	17,793	1,176,759
TOTAL LIABILITIES	3,684,986	(186,506)	-	50,819	3,549,299
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,303,605	(186,506)	-	514,813	6,631,912

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2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.3. Reconciliation of shareholders' equity at September 30, 2011 (Continued)

	Argentine GAAP balances I	Deconsolidation of joint ventures II	Reclassifications III	Measurement adjustments IV	IFRS balances V
ASSETS					
Non-Current Assets					
Investment properties, net	-	-	3,319,447	(7,257)	3,312,190
Property, plant and equipment, net	3,384,461	(81,575)	(3,066,536)	-	236,350
Trading properties	-	-	164,638	(7,164)	157,474
Intangible assets, net	70,862	(6,196)	2,230	(34,734)	32,162
Inventories	90,425	(76)	(90,349)	-	-
Investments in associates and joint ventures	1,223,954	228,932	134	(74,426)	1,378,594
Other investments	682,687	(64,701)	(617,986)	-	-
Deferred tax income assets	41,667	(8,467)	-	(11,445)	21,755
Trade and other receivables, net	145,936	(17,425)	-	38,642	167,153
Investments in financial assets	-	-	286,473	19,714	306,187
Negative Goodwill	(392,859)	-	-	392,859	-
Total Non-Current Assets	5,247,133	50,492	(1,949)	316,189	5,611,865
Current Assets					
Trading properties	-	-	27,831	(8,561)	19,270
Inventories	241,860	(196,071)	(38,410)	-	7,379
Trade and other receivables, net	519,076	(25,416)	12,528	25,906	532,094
Derivative financial instruments	22,051	-	-	-	22,051
Investments in financial assets	61,853	-	19,489	-	81,342
Cash and cash equivalents	289,084	(13,087)	-	-	275,997
Other investments	19,489	-	(19,489)	-	-
Total Current Assets	1,153,413	(234,574)	1,949	17,345	938,133
TOTAL ASSETS	6,400,546	(184,082)	-	333,534	6,549,998

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2. Basis of preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

2.3.3. Reconciliation of shareholders’ equity at September 30, 2011 (Continued)

	Argentine GAAP balances I	Deconsolidation of joint ventures II	Reclassifications III	Measurement adjustments IV	IFRS balances V
SHAREHOLDERS’ EQUITY					
Capital and reserves attributable to equity holders of the parent company					
Share capital	578,676	-	-	-	578,676
Inflation adjustment of share capital	274,387	-	-	-	274,387
Share premium	793,123	-	-	-	793,123
Acquisition of non-controlling interest	-	-	-	(15,311)	(15,311)
Legal reserve	57,031	-	-	-	57,031
Other reserves	391,262	-	-	-	391,262
Reserve for share based payments	1,711	-	-	-	1,711
Retained earnings	197,385	-	-	347,111	544,496
Cumulative translation adjustment	44,022	-	-	(39,284)	4,738
Equity attributable to equity holders of the parent company	2,337,597	-	-	292,516	2,630,113
Non-controlling interest	299,643	-	-	(4,300)	295,343
TOTAL SHAREHOLDERS’ EQUITY	2,637,240	-	-	286,216	2,925,456
LIABILITIES					
Non-Current Liabilities					
Trade and other payables	180,099	(1,308)	-	19,501	198,292
Derivative Financial instruments	1,222	-	-	-	1,222
Deferred Income tax	463,827	(10,839)	-	7,585	460,573
Borrowings	1,813,000	(32,379)	-	-	1,780,621
Provisions	12,961	(13)	-	-	12,948
Total Non-Current Liabilities	2,471,109	(44,539)	-	27,086	2,453,656
Current Liabilities					
Trade and other payables	505,441	(121,164)	-	18,569	402,846
Income tax liabilities	57,718	(90)	-	-	57,628
Borrowings	696,559	(17,407)	-	(181)	678,971
Payroll and social security liabilities	26,926	(882)	-	-	26,044
Provisions	5,554	-	-	-	5,554
Total Current Liabilities	1,292,198	(139,543)	-	18,388	1,171,043
TOTAL LIABILITIES	3,763,307	(184,082)	-	45,474	3,624,699
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	6,400,547	(184,082)	-	333,535	6,549,999

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2. Basis of Preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.4.Reconciliation of shareholders' equity at June 30, 2012 (Continued)

	Argentine GAAP balances I	Deconsolidation of joint ventures II	Reclassifications III	Measurement adjustments IV	IFRS balances V
ASSETS					
Non-Current Assets					
Investment properties, net	-	-	3,274,280	946	3,275,226
Property, plant and equipment, net	3,319,798	(88,717)	(3,003,048)	-	228,033
Trading properties	-	-	180,433	(13,324)	167,109
Intangible assets, net	71,157	(2,113)	2,475	(42,130)	29,389
Inventories	97,221	(107)	(97,114)	-	-
Investments in associates and joint ventures	1,342,337	239,177	-	(135,699)	1,445,815
Other investments	978,672	(64,700)	(913,972)	-	-
Deferred tax assets	30,104	(12,104)	-	16,255	34,255
Trade and other receivables, net	175,689	(28,987)	-	49,670	196,372
Investments	-	-	-		-
Investments in financial assets	-	-	517,456	138,204	655,660
Derivative financial instruments	-	-	18,434	-	18,434
Negative Goodwill	(377,463)	-	-	377,463	-
Total Non-Current Assets	5,637,515	42,449	(21,056)	391,385	6,050,293
Current Assets					
Trading properties	-	-	11,177	(1,463)	9,714
Inventories	140,018	(113,182)	(11,177)	-	15,659
Trade and other receivables, net	442,392	(22,707)	21,056	35,136	475,877
Investments in financial assets	76,546	(18,591)	20,954	-	78,909
Cash and cash equivalents	283,140	(23,971)	-	-	259,169
Other investments	20,954	-	(20,954)	-	-
Total Current Assets	963,050	(178,451)	21,056	33,673	839,328
TOTAL ASSETS	6,600,565	(136,002)	-	425,058	6,889,621

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2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.4. Reconciliation of shareholders' equity at June 30, 2012 (Continued)

	Argentine GAAP balances I	Deconsolidation of joint ventures II	Presentation reclassifications III	Measurement adjustments IV	IFRS balances V
SHAREHOLDERS' EQUITY					
Capital and reserves attributable to equity holders of the parent					
Share capital	578,676	-	-	-	578,676
Inflation adjustment of share capital	274,387	-	-	-	274,387
Share premium	793,123	-	-	-	793,123
Cumulative translation adjustment	79,975	-	-	(65,473)	14,502
Reserve for share-based compensation	2,595	-	-	-	2,595
Acquisition of non-controlling interest	-	-	-	(15,714)	(15,714)
Legal reserve	71,136	-	-	-	71,136
Other reserves	419,783	-	-	-	419,783
Retained earnings	115,604	-	-	395,249	510,853
Equity attributable to equity holders of the parent	2,335,279	-	-	314,062	2,649,341
Non-controlling interest	362,929	-	-	27,499	390,428
TOTAL SHAREHOLDERS' EQUITY	2,698,208	-	-	341,561	3,039,769
LIABILITIES					
Non-Current Liabilities					
Trade and other payables	149,923	(4,576)	-	21,309	166,656
Borrowings	2,065,826	(17,429)	-	-	2,048,397
Deferred income tax liabilities	388,318	(12,880)	-	35,794	411,232
Provisions	17,823	-	-	-	17,823
Total Non-Current Liabilities	2,621,890	(34,885)	-	57,103	2,644,108
Current Liabilities					
Trade and other payables	556,775	(82,366)	-	26,517	500,926
Income tax liabilities	104,873	(4)	-	-	104,869
Payroll and social security liabilities	40,686	(1,079)	-	-	39,607
Borrowings	575,687	(17,668)	-	(123)	557,896
Provisions	2,446	-	-	-	2,446
Total Current Liabilities	1,280,467	(101,117)	-	26,394	1,205,744
TOTAL LIABILITIES	3,902,357	(136,002)	-	83,497	3,849,852
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	6,600,565	(136,002)	-	425,058	6,889,621

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2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.5. Reconciliation of statement of income for the three-month period ended September 30, 2011

	Argentine GAAP balances I	Deconsolidation of joint ventures II	Reclassifications III	Measurement adjustments IV	IFRS balances V
Revenues	343,725	(28,122)	111,856	4,172	431,631
Costs	(134,676)	24,949	(111,856)	17,981	(203,602)
Gross Profit / (Loss)	209,049	(3,173)	-	22,153	228,029
General and administrative expenses	(39,672)	1,151	5,056	-	(33,465)
Selling expenses	(19,874)	3,212	-	70	(16,592)
Other operating income, net	(4,447)	24	-	436	(3,987)
Gain from recognition of assets at net realizable value	13,648	(2,927)	-	(10,721)	-
Profit from Operations	158,704	(1,713)	5,056	11,938	173,985
Share of profit / (loss) of associates and joint ventures	11,476	(971)	(2,807)	(24,974)	(17,276)
Profit from Operations Before Financing and Taxation	170,180	(2,684)	2,249	(13,036)	156,709
Finance income	(12,127)	(1,262)	2,807	26,668	16,086
Finance costs	(139,089)	2,761	(5,056)	(158,596)	(299,980)
Financial results, net	(151,216)	1,499	(2,249)	(131,928)	(283,894)
Amortization of goodwill, net	5,194	-	-	(5,194)	-
Profit / (Loss) from Operations Before Financing and Taxation	24,158	(1,185)	-	(150,158)	(127,185)
Income tax expense	(18,350)	1,185	-	(3,512)	(20,677)
Profit / (Loss) for the Period	5,808	-	-	(153,670)	(147,862)
Attributable to:					
Equity holders of the parent	12,341	-	-	(124,370)	(112,029)
Non-controlling interest	(6,533)	-	-	(29,300)	(35,833)

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2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

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

	Argentine GAAP balances I	Deconsolidation of joint ventures II	Reclassifications III	Measurement adjustments IV	IFRS balances V
Revenues	1,571,440	(136,535)	351,992	13,385	1,800,282
Costs	(575,447)	124,700	(444,148)	27,551	(867,344)
Gross Profit	995,993	(11,835)	(92,156)	40,936	932,938
Gain on the sale of investment properties	-	-	92,156	24,533	116,689
General and administrative expenses	(182, 369)	5,043	-	-	(177,326)
Selling expenses	(99,201)	12,859	-	1,569	(84,773)
Gain from recognition of assets at net realizable value	42,817	(5,914)	-	(36,903)	-
Other operating income, net	-	-	(27,496)	(3,251)	(30,747)
Profit from Operations	757,240	153	(27,496)	26,884	756,781
Share of profit / (loss) of associates and joint ventures	115,819	(8,697)	(13,711)	(81,751)	11,660
Profit from Operations Before Financing and Taxation	873,059	(8,544)	(41,207)	(54,867)	768,441
Amortization of goodwill, net	18,145	-		(18,145)	-
Finance income	64,287	(7,346)	13,711	26,287	96,939
Finance costs	(529,632)	13,135	-	(13,194)	(529,691)
Financial results, net	(465,345)	5,789	13,711	13,093	(432,752)
Other (expenses) / income, net	(29,376)	1,880	27,496	-	-
Profit Before Income Tax	396,483	(875)	-	(59,919)	335,689
Income tax expense	(102,682)	875	-	(9,206)	(111,013)
Profit for the year	293,801	-	-	(69,125)	224,676
Attributable to:					
Equity holders of the parent	280,082	-	-	(76,191)	203,891
Non-controlling interest	13,719	-	-	7,066	20,785

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2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.7. Reconciliation of comprehensive income for the three-month period ended September 30, 2011

	Argentine GAAP balances I	Deconsolidation of joint ventures II	Reclassifications III	Measurement adjustments IV	IFRS balances V
Profit / (Loss) for the Period	5,808	-	-	(153,670)	(147,862)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation adjustment	44,022	-	-	(39,284)	4,738
Other comprehensive income for the period	44,022	-	-	(39,284)	4,738
Total comprehensive income for the period	49,830	-	-	(192,954)	(143,124)
Attributable to:					
Equity holders of the parent	56,363	-	-	(163,654)	(107,291)
Non-controlling interest	(6,533)	-	-	(29,300)	(35,833)

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

	Argentine GAAP balances I	Deconsolidation of joint ventures II	Reclassifications III	Measurement adjustments IV	IFRS balances V
Gross Profit / (Loss)	293,801	-	-	(69,125)	224,676
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation adjustment	45,851	-	-	(31,349)	14,502
Other comprehensive income for the year	45,851	-	-	(31,349)	14,502
Total Other comprehensive income for the year	339,652	-	-	(100,474)	239,178
Attributable to:					
Equity holders of the parent	280,081	-	-	(76,190)	203,891
Non-controlling interest	59,571	-	-	(24,284)	35,287

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.9. Reconciliation of cash flows for the three-months periods ended September 30, 2011 and for the year ended June 30, 2012

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

(a) Operating activities

	September 30, 2011	June 30, 2012
Cash generated from operating activities under Argentine GAAP	200,663	878,600
Sales of property, plant and equipment	-	(132,941)
Deconsolidation of joint ventures	(795)	(40,093)
Foreign Exchange (Gain) / Loss in cash and cash equivalents	(646)	5,361
Cash generated from operating activities under IFRS	199,222	710,927

(b) Investing activities

	September 30, 2011	June 30, 2012
Cash used in investing activities under Argentine GAAP	(160,456)	(402,324)
Acquisition of non-controlling interest in subsidiaries	7,363	8,054
Sales of property, plant and equipment	-	132,941
Deconsolidation of joint ventures	(1,505)	6,126
Cash used in investing activities under IFRS	(154,598)	(255,203)

(c) Financing activities

	September 30, 2011	June 30, 2012
Cash used in financing activities under Argentine GAAP	(63,397)	(505,410)
Acquisition of non-controlling interest in subsidiaries	(7,363)	(8,054)
Deconsolidation of joint ventures	(72)	20,858
Cash used in financing activities under IFRS	(70,832)	(492,606)

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

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

	September 30, 2011	June 30, 2012
Net decrease in cash and cash equivalents under Argentine GAAP	(23,190)	(29,134)
Foreign exchange (gain) / loss on cash and cash equivalents	(646)	5,361
Deconsolidation of joint ventures	(2,372)	(13,109)
Net decrease in cash and cash equivalents under IFRS	(26,208)	(36,882)

2.3.10. Explanation of the transition to IFRS

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

Column I in the tables on previous pages represents Argentine GAAP balances prior to transition as published in the latest Group's Argentine GAAP financial statements as of and for the year ended June 20, 3012 compared to transition date (July 1, 2011), and in the Company's Argentine GAAP financial statements for the three-month period ended September 30, 2011. However, certain reclassifications and/or groupings have already been made in Column I to avoid lengthy explanations of certain format changes introduced in these first IFRS financial statements. The following changes have been made to the previous Argentine GAAP statement of financial position in Column I:

(1) The line items "Trade receivables" and "Other receivables" have been grouped into the new line item "Trade and other receivables".

(2) The line items "Trade payables", "Customer advances", "Taxes payable" and "Other liabilities" have been also grouped into the new line item "Trade and other payables", with the exception of income tax payable and deferred income tax which have been shown separately.

(3) Goodwill which was previously disclosed separately offsetting negative goodwill has been included as part of "Intangible assets".

(4) Cash equivalents previously disclosed as part of the line item current investments have been grouped together with cash and banks, in the line named "Cash and cash equivalents".

2. Basis of preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

(5) Derivative financial instruments which were previously included as part of the non-current line items “Other receivables”, “Other payables” and/ or “Investments” have been disclosed as separate assets or liabilities as appropriate.

(6) Investments in associates previously included as part of “Non-current investments” have been separately disclosed in the new line item “Investments in associates and joint ventures”.

(7) The portion of equity in a subsidiary not attributable directly or indirectly to a parent is known as “Minority interest” and is classified as a separate component between the liability and equity sections of the statement of financial position (mezzanine section). IFRS 10 “Consolidated financial statements” specifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as a separate component within equity in the consolidated financial statements. The Group has non-controlling interest in more than one subsidiary. Accordingly, the Group aggregated its various non-controlling interests on the consolidated statements, renamed them as “Non-controlling interest” and reclassified the aggregated amount from the mezzanine section to shareholders’ equity at transition date.

The following changes have been made to the statement of comprehensive income for the year ended June 30, 2012 and for the three-month period ended September 30, 2011:

(1) The format of the income statement has been restructured to simplify its reading. To that effect, all revenue streams of the Group which were previously disclosed separately (i.e. sales of development properties, leases and services revenue, and hotel revenue, together with its corresponding costs of sales, have been aggregated into two line items titled "Revenues" and "Costs" in Column I. Revenues and Costs are then cross-referenced to the respective notes in the financial statements where a detailed breakdown is provided per line of business.

(2) Pursuant to the Argentine accounting standards in force, the share of losses and profits from associates is shown after the financial income (expense) line, on the grounds that they arise from an investment type of activity. Likewise, under IFRS, the share of profits and losses from associates is generally shown after the financial income (expense) line. However, where associates and joint ventures are an integral vehicle to carry out the Group’s operations, it is more adequate to show the share of profits and losses of associates and joint ventures before financial income (expense). In accordance with its strategy, the Group conducts its operations through controlled companies or joint ventures. Therefore, under the IFRS, the Group shows the profits or losses from associates and joint ventures before the financial income(expense) line. For simplicity, the share of profits and losses associates is shown before financial income (expenses), in Column I.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(3) Non-controlling interests in the income of a consolidated subsidiary which was previously classified as a component of net earnings within the income statement has been presented as an allocation of net earnings in Column I. As part of the adoption to IFRS, the term "Minority interest" has also been replaced with the new term "non-controlling interest" in accordance with IAS 1.

(4) Under the Argentine accounting standards in force, financial income (expense) is broken down depending on whether it is generated by assets or liabilities. Under the IFRSs, the Group has adopted the criterion of showing financial income and financial expenses on different lines in the income statement. For simplicity, the Group has reclassified the figures as per Argentine GAAP shown under "Financial income (expense) generated by assets" and "Financial income (expense) generated by liabilities", into "Financial income" and "Financial expense" as established by the IFRS, as applicable, in Column I.

(5) According to IFRS, income and expense items not recognized in the statement of income (that is, exchange differences related to translation of foreign businesses) are shown in the comprehensive income statement as "Other comprehensive income". According to Argentine GAAP, the statement of comprehensive income is not mandatory and, therefore, such items are recognized as part of shareholders' equity, in a separate reserve account. For simplicity, these items are shown in "Other comprehensive income" in Column I.

2.3.10.1 Deconsolidation of joint ventures (Column II)

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

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

As a result, the Group deconsolidated the accounts of the joint ventures and presented them as a single line item on the face of the statement of financial position. Column II titled "Deconsolidation of joint ventures" reflects the elimination on a line-by-line basis of the Argentine GAAP pro-rata equity interest in the joint ventures and the of the Group's investments in the joint ventures as a single line item titled "Investments in associates and joint ventures" on the statement of financial position and as a single line item titled "Share of profit or loss of associates and joint ventures" on the statement of income. The impact of the IFRS adjustments on joint venture balances in further discussed in Note 2.3.10.2 below.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.3.10.2 Presentation reclassifications (Column III)

Presentation reclassifications affecting the statement of financial position

The column titled "IFRS Reclassifications" reflects the various differences in content and format between the statement of financial position under Argentine GAAP and IFRS. Unless otherwise stated, amounts have been reclassified for presentational purposes under IFRS prior to affecting the corresponding IFRS adjustments, as applicable, to the Argentine GAAP amounts. The impact of the IFRS adjustments on reclassified balances is included in Column IV titled "IFRS Measurement Adjustments" and is further discussed in Note 2.3.10 below. Unless otherwise stated, these presentation reclassifications affect both the statement of financial position as at transition date, i.e. July 1, 2011, September 30, 2011 and June 30, 2012

(a) Investment properties

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

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

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

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

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(b) Trading properties

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

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

(c) In-kind receivables from barter transactions

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

IFRS – In-kind receivables representing the Group's right to receive residential apartments to be constructed by a third-party developer are not financial assets under IFRS. These in-kind receivables are similar to trading property and they are classified accordingly in current or non-current assets, as appropriate.

(d) Non-current investments – financial assets

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

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

(e) Current investments – financial assets

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

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

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

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

(g) Software

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

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

Presentation reclassifications affecting the income statement for the three-month period ended September 30, 2011 and for the year ended June 30, 2012

(i) Revenue – service income and service charges

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

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

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

(ii) Gains and losses on disposal of investment

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

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(iii) Other income and expenses

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

IFRS –.Under IFRS, income and expense items are generally presented according to its nature and the Group's presentation policy. The items described above are generally presented as "Other operating income and expense" under IFRS.

(iv) Investment in financial assets

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

Reclassifications affecting the statement of cash flows for the three-month period ended September 30, 2011 and for the year ended June 30, 2012

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

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

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

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

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

2.3.10.3 Measurement adjustments (Column IV)

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

(A) Foreign currency translation

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(B) Revenue recognition – "scheduled rent increases"

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

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

(C) Revenue recognition – "letting fees"

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

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

(D) Trading properties

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

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

(E) Pre-operating and organization expenses

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

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

(F) Goodwill

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

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

2. Basis of preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

(G) Negative Goodwill

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

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

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(H) Non-current investments – financial assets

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

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

(I) Initial direct costs on operating leases

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

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

(J) Tenant deposits

Argentine GAAP - The Group obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period of generally 3 years. The deposits generally range from one to three months of lease rentals. These deposits are treated as liabilities under Argentine GAAP and measured at the amount received by the tenants.

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

2. Basis of preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

(K) Impairment of financial assets

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

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

(L) Present value accounting – tax credits

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

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

(M) Investment properties

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

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

2. Basis of preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

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

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

As at June 30, 2012, the associates of the Company are Banco Hipotecario S.A., Banco de Crédito & Securitización S.A., Manibil S.A., New Lipstick LLC, Lipstick Management LLC, Rigby 183 LLC, Tarshop S.A. and Bitania 26 S.A.

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

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

Banking business:

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

- Under Argentine GAAP, revenues from life and disability insurance and loan origination fees are recognized on an up-front basis. Under IFRS, these revenues are recognized on a straight line basis over the term of the respective underlying receivables.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

- Under Argentine GAAP, the provision for doubtful accounts for loan losses are recognized based on specific criteria as set forth by the Central Bank for financial and banking institutions. Under IFRS, the associate applied the impairment provisions in IFRS 9.

- Under Argentine GAAP, receivables transferred to trusts in securitization programs are treated as sales and a gain or loss is recognized on the sale. Usually the transferor retains an interest in the trust and maintains a cash reserve which serves as collateral for payments of amounts due under the debt securities issued by the trust. Under IFRS, following the provisions of IFRS 9, the associate is not able to derecognize financial assets with these characteristics. As a result, the associate continues recognizing the receivables and a liability for the consideration received upon transfer. The receivables recognized are then tested for impairment following the IFRS 9 criteria.

- Under Argentine GAAP, the calculation of the insurance technical reserves is recognized following the regulations issued by the National Insurance Superintendence. Under IFRS, following the guidance of IFRS 4 "insurance contracts", the associate measured the insurance technical reserve in accordance with the "best estimation" approach.

Investment properties

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

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

- Under Argentine GAAP, lease expense where the entity is the lessee under an operating ground lease agreement subject to escalation clauses is recognized when the escalated payments are due. Therefore, lease expense not recognized on a straight-line basis.

- Under IFRS, lease payments for operating leases with scheduled rent increases are recognized on a straight-line basis over the term of the leases.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(O) Impact of IFRS adjustment on joint ventures

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

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

As at June 30, 2012, the joint ventures of the Group are Cyrsa S.A., Canteras Natal Crespo S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A. and Nuevo Puerto Santa Fe S.A.

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

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

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

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

(P) Acquisition of non-controlling interest

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

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

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

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

(Q) Amortization of borrowing costs

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

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

(R) Foreign currency translation

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

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

(S) Deferred income taxes

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

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

(T) Non-controlling interest

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

2.4. Significant Accounting Policies

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

2.5. Use of estimates

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

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

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

2.6 Seasonal effects on operations

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

3. Acquisitions and disposals

Transactions with non-controlling interest

APSA

As of August, 2012, the Group, through E-Commerce Latina S.A., acquired an additional equity interest of 0.038% in APSA for a total consideration of US$ 0.124 million. The book value of the non-controlling interest in APSA as of the date of the acquisition was Ps. 36 million (which represents an interest of 4.43%). As a result of this transaction, the non-controlling interest was reduced by Ps. 1 million and the interest attributable to the shareholders' of the controlling parents was reduced by Ps. 1 million. The effect on shareholders' equity of this change in the equity interest in APSA is summarized as follows:

	Ps.
Carrying value of the equity interests acquired by the Group	924
Price paid for the non-controlling interest	(590)
Reserve created due to the acquisition recognized in the parent's equity	334

Disposal of financial assets at fair value through profit or loss

In September 2012 the Group sold 2,000,000 ordinary shares of Hersha for a total amount of US$ 9.7 million. Accordingly, the Group's interest in Hersha decreased from 9.13% to 8.12% at September 30, 2012.

3. Acquisitions and disposals (Continued)

Significant sales of investment properties

On August 31, 2012, the Group sold through IRSA several functional units of the building "Libertador 498" in the city of Buenos Aires. The total price of the transaction amounted to Ps. 15 million and was paid on the execution of the title conveyance deeds. As a result of the transaction, the company posted income of Ps. 12.7 million.

On September 14, 2012, the Group sold through IRSA certain functional units on floors 18 and 19, as well as parking areas, of the building Bouchard 551. The total price of the transaction was US$ 8.5 million paid upon execution of the conveyance deed. As a result of the transaction the company posted income of Ps. 18.4 million.

4. Financial risk management

4.1. Financial risk

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

The Exhibit I to the Unaudited Condensed Interim Consolidated Financial Statements provides information on financial risk management as of June 30, 2012 and July 1, 2011. Since June 30 of 2012 there have been no changes in the risk management or risk management policies applied by the Group.

4.2. Fair value estimates

Since June 30, 2012 there have been no reclassifications of financial assets.

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

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5. Segment information

Below is a summarized analysis of the lines of business of the Group for the period ended September 30, 2012:

	September 30, 2012						
	Shopping Center Properties	Offices	Sales and developments	Hotels	International	Financial operation and others	Total
Revenues	358,842	70,328	52,503	53,793	-	693	536,159
Costs	(172,773)	(28,691)	(39,113)	(40,529)	-	(258)	(281,364)
Gross Profit	186,069	41,637	13,390	13,264	-	435	254,795
Gain from disposal of investment property	-	-	31,069	-	-	-	31,069
General and administrative expenses	(14,664)	(6,958)	(6,981)	(12,348)	(3,241)	-	(44,192)
Selling expenses	(11,809)	(2,807)	(5,044)	(6,990)		(546)	(27,196)
Other operating expense, net	(2,815)	(2,500)	(2,230)	250	(2,084)	193	(9,186)
Profit / (Loss) from Operations	156,781	29,372	30,204	(5,824)	(5,325)	82	205,290
Share of profit / (loss) of associates and joint ventures	78	-	564	43	(18,335)	30,626	12,976
Segment Profit / (Loss)	156,859	29,372	30,768	(5,781)	(23,660)	30,708	218,266
Investment properties, net	2,021,496	905,081	474,655	-	-	-	3,401,232
Property, plant and equipment, net	14,613	29,617	3,761	178,629	199	-	226,819
Trading properties	-	-	185,588	-	66,591	-	252,179
Goodwill	343	5,481	-	-	-	-	5,824
Inventories	11,312	-	484	5,932	-	-	17,728
Investments in associates and joint ventures	-	-	25,958	21,299	104,192	1,056,204	1,207,653
Operating assets	2,047,764	940,179	690,446	205,860	170,982	1,056,204	5,111,435

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5. Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the period ended September 30, 2011:

	September 30, 2011						
	Shopping Center Properties	Offices	Sales and developments	Hotels	International	Financial operation and others	Total
Revenues	304,557	58,169	55,433	39,556	-	2,065	459,780
Costs	(145,527)	(22,937)	(34,325)	(25,316)	-	(749)	(228,854)
Gross Profit	159,030	35,232	21,108	14,240	-	1,316	230,926
General and administrative expenses	(13,070)	(4,992)	(5,268)	(9,042)	(1,820)	-	(34,192)
Selling expenses	(5,526)	(3,009)	(5,127)	(5,382)	-	(632)	(19,676)
Other operating income (expense), net	1,155	(2,655)	488	(52)	42	(153)	(1,175)
Profit / (Loss) from Operations	141,589	24,576	11,201	(236)	(1,778)	531	175,883
Share of profit / (loss) of associates and joint Ventures	(85)	-	600	-	(20,459)	3,259	(16,685)
Segment Profit / (Loss	141,504	24,576	11,801	(236)	(22,237)	3,790	159,198

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5. Segment information (Continued)

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

		September 30, 2012	
	As per Total Segment Information	Adjustment for share of profit (loss) of joint ventures	As per Statements of Income
Revenue	536,159	(49,848)	486,311
Costs	(281,364)	38,222	(243,142)
Gross Profit / (Loss)	254,795	(11,626)	243,169
Gain from disposal of investment properties	31,069	-	31,069
General and administrative expenses	(44,192)	659	(43,533)
Selling expenses	(27,196)	3,559	(23,637)
Other operating income/(expense), net	(9,186)	60	(9,126)
Profit / (Loss) from Operations Before Share of Profit / (Loss) of Associates and Joint Ventures	205,290	(7,348)	197,942
Share of profit of associates and joint ventures	12,976	3,720	16,696
Profit / (Loss) from Operations Before Financing and Taxation	218,266	(3,628)	214,638

		September 30, 2011	
	As per Total Segment Information	Adjustment for share of profit/ (loss) of joint ventures	As per Statements of Income
Revenue	459,780	(28,149)	431,631
Costs	(228,854)	25,252	(203,602)
Gross Profit / (Loss)	230,926	(2,897)	228,029
General and administrative expenses	(34,192)	727	(33,465)
Selling expenses	(19,676)	3,084	(16,592)
Other operating income/ (expense), net	(1,175)	(2,812)	(3,987)
Profit / (Loss) from Operations Before Share of Profit / (Loss) of Associates and Joint Ventures	175,883	(1,898)	173,985
	(16,685)	(591)	(17,276)

Share of profit / (loss) of associates and joint ventures			
Profit / (Loss) from Operations Before Financing and Taxation	159,198	(2,489)	156,709

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5. Segment information (Continued)

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

	September 30, 2012
Total reportable assets as per Segment Information	5,111,435
Investment properties	(154,570)
Property, plant and equipment	(132)
Trading propertyies	(74,984)
Interests in associates and joint venture	229,664
Total assets as per the Statements of Financial Position	5,111,413

6. Information about main subsidiaries

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

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

Summarized statements of financial position

	APSA			Panamerican Mall S.A.		
	September 30, 2012	June 30, 2012	July 1, 2011	September 30, 2012	June 30, 2012	July 1, 2011
Assets						
Non-current assets	2,639,976	2,186,603	2,103,243	638,144	635,283	650,155
Current assets	654,816	548,949	522,250	146,486	118,044	64,423
Total assets	3,294,792	2,735,552	2,625,493	784,630	753,327	714,578
Liabilities						
Non-current liabilities	1,295,327	1,208,701	1,155,633	29,083	22,855	24,682
Current liabilities	529,451	558,024	538,929	52,732	41,075	31,438
Total liabilities	1,824,778	1,766,725	1,694,562	81,815	63,930	56,120
Net assets	1,470,014	968,827	930,931	702,815	689,397	658,458

Summarized statements of income and statements of comprehensive income

	APSA		Panamerican Mall S.A.	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Revenue	363,217	328,678	44,757	38,505
Profit before income tax	125,638	136,661	20,416	14,333

Income tax expense	(58,286)	(46,397)	(7,813)	(5,293)
Total comprehensive income	62,817	87,384	12,603	9,040
Profit attributable to non-controlling interest	5,071	2,702	2,521	1,808
Dividends paid to non-controlling interest	-	-	-	-

6. Information about principal subsidiaries (Continued)

Summarized cash flows

	APSA		Panamerican Mall S.A.	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Net cash generated from operating activities	222,315	174,552	38,539	25,796
Net cash used in investing activities	(177,899)	(31,271)	(48,080)	(1,805)
Net cash used in financing activities	(47,991)	(74,708)	(137)	(2,751)
Net (decrease) / increase in cash and cash equivalents	(3,575)	68,573	(9,678)	21,240
Foreign exchange gain /(loss) on cash and cash equivalents	(1,480)	(1,163)	718	(34)
Cash and cash equivalents at beginning of year	102,698	145,552	29,885	486
Cash and cash equivalents at end of year	97,643	212,962	20,925	21,692

(i) Includes consolidated financial information of APSA.

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

7. Interests in joint ventures

As of September 30, 2012 and June 30, 2012, the joint ventures of the Group are Canteras Natal Crespo S.A., Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A. and Nuevo Puerto Santa Fe (NPSF). The shares in these joint ventures are not publicly traded.

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

	September 30, 2012	June 30, 2012
Beginning of the period / year	228,970	193,666
Acquisition of joint ventures	-	62,486
Capital contribution	7,570	15,850
Disposal of joint ventures	-	(19,448)
Share of Profit / (Loss)	4,331	(23,584)
End of the period / year	240,871	228,970

8. Interests in associates

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

Changes in the Group's investments in associates for the three-month period ended September 30, 2012 and for the year ended June 30, 2012 were as follows:

	September 30, 2012	June 30, 2012
Beginning of the period / year	1,216,845	1,179,549
Acquisition of associates	-	6,166
Share of Profit	12,365	35,244
Exchange differences	1,048	(4,114)
Dividend payments	(33,813)	-
End of the period / year	1,196,445	1,216,845

Distribution of dividends of BHSA

On September 27, 2012 and after obtaining the Argentine Central Bank's approval for the distribution of cash dividends as resolved by the General Regular Shareholders' Meeting held on April 13, 2011, the Board of Directors of BHSA decided to make available to shareholders dividends in the amount of Ps. 100 as from October 10, 2012 for the year ended December 31, 2010. As of September 30, 2012, the Group shows dividends receivable in the amount Ps. 30.5 pursuant to its shareholdings, which amount was collected in October 2012.

9. Investment properties

Changes in the Group's investment properties for the three-month period ended September 30, 2012 and for the year ended June 30, 2012 were as follows:

	September 30, 2012	June 30, 2012
Beginning of the period / year	3,275,226	3,340,081
Additions	36,767	108,863
Disposals	(22,230)	(38,889)
Depreciation charge (i)	(43,101)	(134,829)
End of the period / year	3,246,662	3,275,226

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

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

	September 30, 2012	September 30, 2011
Rental and service income	424,198	360,247
Direct operating expenses	(199,100)	(167,870)

10. Property, plant and equipment, net

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

	September 30, 2012	June 30, 2012
Beginning of the period / year	228,033	235,245
Additions	5,832	16,170
Disposals	(643)	-
Depreciation charge (i) (Note 26)	(6,535)	(23,382)
End of the period / year	226,687	228,033

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

11. Trading properties

Changes in the Group's trading property for the three-month period ended September 30, 2012 and for the year ended June 30, 2012 were as follows:

	September 30, 2012	June 30, 2012
Beginning of the period / year	176,823	181,991
Additions	2,230	15,399
Sales	(1,858)	(20,567)
End of the period / year	177,195	176,823

12. Intangible assets, net

Changes in the Group's intangible assets for the three-month period ended September 30, 2012 and for the year ended June 30, 2012 were as follows:

	September 30, 2012	June 30, 2012
Beginning of the period / year	29,389	31,900
Additions	254	711
Disposals	-	(2,960)
Amortization change (i)	(812)	(262)
End of the period / year	28,831	29,389

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

13. Inventories

Group's inventories as of September 30, 2012, June 30, 2012 and July 1, 2011 were as follows:

	September 30, 2012	June 30, 2012	July 1, 2011
Current			
Hotel supplies	5,933	4,792	3,575
Materials and good for resale	11,795	10,867	3,245
Current inventories	17,728	15,659	6,820
Total inventories	17,728	15,659	6,820

14. Trade and other receivables, net

Group's trade and other receivables, as of September 30, 2012, June 30, 2012 and July 1, 2011 were as follows:

	September 30, 2012	June 30, 2012	July 1, 2011
Non-current			
Trade, leases and services receivable	47,435	52,339	29,403
Mortgage receivable (i)	2,208	2,208	2,208
Less: provision for impairment of trade receivables	(2,208)	(2,208)	(2,208)
Non-current trade receivables, net	47,435	52,339	29,403
VAT receivables	38,665	33,942	48,214
Minimum Presumed Income Tax ("MPIT")	110,753	103,263	78,387
Other tax receivables	192	1,346	1,103
Advance payments	2,474	2,980	3,114
Advance payments for the acquisition of interest in associates	23,485	-	-
Others	1,968	1,592	3,958
Non-current other receivables, net	177,537	143,123	134,776
Related parties (Note 31)	933	910	830
Non-current trade and other receivables, net	225,905	196,372	165,009

14. Trade and other receivables, net (Continued)

	September 30, 2012	June 30, 2012	July 1, 2011
Current			
Consumer financing receivables	15,459	15,992	75,117
Leases and services receivables	178,825	180,113	146,277
Receivables from hotel operations	14,355	14,106	9,954
Checks to be deposited	122,585	126,809	94,890
Notes receivables	6,394	8,317	5,987
Trade and lease debtors under legal proceedings	48,349	46,208	48,954
Less: provision for impairment of trade receivables	(68,370)	(65,899)	(117,552)
Current trade receivables, net	317,597	325,646	263,627
Income tax credit	1,905	-	-
VAT receivables	13,826	20,196	27,607
Gross sales tax credit	3,890	-	-
Income tax prepayments	-	4,154	2,370
MPIT	59	732	226
Other tax receivables	2,626	1,537	4,314
Loans granted	3,978	11,155	-
Prepaid expenses	42,267	47,284	40,687
Expenses and services to recover	3,851	-	-
Advance from vendors	45,902	21,056	14,595
Dividends received	4,728	-	-
Others	10,107	6,881	19,437
Current other receivables, net	133,139	112,995	109,236
Related parties (Note 31)	84,550	37,226	47,132
Current trade and other receivables, net	535,286	475,867	419,995
Total trade and other receivables, net	761,191	672,249	584,789

(i) It pertains to a mortgage-backed loan granted to a third party. During the year 2011, this debtor went bankrupt. Following the opinion of its legal advisors, the Group recorded aprovision for impairment of receivables for the full balance.

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14. Trade and other receivables, net (Continued)

Movements on the Group's provision for impairment of trade receivables are as follows:

	September 30, 2012	June 30, 2012
Beginning of the period / year	68,107	119,760
Additions	5,849	15,554
Unused amounts reversed	(3,280)	(8,590)
Used during the period / year	(98)	(58,617)
End of the period / year	70,578	68,107

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

15. Investments in financial assets

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

	September 30, 2012	June 30, 2012	July 1, 2011
Non-current			
Investment in equity securities in TGLT S.A. (i)	68,296	65,131	68,656
Investment in equity securities in Hersha (ii)	370,676	432,770	355,942
Preferred shares of Supertel (iii)	135,748	117,488	-
Don Mario S.G.R.	10,345	10,000	-
Government bonds related parties and others	27,069	30,271	8,078
Non-current portion	612,134	655,660	432,676
Current			
Mutual funds (Note 31)	184,586	57,955	60,061
Mortgage bonds	509	496	477
Government bonds related parties and others	12,026	-	-
Government bonds	-	9	12
Other securities in public companies	688	20,449	4,526
Current portion	197,809	78,909	65,076
Total Investments in finacial assets	809,943	734,569	497,883

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15. Financial assets at fair value through profit or loss (Continued)

(i) On November 4, 2010, the Group, through APSA, acquired 5,214,662 shares of common stock of TGLT S.A. ("TGLT") following TGLT initial public offering in the Buenos Aires Stock Exchange for Ps. 47.1 million in cash. TGLT is a residential housing developer with operations in Argentina and Uruguay. Following the initial acquisition, at certain dates in December 2010, January 2011, April 2011, and August 2011, the Group acquired 42,810, 98,000, 876,474 and 262,927 additional TGLT shares for an aggregate of Ps. 56 million. As of June 30, 2012 and 2011, the Group's interest in TGLT amounted to 9.25% and 8.87%, respectively.
(ii) As of June 30, 2012 and July 1, 2011, the balances consists of the Group's interest in Hersha of 9.13% and 9.18%, respectively; a Real Estate Investment Trust (REIT) listed in the NYSE, with interests in hotels throughout the United States of America. As of the date of these financial statements, the Group has transferred to Citibank N.A. 2,000,000 shares to back a loan of US$ 5 million.
(iii) The balance represents the fair value of Supertel's Preferred Shares purchased in February 2012 (for more information, see Note 2 to Exhibit I).

16. Derivative financial instruments

Group's derivative financial instruments for the three-month period ended September 30, 2012, June 30, 2012 and July 1, 2011 were as follows:

	September 30, 2012	June 30, 2012	July 1, 2011
Assets			
Non-current			
Hersha call option (i)	-	-	60,442
Warrants de Supertel (ii)	21,421	18,434	-
Non-current portion	21,421	18,434	60,442
Total assets	21,421	18,434	60,442
Liabilities			
Current			
Foreign-currency futures	1,572	-	-
Current portion	1,572	-	-
Total liabilities	1,572	-	-

(i) As of July 1, 2011, the balance represents the fair value of the call option on 5.7 million worth of Hersha's shares, at its original exercise price of August 4, 2014 (US$3 per share). Under the agreement, starting on August 4, 2011, if the quoted market price of Hersha's share exceeded US$ 5.00 per share during 20 consecutive trading sessions, Hersha could settle the call option by issuing and delivering a variable amount of shares to be determined in accordance with certain market values. In February 2012, Hersha exercised the option by issuing 2.5 million common shares (which represents a 1.7% equity interest).

(ii) The balance represents the fair value of Supertel's warrants purchased in February 2012 (for more information, see Note 2 to Exhibit I).

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17. Cash flow information

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

	September 30, 2012	June 30, 2012	July 1, 2011
Cash at bank and on hand	273,635	234,519	161,193
Mutual funds.	7,707	24,650	140,366
Total cash and cash equivalents	281,342	259,169	301,559

Following is a detailed description of cash flows generated by the Group's operations for the three-month periods ended September 30, 2012 and 2011.

	September 30, 2012	September 30, 2011
Profit / (loss) for the period	50,810	(112,029)
Adjustments for:		
Income tax expense	35,625	20,677
Retirement of obsolete properties	643	-
Depreciation and amortization	50,447	43,098
Loss / (gain) from disposal of investment properties	(31,069)	-
Dividends received	(9,917)	(2,807)
Share-based payments	1,729	1,711
Gain from derivative financial instruments	6,637	180,308
Interest expense, net	72,346	61,686
Provisions and allowances	25,389	12,523
Share of (profit) / loss of associates and joint ventures	(16,696)	17,276
Unrealized foreign exchange (gain) / loss, net	60,754	33,832
Changes in operating assets and liabilities:		
Increase in inventories	(2,069)	(559)
Decrease in trading properties	56	5,247
(Increase) / decrease in trade and other receivables, net	(50,101)	3,603
Increase in derivative financial instruments	-	1,150
Increase / (decrease) in trade and other payables	83,499	(49,518)
Decrease in payroll and social security liabilities	(5,227)	(8,045)
Decrease in provisions for other liabilities	(817)	-
Net cash generated from operating activities before income tax paid	272,039	208,153

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18. Trade and other payables

Group's trade and other payables as of September 30, 2012, June 30, 2012 and July 1, 2011 were as follows:

	September 30, 2012	June 30, 2012	July 1, 2011
Non-current			
Trade payables	-	4	47
Rent payments received in advance	141,493	129,417	112,229
Non-current trade payables, net	141,493	129,421	112,276
Tax amnesty plan for income tax	18,189	15,426	17,386
Other tax payables	6,761	3,460	2,759
Deferred income	8,837	8,903	10,143
Tenant deposits	6,295	9,056	3,876
Others	3,830	370	2,481
Non-current other payables	43,912	37,215	36,645
Related parties (Note 31)	9,120	20	434
Non-current trade and other payables	194,525	166,656	149,355
Current			
Trade payables	71,664	54,267	40,923
Provisions	71,460	65,008	57,989
Rent payments received in advance	238,277	197,129	167,179
Current trade payables, net	381,401	316,404	266,091
Post-date checks granted	8,839	-	-
Tenant deposits	3,093	2,957	3,978
VAT payables	22,306	24,980	21,615
MPIT	1,908	8,683	11,435
Deferred revenue	645	266	1,075
Other tax liabilities	21,713	21,707	26,677
Dividends payable	-	34,724	-
Others	10,103	7,330	22,071
Current other payables, net	68,607	100,647	86,851
Related parties (Note 31)	87,807	83,875	61,244
Current trade and other payables	537,815	500,926	414,186
Total trade and other payables	732,340	667,582	563,541

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19. Payroll and social security liabilities

Group's Payroll and social security liabilities as of September 30, 2012, June 30, 2012 and July 1, 2011 were as follows:

	September 30, 2012	June 30, 2012	July 1, 2011
Current			
Provision for vacation and bonuses	18,811	30,323	25,681
Social security payable	14,892	6,584	7,545
Others	2,062	2,700	863
Current payroll and social security liabilities	35,765	39,607	34,089
Total payroll and social security liabilities	35,765	39,607	34,089

20. Provisions

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

	Labor, legal and other claims	Tax and social security	Others	Total
At July 1, 2011	14,925	670	392	15,987
Additions	11,705	1,697	90	13,492
Recovery	(5,674)	(797)	(126)	(6,597)
Used during the year	(2,628)	-	15	(2,613)
At June 30, 2012	18,328	1,570	371	20,269
Additions	5,730	163	7	5,900
Recovery	(1,257)	(205)	-	(1,462)
Used during the period	(804)	-	(13)	(817)
At September 30, 2012	21,997	1,528	365	23,890

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20. Provisions (Continued)

The analysis of total provisions is as follows:

	September 30, 2012	June 30, 2012	July 1, 2011
Non-current	18,312	17,823	12,881
Current	5,578	2,446	3,106
	23,890	20,269	15,987

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21. Borrowings

The breakdown of the Group borrowings as of September 30, 2012, June 30, 2012 and July 1, 2011 was as follows:

						Book value	
	Secured / unsecured	Currency	Fixed / Floating	Effective interest rate %	September 30, 2012	June 30, 2012	July 1, 2011
Non-current							
APSA CN due 2014	Unsecured	US$	Fixed	10.00 %	38	39	4,640
IRSA NCN due 2017	Unsecured	US$	Fixed	8.50 %	684,888	675,843	612,419
APSA NCN Series I due 2017	Unsecured	US$	Fixed	7.87 %	500,101	480,964	432.,591
IRSA NCN due 2020	Unsecured	US$	Fixed	11.50 %	686,408	661,078	598,116
IRSA NCN due 2013	Unsecured	Ps.	Floating	Badlar + 2.49 %	-	51,032	-
IRSA NCN due 2014	Unsecured	US$	Fixed	7.45 %	79,392	114,665	-
Seller financing of Soleil Factory goodwill	(i)				40,857	38,689	35,125
Seller financing of Arcos del Gourmet S.A.	(ii)				1,401	1,530	-
Seller financing of Zetol S.A.	(iv)				24,967	24,077	14,796
Long term loans and others					-	-	27,585
Finance lease obligations					342	480	-
Non-current borrowings					2,018,394	2,048,397	1,725,272

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21. Borrowings (Continued)

	Secured / unsecured	Currency	Fixed / floating	Effective interest rate %		Book value September 30, 2012	June 30, 2012	July 1, 2012
Current								
APSA NCN Series II due 2012	Unsecured	Ps.	Fixed	11	%	-	-	28,889
IRSA NCN due 2017	Unsecured	US$	Fixed	8.5	%	9,107	23,175	20,960
APSA NCN Series I due 2017	Unsecured	US$	Fixed	7.875	%	14,515	4,555	4,490
IRSA NCN due 2020	Unsecured	US$	Fixed	11.5	%	15.050	34,003	30,800
IRSA NCN due 2013	Unsecured	Ps.	Floating	Badlar + 2.49	%	155,443	102,889	-
IRSA NCN due 2014	Unsecured	US$	Fixed	7.45	%	79,751	38,278	-
Bank overdrafts						196,254	195,270	420,032
Short term loans						89,704	126,653	139,585
Seller financing of Soleil Factory goodwill	(i)					746	2,854	4,714
Seller financing of Arcos del Gourmet S.A.	(ii)					10,934	10,235	-
Seller financing of Zetol S.A.	(iv)					12,257	11,623	18,117
Seller financing of Nuevo Puerto Santa Fe S.A.	(iii)					3,190	7,417	-
Finance lease obligations						801	944	-
Related party						49,040		-
Current borrowings						636,792	557,896	667,587
Total borrowings						2,655,186	2,606,293	2,392,859

NCN: Non-convertible Notes.
CN: Convertible Notes.

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

(ii) Seller financing - Arcos del Gourmet S.A. (intangible assets) = Unsecured financing amounting to US$ 1 million plus a variable amount up to a maximum of US$ 3.5 million.

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

(iv) Seller financing of Zetol S.A. (investment properties) = Mortgage financing of US$ 7 million with a fixed 3.5% interest rate. The balance is payable, by choice of the seller, in money with the delivery of units in buildings to be built representative of 12% of the total marketable square meters built.

22. Current and deferred income tax

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

	September 30, 2012	September 30, 2011
Current income tax	65,708	145,831
Deferred income tax	(30,083)	(125,164)
Income tax expense	35,625	20,677

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

	September 30, 2012	June 30, 2012
Beginning of the period / year	(376,977)	(467,129)
Income tax expense	30,083	90,152
End of the period / year	(346,894)	(376,977)

The Group did not recognize deferred income tax assets of Ps. 49 million and Ps. 48.9 million as of September 30, 2012 and June 30, 2012, respectively. Although management believes that it will become profitable in the foreseeable future, as a result of the history of recent losses incurred during the development phase of the different Group's business operations and the lack of verifiable and objective evidence due to the limited operating history of the Group itself, the Board of Directors has determined that there is sufficient uncertainty as to the generation of sufficient income to utilize the losses within a reasonable timeframe, therefore, no deferred tax asset is recognized in relation to these losses.

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22. Current and deferred income tax (Continued)

Below is a reconciliation between income tax recognized and that which would result applying the prevailing tax rate on Profit Before Income Tax for the three-month period ended September 30, 2012 and 2011:

	September 30, 2012	September 30, 2011
Tax calculated at the tax rates applicable to profits in the respective countries	(30,252)	44,514
Permanent differences:		
Share of profit / (loss) in associates and join venture	5,843	(6,046)
Difference in deferred income tax at the beginning of the year	(14,540)	-
Others	3,324	(17,791)
Income tax expense	(35,625)	20,677

23. Dividends

The dividends paid in the period ended September 30, 2012 were Ps. 48.9 million.

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

24. Revenue

	September 30, 2012	September 30, 2011
Base rent	180,997	146,846
Contingent rent	55,668	52,667
Admission rights	24,232	19,934
Averaging scheduled rent escalation	4,671	3,892
Parking fees	15,090	10,901
Letting fees	4,195	9,714
Service charges	130,243	111,957
Property management fee	8,255	3,759
Others	848	577
Total rental and service income	424,199	360,247
Sale of trading properties	7,625	29,763
Revenue from hotel operations	53,793	39,556
Others	694	2,065
Total other revenue	62,112	71,384
Total group revenue	486,311	431,631

25. Costs

	September 30, 2012	September 30, 2011
Cost of rental and services	(199,100)	(167,870)
Cost of sale and development	(3,255)	(9,635)
Cost from hotel operations	(40,529)	(25,316)
Other costs	(258)	(781)
Total Group costs	(243,142)	(203,602)

26. Expenses by nature

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

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

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26. Expenses by nature (Continued)

For the year ended September 30, 2012:

	Group Costs						
	Cost of rental and services	Cost of consumer financing	Cost of sale and development	Cost from hotel operations	General and administrative expenses	Selling expenses	Total
Lease, expenses and vacant property cost	8,020	-	498	136	-	230	8,884
Depreciation and amortization	45,503	-	-	3,304	1,678	62	50,547
Provision for impairment of receivables (charge and recovery)	-	-	-	-	-	2,983	2,983
Advertising and other selling expenses	18,907	-	-	993	1	4,313	24,214
Taxes, rates and contributions	13,632	-	300	73	1,465	11,031	26,501
Maintenance, security, cleaning, repairs and others	50,432	22	509	6,084	2,001	188	59,236
Fees and payments for services	6,617	234	19	178	6,298	736	14,082
Director´s fees	-	-	-	-	13,591	-	13,591
Salaries, Social security costs and other personnel administrative expenses	53,735	2	62	22,048	14,797	3,646	94,290
Cost of sale of properties	-	-	1,857	-	-	-	1,857
Food, beverage and other lodging expenses	-	-	-	7,365	589	155	8,109
Others	2,254	-	9	348	3,113	293	6,017
Total expenses by nature	199,100	258	3,254	40,529	43,533	23,637	310,311

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26. Expenses by nature (Continued)

For the period ended September 30, 2011:

	Group costs						
	Cost of rental and services	Cost of sale and development	Cost of consumer financing	Cost from hotel operations	Administrative expenses	Selling expenses	Total
Lease, expenses and vacant property cost	8,896	597	-	104	46	195	9,838
Depreciation and amortization	39,486	-	14	2,515	1,073	10	43,098
Provision for impairment of receivables (charge and recovery)	-	-	-	-	-	(1,864)	(1,864)
Advertising and other selling expenses	20,497	-	-	786	-	4,160	25,443
Taxes, sales and contributions	11,646	311	61	40	955	9,424	22,437
Maintenance, security, cleaning, repair and others	40,404	462	171	5,468	1,435	191	48,131
Fees and payments for services	4,264	71	521	712	6,220	1,110	12,898
Director´s fees	-	-	-	-	9,006	-	9,006
Salaries, social security costs and other personnel administrative expenses	41,928	21	14	11,457	12,479	3,057	68,956
Cost of sales of properties	-	8,168	-	-	-	-	8,168
Food, beverage and other lodging expenses	-	-	-	4,112	741	173	5,026
Others	1,110	5	-	122	1,510	136	2,883
	168,231	9,635	781	25,316	33,465	16,592	254,020

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27. Employee costs

	September 30, 2012	September 30, 2011
Salaries, bonuses, social security expenses and others	92,561	67,245
Shared-based compensation .	1,729	1,711
Total employee costs	94,290	68,956

28. Other income (expenses), net

	September 30, 2012	September 30, 2011
Tax on Shareholders' personal assets	(1.,209)	(1,208)
Donations	(1,057)	(2,285)
Judgments and others contingencies	(3,792)	(2,959)
Others	(3,068)	2,465
Total other operating income (expense), net	(9,126)	(3,987)

29. Financial results, net

	September 30, 2012	September 30, 2011
Finance income:		
- Interest income	10,782	3,786
- Foreign exchange gains, net	37,409	6,450
- Dividends income	9,917	2,807
- Fair value gains of financial assets at fair value through profit or loss	11,485	3,043
- Gain from repurchase of Non-Convertible Notes	41	-
Finance income	69,634	16,086
Finance costs:		
- Interest expense	(83,128)	(64,657)
- Foreign exchange losses, net	(88,103)	(41,881)
- Fair value loss of Financial assets at fair value through profit or loss	(15,605)	(148,042)
- Loss for disposal of financial assets at fair value through profit or loss	(987)	-
- Loss from derivative financial instruments	(1,572)	(39,674)
- Other financial costs	(8,442)	(5,726)
Finance costs	(197,837)	(299,980)
Total financial results, net	(128,203)	(283,894)

30. Shared-based payments

Established by the Group and subsidiaries

The Group incurred a charge of Ps. 1.7 million and Ps. 1.8 million for the periods ended September 30, 2012 and 2011, respectively, related to the awards granted under the Equity Incentive Plan.

Since June 30, 2012 shares granted under the Equity incentive plan have not vary.

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31. Related party transactions

The following is a summary of the balances with related parties as of September 30, 2012:

Related party	Reference	Description of transaction	Investments in Non-current financial assets	Investments in Current financial assets	Trade and other receivables Non-current	Trade and other receivables Current	Trade and other payables Non-current	Trade and other payables Current
Shareholders in general		Dividends	-	-	-	-	-	(3,111)
Consultores Assets Management S.A. (CAMSA)	4	Reimbursement of expenses	-	-	-	2,368	-	(18)
Estudio Zang, Bergel & Viñes	4	Advances	-	-	-	125	-	-
		Reimbursement of expenses	-	-	-	-	-	(5)
		Other payables	-	-	-	-	-	(5)
		Legal services	-	-	-	-	-	(867)
Fundación IRSA	4	Reimbursement of expenses	-	-	-	47	-	(2)
		Donations	-	-	-	-	-	
Museo de los Niños	4	Reimbursement of expenses	-	-	-	614	-	(18)
		Leases	-	-	-	600	-	
Directors	4	Reimbursement of expenses	-	-	-	157	-	
		Fees	-	-	-	18,580	(9,100)	(27,632)
		Convertible notes due 2014	-	-	-	-	-	
		Guarantee deposits	-	-	-	-	(20)	
Quality invest S.A.	2	Reimbursement of expenses	-	-	-	6	-	
		Management fees	-	-	-	-	-	(49)
New Lipstick LLC	3	Reimbursement of expenses	-	-	-	1,322	-	
		Capital contributions	-	-	-	-	-	

Lipstick Management LLC	3	Reimbursement of expenses	-	-	-	442	-	
IRSA Developments LP	3	Reimbursement of expenses	-	-	-	9	-	
		Capital contributions	-	-	-	-	-	(5)

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31. Related party transactions (Continued)

Related party	Reference	Description of transaction	Investments in financial assets Non-current	Investments in financial assets Current	Trade and other receivables Non-current	Trade and other receivables Current	Trade and other payables Non-current	Trade and other payables Current	Borrowin Non-curr
Inversiones Financieras del Sur S.A.	5	Loans	-	-	-	97	-	(3)	
Elsztain Managing Partners Limited	4	Management fees	-	-	-		-	(26)	
Elsztain Managing Partners Master	4	Capital reductions	-	-	-		-	(1,941)	
Banco Hipotecario S.A.	3	Dividends	-	-	-	30,481	-	-	
		Reimbursement of expenses	-	-	-	297	-	(255)	
		Leases	-	-	-	10	-	-	
		Other payables	-	-	-		-	(1)	
Manibil S.A.	3	Dividends	-	-	-	3,332	-	-	
Cyrsa S.A.	2	Reimbursement of expenses	-	-	-	503	-	(224)	
		Borrowings	-	-	-		-	-	
Tarshop S.A.	3	Reimbursement of expenses	-	-	-	1,676	-	-	
		Leases	-	-	-	1	-	-	
		Cheks to be deposited	-	-	-	226	-	-	
Nuevo Puerto Santa Fe S.A.	2	Reimbursement of expenses	-	-	-	326	-	(202)	
		Management fee	-	-	-	25	-	-	
Canteras Natal Crespo S.A.	2	Management fees	-	-	-	513	-	-	
		Loans	-	-	-	90	-	-	

		Reimbursement of expenses	-	-	-	459	-	-
Baicom Neworks S.A.	2	Reimbursement of expenses	-	-	-	148	-	-
		Management fee	-	-	-	38	-	-
		Loans granted	-	-	933		-	-

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31. Related party transaction (Continued)

Related party	Reference	Description of transaction	Investments in financial assets Non-current	Investments in financial assets Current	Trade and other receivables Non-current	Trade and other receivables Current	Trade and other payables Non-current	Trade and other payables Current	Borro Non-c
Puerto Retiro S.A.	2	Reimbursement of expenses	-	-	-	152	-	-	
		Loans granted	-	-	-	2,192	-	-	
		Aportes	-	-	-	101	-	-	
Cactus Argentina S.A.	4	Reimbursement of expenses	-	-	-	4	-	-	
Cresud S.A.C.I.F. y A.	1	Reimbursement of expenses	-	-	-	4,586	-	(275)	
		Reimbursement of expenses	-	-	-	4,865	-	(2,032)	
		Shared services	-	-	-	8,432	-	(51,128)	
		Offices rental	-	-	-	750	-	-	
		Loans	-	-	-	188	-	-	
		Sale of real state property	-	-	-	701	-	-	
		Non-convertible Notes – Cresud S.A.C.I.F y A.	12,026	27,069	-	-	-	-	
Futuros y Opciones.com S.A.	5	Reimbursement of expenses	-	-	-	55	-	(8)	
FyO Trading S.A.	4	Reimbursement of expenses	-	-	-	13	-	-	
Miltary S.A.	4	Reimbursement of expenses	-	-	-	18	-	-	
Helmir S.A.	4	Reimbursement of expenses	-	-	-	1	-	-	
Dolphin Fund Plc.	6	shares/Mutual funds	-	41,000	-	-	-	-	
Total			12,026	68,069	933	84,550	(9,120)	(87,807)	

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31. Related party transaction (Continued)

The following is a summary of the results and transactions with related parties for the three-month period ended September 30, 2012:

Related Party	Reference	Rental earned	Fees	Income/expenses of shared services	Legal fees	Interest income / (expenses)	Others
Estudio Zang, Bergel & Viñes	(4)	-	-	-	(2,026)	-	-
Fundación IRSA	(4)	-	-	-	-	-	(1,662)
Directors	(4)	-	(7,086)	-	-	-	-
Canteras Natal Crespo S.A.	(2)	-	36	-	-	4	-
Cyrsa S.A.	(2)	6	-	-	-	-	-
Tarshop S.A.	(3)	1,915	76	-	-	-	-
Baicom Networks S.A.	(2)	-	-	3	-	22	-
Puerto Retiro	(2)	-	-	-	-	(82)	-
Quality Invest S.A.	(2)	-	54	-	-	-	-
Inversiones Financieras S.A.	(5)	-	-	-	-	86	
Cresud S.A.C.I. F. y A.	(1)	382	(5,213)	(16,659)	-	558	-
		2,303	(12,133)	(16,656)	(2,026)	587	(1,662)

(1) Shareholder
(2) Join venture
(3) Associate
(4) Related
(5) Shareholder of Cresud S.A.C.I.F. and A.
(6) Since 1996, the Group maintains an investment in Dolphin Fund Plc, an Investment Fund related to the Group´s president. The investment is recorded as financial instruments at fair value through profit and loss. As at September 30, 2012 this investment amounts to Ps. 41 million. During October 2012, there has been additional investment for an amount of US$ 20 million.

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32. Subsequent events

1 Syndicated loan

On November 16, 2012, APSA's Board of Directors approved the subscription of a syndicated loan agreement entered into by different banking institutions for Ps. 118,000. Principal shall be payable in nine quarterly and consecutive installments and shall accrue interest at a fixed annual nominal rate of 15.01%. Interests shall be payable on a monthly basis.

2. Ordinary and Extraordinary Shareholders' meeting

On October 31, 2012, the Company's Annual Shareholders' Meeting corresponding to fiscal year 2012 was held in Bolívar 108, 1st floor, Autonomous City of Buenos Aires, in order to consider and approve the following, among other things: (i) the reallocation in the statements of changes in shareholders' equity related to the recognition of deferred tax liabilities originated in the application of the adjustment for inflation against retained earnings with the view of implementing the IFRS. Because of such reallocation, "Retained Earnings" whose balance increased from Ps. 115,604 to 266,662, therefore the amount of Ps. 151,058 was allocated to the "Inflation Adjustment to Capital Stock" account, whose balance declined from Ps. 247,387 to Ps. 123,329; (ii) the documentation provided for in Section 234, subsection 1 of the Act 19,550, corresponding to fiscal year ended June 30, 2012; (iii) Board of Directors' and Supervisory Commission's management; (iv) treatment and allocation of income for fiscal year ended June 30, 2012, the approval of the payment of cash dividends of Ps. 180,000 (v) Board of Directors' fees for an amount of Ps. 23,274; (vi) determination of the number and election of the Board of Directors' regular and alternate members, as well as those of the Supervisory Commission; (vii) the update of the shared-services contract report; (viii) the amendment of Section XVII of the Company's by-laws in relation to remote Board meetings; (ix) the delegation on the Company's Board of Directors of the implementation of the Incentives Plan and the approval of the final terms and conditions of the program and the Trust Contract; and (x) the approval of APSA's proposal for the repurchase of convertible negotiable obligations (CN) into ordinary shares maturing in 2014, delegating on the Board of Directors the terms and conditions of the CN repurchase option.

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32. Subsequent events (Continued)

3. Alto Palermo S.A. – Ordinary and extraordinary Shareholders' meeting

On October 31, 2012, the Company's Annual Shareholders' Meeting corresponding to fiscal year 2012 was held in Bolívar 108, 1st floor, Autonomous City of Buenos Aires, in order to consider and approve the following, among other things: (i) the reallocation in the statements of changes in shareholders' equity related to the recognition of deferred tax liabilities originated in the application of the adjustment for inflation against retained earnings with the view of implementing the IFRS. Because of such reallocation, the amount of Ps. 15,240 was allocated to the "Inflation Adjustment to Capital Stock" account, whose balance declined from Ps. 84,621 to Ps. 69,381. The amount of Ps. 92,090 was allocated to the "Share Premium", whose balance declined from Ps. 536,300 to Ps. 444,210. As a consequence of the previously mentioned reallocations, the "Retained Earnings" account balance increased from Ps. 35,972 to Ps. 143,302 (ii) the documentation provided for in Section 234, subsection 1 of the Act 19,550, corresponding to fiscal year ended June 30, 2012; (iii) Board of Directors' and Supervisory Commission's management; (iv) treatment and allocation of income for fiscal year ended June 30, 2012, the approval of dividends of Ps. 177,000 according to the meeting held on May 23, 2012 and the approval of the payment of additional cash dividends of Ps. 140,000; (v) Board of Directors' fees for an amount of $35,627; (vi) determination of the number and election of the Board of Directors' regular and alternate members, as well as those of the Supervisory Commission; (vii) the update of the shared-services contract report; (viii) the amendment of Section XVII of the Company's by-laws in relation to remote Board meetings; (ix) the delegation on the Company's Board of Directors of the implementation of the Incentives Plan and the approval of the final terms and conditions of the program and the Trust Contract; and (x) the approval of APSA's proposal for the repurchase of convertible negotiable obligations (CNO) into ordinary shares maturing in 2014, delegating on the Board of Directors the terms and conditions of the CNO repurchase option.

These Unaudited Condensed Interim Consolidated Financial Statements should be read together with the following Exhibit I. This Exhibit includes a breakdown of additional information required by IFRS as of June 30 2012 and July 1, 2011, which is necessary for a proper understanding of these Unaudited Condensed Interim Consolidated Financial Statements and so that they may be presented in a condensed form in conformity with IAS 34.

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these unaudited consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

(a) Current and non-current classification

The Group presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statements of financial position according to the operating cycle of each activity.

The operating cycle for activities related to the Group's investment property and hotels is 12 months. Therefore, current assets and current liabilities include the assets and liabilities that are either realized or settled within 12 months from the end of the fiscal year. The operating cycle of activities related to the Group's investment properties for sale depends on each specific project, and thus cannot be clearly defined. In general, assets and liabilities classified as investment properties for sale are realized or discharged over many fiscal years, ranging between two and three years or, in exceptional cases, over a longer period. As a result, and for purposes of classification, the Group has assumed the operating cycle of investment property for sale to be 12 months.

All other assets and liabilities are classified as non-current. Current and deferred tax assets and liabilities are presented separately from each other and from other assets and liabilities as non-current.

(b) Presentation currency

The Unaudited Condensed Interim Consolidated Financial Statements are presented in thousands of Argentine Pesos. Unless otherwise stated or the context otherwise requires, references to 'Peso amounts' or 'Ps.', are to Argentine Pesos, references to 'US$' or 'US dollars' are to United States dollars.

(c) Fiscal year-end

The fiscal year begins on July 1 and ends on June 30 of the following year. The financial results are presented on a fiscal year basis.

1. Summary of significant accounting policies (Continued)

(d) Accounting conventions

The Unaudited Condensed Interim Consolidated Financial Statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(e) Reporting cash flows

The Group reports cash flows from operating activities using the indirect method. Interest paid is presented within financing cash flows. Interest received is presented within investing activities. The acquisitions and disposals of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities. Cash flows in respect to trading properties are disclosed as cash flows from operating activities because these items are routinely sold in the ordinary course of business.

(f) Use of estimates

The preparation of financial statements at a certain date requires the Management to make estimations and evaluations affecting the amount of assets and liabilities recorded and contingent assets and liabilities disclosed at such date, as well as income and expenses recorded during the period. Actual results might differ from the estimates and evaluations made at the date of preparation of these financial statements. The most significant judgments made by Management in applying the Group's accounting policies and the major sources of uncertainty are described in Note 4.

1.2 New accounting standards

The following standards, amendments and interpretations have been issued by the IASB and IFRIC, although they are not effective they have been adopted early by the Group in these consolidated financial statements:

IFRS 9 "Financial Instruments"

In November 2009, the IASB issued IFRS 9 "Financial Instruments". The standard incorporates the first part of a three-phase project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 prescribes the classification and measurement of financial assets. IFRS 9 requires that financial assets are subsequently measured either 'at amortized cost' or 'at fair value', depending on whether certain conditions are met. In addition, IFRS 9 permits an entity to designate an instrument, that would otherwise have been classified in the 'at amortized cost' category, to be 'at fair value' if that designation eliminates or significantly reduces measurement or recognition inconsistencies.

1. Summary of significant accounting policies (Continued)

The prescribed category for equity instruments is at fair value through profit or loss, however, an entity may irrevocably opt for presenting all fair value changes of equity instruments not held for trading in other comprehensive income. Only dividends received from these investments are reported in profit or loss.

In October 2010, the IASB issued further additions to IFRS 9. These bring forth the guidance for derecognizing financial instruments and most of the requirements for the classification and measurement of financial liabilities currently included within IAS 39. The additions include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statements of income, unless this creates an accounting mismatch. The remaining phases of the project, dealing with impairment of financial instruments and hedge accounting, have not yet been finalized.

IFRS 9, as well as its additions, shall be applied retrospectively for annual periods beginning on or after January 1, 2015. Earlier adoption is permitted. The Group has adopted IFRS 9 from July 1, 2011, as well as the related consequential amendments to other IFRSs, because this new accounting policy provides reliable and more relevant information for users to assess the amounts, timing and uncertainty of future cash flows. The Group has presented all comparative figures in accordance with IFRS 9. The Group’s management has assessed the financial assets and liabilities held by the Group at the date of transition (July 1, 2011).

IFRS 10 “Consolidated Financial Statements”

On May 12, 2011 the IASB issued IFRS 10 “Consolidated Financial Statements” which establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 “Consolidation - Special Purpose Entities” and IAS 27 “Consolidated and Separate Financial Statements” and builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group has adopted the standard from July 1, 2011.

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1. Summary of significant accounting policies (Continued)

IFRS 11 “Joint Arrangements”

On May 12, 2011 the IASB issued IFRS 11 “Joint Arrangements” which provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group has adopted the standard from July 1, 2011.

IFRS 12 “Disclosure of Interests in Other Entities”

On May 12, 2011 the IASB issued IFRS 12 “Disclosure of Interests in Other Entities”. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group has adopted the standard from July 1, 2011.

IAS 27 (revised) “Separate financial statements”

On May 12, 2011, the IASB issued IAS 27 (revised). The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The revisions are applicable for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group has adopted the standard from July 1, 2011.

IAS 28 (revised) “Associates and joint ventures”

On May 12, 2011, the IASB issued IAS 28 (revised). The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The revisions are applicable for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group has adopted the standard from July 1, 2011.

Changes in IFRS 1: First-time adoption of International Financial Reporting Standards’

On May 17, 2012, the IASB issued an amendment to IFRS 1 "First-time adoption of International Financial Reporting Standards" as part of its 2009-2011 cycle of annual improvements. The amendment clarifies that the entity may choose to adopt IAS 23 “Borrowing Costs” whether as from the date of transition or an earlier date. As from the date the entity adopts IAS 23, interest costs pursuant to the Argentine GAAP are not reclassified. The revisions are applicable for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Group has adopted the standard from July 1, 2011.

1. Summary of significant accounting policies (Continued)

1.3. Scope of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

IFRS 3 "Business combination" allows up to 12 months to finalize the accounting for a business combination. Where the accounting for a business combination is not complete by the end of the reporting period in which the business combination occurred, the Group reports provisional amounts.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statements of income as "Gain on bargain purchases".

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized gains and/ or losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The majority of subsidiaries have the same year-end as the Group's, however, a small number of subsidiaries have different year-ends. In these circumstances, special-purpose financial statements prepared as of June 30 of each year are used for purposes of the Group consolidation.

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1. Summary of significant accounting policies (Continued)

The Group conducts its business through several operating and holding subsidiaries. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly or indirectly by the Group and the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation or registration is also their place of business. Subsidiaries are shown in alphabetical order.

	06.30.2012			
Name of the entity	Place of business / country of incorporation	Main activities (*)	% of ownership interest held by the Group	% of ownership interest held by the NCI
Direct equity interest of IRSA:				
Alafox S.A.	Uruguay	Investment	100.00%	0.00%
Alto Palermo S.A. (APSA)	Argentina	Real estate	95.61%	4.39%
Codalis S.A.	Uruguay	Investment	100.00%	0.00%
Doneldon S.A.	Uruguay	Investment	100.00%	0.00%
E-Commerce Latina S.A.	Argentina	Investment	100.00%	0.00%
Efanur S.A.	Uruguay	Investment	100.00%	0.00%
Hoteles Argentinos S.A.	Argentina	Hotel	80.00%	20.00%
Inversora Bolívar S.A.	Argentina	Investment	100.00%	0.00%
Llao Llao Resorts S.A. (1)	Argentina	Hotel	50.00%	50.00%
Nuevas Fronteras S.A.	Argentina	Hotel	76.34%	23.66%
Palermo Invest S.A.	Argentina	Investment	100.00%	0.00%
Ritelco S.A.	Uruguay	Investment	100.00%	0.00%
Sedelor S.A.	Uruguay	Investment	100.00%	0.00%
Solares de Santa María S.A.	Argentina	Real estate	100.00%	0.00%
Tyrus S.A.	Uruguay	Investment	100.00%	0.00%
	Argentina	Investment	100.00%	0.00%

Unicity S.A.

Interest indirectly held through APSA:				
Apsamedia S.A.	Argentina	Consumer financing and advertising (*)	95.61%	4.39%
Arcos del Gourmet S.A.	Argentina	Real estate	84.31%	15.69%
Conil S.A.	Argentina	Real estate	95.61%	4.39%
Emprendimiento Recoleta S.A.	Argentina	Real estate	51.33%	48.67%
Fibesa S.A.	Argentina	Real estate	95.61%	4.39%
Panamerican Mall S.A.	Argentina	Real estate	76.49%	23.51%
Shopping Neuquén S.A.	Argentina	Real estate	93.84%	6.16%
Torodur S.A.	Uruguay	Investment	95.61%	4.39%

(*) Residual activity

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1. Summary of significant accounting policies (Continued)

	06.30.2012			
Name of the entity	Place of business / country of incorporation	Main activities (*)	% of ownership interest held by the Group	% of ownership interest held by the NCI
Interest indirectly held through Tyrus S.A.:				
I Madison LLC	United States	Investment	100.00%	0.00%
IRSA Development LP	United States	Investment	100.00%	0.00%
IRSA International LLC	United States	Investment	100.00%	0.00%
Jiwin S.A.	Uruguay	Investment	100.00%	0.00%
Liveck S.A.	Uruguay	Investment	100.00%	0.00%
Real Estate Investment Group LP ("REIG")	Bermuda	Investment	64.01%	35.99%
Real Estate Investment Group II LP	Bermuda	Investment	80.54%	19.46%
Real Estate Investment Group III LP	Bermuda	Investment	81.19%	18.81%
Real Estate Investment Group IV LP	Bermuda	Investment	100.00%	0.00%
Real Estate Investment Group V LP	Bermuda	Investment	100.00%	0.00%
Real Estate Strategies LLC	United States	Investment	100.00%	0.00%
Vanker Hills S.A.	Uruguay	Investment	100.00%	0.00%
Interest indirectly held through Efanur S.A.:				
Real State Strategies LP	Bermuda	Investment	66.83%	33.17%

	07.01.2011			
Name of the entity	Place of business / country of incorporation	Principal activities (*)	% of ownership interest held by the Group	% of ownership interest held by the NCI
Direct equity interest IRSA:				
Alafox S.A.	Uruguay	Investment	100.00%	0.00%
Alto Palermo S.A. (APSA)	Argentina	Real estate	94.89%	5.11%
Codalis S.A.	Uruguay	Investment	100.00%	0.00%
Doneldon S.A.	Uruguay	Investment	100.00%	0.00%
E-Commerce Latina S.A.	Argentina	Investment	100.00%	0.00%
Efanur S.A.	Uruguay	Investment	100.00%	0.00%
Hoteles Argentinos S.A.	Argentina	Hotel	80.00%	20.00%
Inversora Bolívar S.A.	Argentina	Investment	100.00%	0.00%
Llao Llao Resorts S.A. (1)	Argentina	Hotel	50.00%	50.00%
Nuevas Fronteras S.A.	Argentina	Hotel	76.34%	23.66%
Palermo Invest S.A.	Argentina	Investment	100.00%	0.00%

Ritelco S.A.	Uruguay	Investment	100.00%	0.00%
Sedelor S.A.	Uruguay	Investment	100.00%	0.00%
Solares de Santa María S.A.	Argentina	Real estate	100.00%	0.00%
Tyrus S.A.	Uruguay	Investment	100.00%	0.00%
Unicity S.A.	Argentina	Investment	100.00%	0.00%

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1. Summary of significant accounting policies (Continued)

	07.01.2011			
Name of the entity	Place of business / country of incorporation	Principal activities (*)	% of ownership interest held by the Group	% of ownership interest held by the NCI
Interest indirectly held through APSA:				
Apsamedia S.A.	Argentina	Advertising	94.89%	5.11%
Arcos del Gourmet S.A.	Argentina	Real estate	83.68%	16.32%
Conil S.A.	Argentina	Real estate	94.89%	5.11%
Emprendimiento Recoleta S.A.	Argentina	Real estate	50.94%	49.06%
Fibesa S.A.	Argentina	Real estate	94.89%	5.11%
Panamerican Mall S.A.	Argentina	Real estate	75.91%	24.09%
Shopping Neuquén S.A.	Argentina	Real estate	93.13%	6.87%
Torodur S.A.	Uruguay	Investment	94.89%	5.11%
Interest indirectly held through Tyrus S.A.:				
I Madison LLC	United States	Investment	100.00%	0.00%
IRSA Development LP	United States	Investment	100.00%	0.00%
IRSA International LLC	United States	Investment	100.00%	0.00%
Jiwin S.A.	Uruguay	Investment	100.00%	0.00%
Liveck S.A.	Uruguay	Investment	100.00%	0.00%
Real Estate Investment Group LP (“REIG”)	Bermuda	Investment	64.01%	35.99%
Real Estate Investment Group II LP	Bermuda	Investment	80.54%	19.46%
Real Estate Investment Group III LP	Bermuda	Investment	81.19%	18.81%
Real Estate Investment Group IV LP	Bermuda	Investment	100.00%	0.00%
Real Estate Investment Group V LP	Bermuda	Investment	100.00%	0.00%
Real Estate Strategies LLC	United States	Investment	100.00%	0.00%
Real Estate Strategies LP	Bermuda	Investment	100.00%	0.00%

Vanker Hills S.A.	Uruguay	Investment	100.00%	0.00%

(*) Substantially all holding companies do not have significant assets and liabilities other than their respective interest holdings in operating entities.

(1) The Group has consolidated the investment in Llao Llao Resorts S.A. considering their percentage of ownership interest held together with the Company's participation in making decisions as agreed in the shareholders' agreement.

Ownership interest is shown considering ultimate percentage held by the Company. Subsidiaries are either controlled directly by the Company (i.e. APSA), or indirectly by controlling the direct subsidiary, which in turn controls a first-tier subsidiary (i.e. Panamerican Mall S.A. through APSA), or lower-tier subsidiaries (i.e. REIG over which Tyrus S.A. has a 64 % direct controlling interest).

1. Summary of significant accounting policies (Continued)

The total non-controlling interest for the years ended June 30, 2012 are Ps. 390,428. The following non-controlling interests are considered material to the Group:

Subsidiary	Equity attributable to NCI
APSA	40.9
Panamerican Mall S.A.	122.9

The non-controlling interests for the remaining subsidiaries with non-controlling interests aggregate Ps. 226.6 million. None of these subsidiaries have non-controlling interests which are individually considered material to the Group taking into account the substance and nature of their activities (i.e. vehicles for investments in financial instruments).

Summarized financial information on subsidiaries with material non-controlling interests and other information are included in Note 6.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gain or loss on disposals of non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured at its fair value at the date when control is lost, with changes in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, representing an interest between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

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1. Summary of significant accounting policies (Continued)

The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the statement of income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivable, the Group recognizes such losses until the carrying amount of the associate reduces to zero, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit / (loss) of an associate' in the statement of income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Summarized financial information and other information for significant associates are included in Note 8.

(e) Joint arrangements

Joint arrangements are arrangements of which the Group and other party or parties have joint control bound by a contractual arrangement. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

1. Summary of significant accounting policies (Continued)

Under the equity method of accounting, interests in joint ventures are initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income in the income statements and in other comprehensive income respectively. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognizes the amount adjacent to 'share of profit / (loss) of an associate and joint venture' in the statement of income.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Summarized financial information and other information for significant joint ventures are included in Note 7.

1.4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, is responsible for allocating resources and assessing performance of the operating segments. The operating segments are included in Note 5.

1.5. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Argentine Pesos, which is the Group's presentation currency.

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1. Summary of significant accounting policies (Continued)

(b)Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss for the year.

Foreign exchange gains and losses are presented net in the statements of income within finance costs and finance income, as appropriate, unless they are capitalized as explained in Note 1.20.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that financial position;
(ii) Income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(iii) All resulting exchange differences are recognized in the statements of comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

1. Summary of significant accounting policies (Continued)

1.6 Investment properties

Investment properties are those properties owned by the Group that are held either to earn long-term rental income or for capital appreciation, or both, and that is not occupied by the companies in the consolidated Group. Properties occupied by associates or joint ventures are accounted for as investment properties in the consolidated financial statements. Investment property also includes property that is being constructed or developed for future use as investment property. The Group also classifies land whose future use has not been determined yet as investment properties.

Where a property is being partially occupied by the Group, with the rest being held for rental income or capital appreciation, the Group accounts for the portions separately. The portion that is occupied by the Group is accounted for as property, plant and equipment under IAS 16 “Property, Plant and Equipment” and the portion that is held for rental income or capital appreciation, or both, is treated as investment properties under IAS 40 “Investment Properties”.

The Group’s investment properties primarily comprise the Group’s portfolio of shopping centers and offices, farmland leased out to third parties, certain property under development and undeveloped land.

Investment properties are measured initially at cost. Cost comprises the purchase price and directly attributable expenditures, such as legal fees, certain direct taxes, commissions and in the case of properties under construction, the capitalization of financial costs.

Where the Group makes payments to third-party agents for services in connection with negotiating lease contracts with the Group’s lessees, these letting fees are capitalized within the carrying amount of the related investment property and amortized over the lease term.

Borrowing costs associated with properties under development or undergoing major refurbishment are capitalized. The finance cost capitalized is calculated using the Group’s weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Finance cost is capitalized as from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Finance cost is also capitalized on the purchase cost of land or property acquired specifically for redevelopment in the short term but only where activities necessary to prepare the asset for redevelopment are in progress.

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1. Summary of significant accounting policies (Continued)

The Group has adopted the cost model for all of its investment properties. Therefore, at the date of each statements of financial position, investment properties are carried at amortized cost, less impairment losses, if any. Under the cost model, an investment property is impaired if its carrying amount exceeds its recoverable amount. Where individual components of an item of investment property have different useful lives, they are accounted for as separate items, which are depreciated separately.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. These costs may include the cost of improving or replacing parts that are eligible for capitalization. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged as incurred in the statement of income.

If an investment property becomes occupied by the Group, it is reclassified as property, plant and equipment at the commencement of such occupation. An item of property occupied by the Group is reclassified to investment property when its use has changed and occupation by the Company ceases. Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to trading properties.

Transfers in and out of the respective categories as described above do not change the carrying amount of the properties transferred, and they do not change the cost of the properties for measurement or disclosure purposes.

Land and property under constructions are not depreciated. Depreciation of the remaining investment properties is calculated, based on a component approach, using the straight-line method over the estimated useful life of each component, as follows:

Shopping centers portfolio	Between 16 and 31 years
Office buildings portfolio	Between 12 and 30 years
Other rental properties portfolio	Between 17 and 55 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statements of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (See Note 1.10).

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1. Summary of significant accounting policies (Continued)

Asset transfers, whether assets classified under investments properties are reclassified under other items or vice-versa, may only be carried out where there is a change of use evidenced by: a) commencement of occupation of real property by the owner, where investment property is transferred to property, plant and equipment; b) commencement of development activities for sale purposes, where investment property is transferred to property for sale; c) the end of owner occupation, where it is transferred from property, plant and equipment to investment property; or d) commencement of an operating lease transactions with a third party, where property for sale is transferred to investment property.

The Group may sell its investment property when it considers that such property no longer forms part of the lease business. Investment properties are derecognized when they are disposed of or when they are permanently withdrawn from use and no future economic benefits are expected to arise from their disposals. Gains or losses on disposals or retirements of investment properties are determined by comparing the net disposal proceeds and their carrying amounts at the date of disposal. The gains or losses are recognized in the statements of income and disclosed separately under the line item “Gain from disposal of investment property”.

Proceeds from the sale of such property are accounted for when the material risks and benefits have been transferred to the purchaser. As for unconditional agreements, proceeds are accounted for generally when title to property passes to the buyer and the buyer intends to make the respective payment therefor. In the case of conditional agreements, the sale is accounted for where such conditions have been met. Where consideration receivable for the sale of the properties is deferred, it is discounted to present. The difference between the discounted amount and the amount receivable is treated as interest income and recognized over the period using the effective interest method.

1.7. Property, plant and equipment

This category primarily comprises, buildings or portions of a building used for administrative purposes, machines, computers, and other equipment, motor vehicles, furniture, fixtures and fittings and improvements to the Group’s corporate offices.

The Group has also several hotel properties. Based on the respective contractual arrangements with hotel managers, the Group considers it retains significant exposure to the variations in the cash flows of the hotel operations, and accordingly, hotels are treated as owner-occupied properties and classified under property, plant and equipment.

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1. Summary of significant accounting policies (Continued)

All property, plant and equipment (“PPE”) are stated at historical cost less depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost of an item of PPE includes the direct costs attributable to the purchase price.

Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying PPE are capitalized as part of its cost. A qualifying PPE is an asset that necessarily takes a substantial period of time to get ready for its intended use. Financial costs are capitalized during the period of construction or production of the eligible asset; such capitalization ceases once the necessary activities for the asset to have the intended use have been completed, or else capitalization is suspended while construction activity is suspended.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Such costs may include the cost of improvements and replacement of parts as they meet the conditions to be capitalized. The carrying amount of those parts that are replaced is derecognized. All other repairs and maintenance are charged to the income statements during the financial period in which they are incurred.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets’ estimated useful lives, as follows:

Hotels and facilities	between 14 and 24 years
Other buildings and facilities	between 20 and 50 years
Furniture and fixtures	between 3 and 10 years
Machinery and equipment	10 years
Vehicles	5 years
Others	3 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end.

An asset’s carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains from the sale of these assets are recognized when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange, generally when legal title passes to the buyer and it is probable that the buyer will pay. For conditional exchanges, sales are recognized when these conditions are satisfied.

1. Summary of significant accounting policies (Continued)

Gains and losses on disposals are determined by comparing the proceeds net of direct expenses related to such sales, with the carrying amount as of the date of each transaction. Gains and losses from the disposal of property, plant and equipment items are recognized within “Other operating income, net” in the income statement.

1.8. Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement.

A Group company is the lessor:

Operating lease – properties leased out to tenants under operating leases are included in “Investment property” in the statements of financial position. See Note 2.27 for the recognition of rental income. The Group does not have any assets leased out under finance leases.

A Group company is the lessee:

Finance lease – leases of assets (specially computer equipment) where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the property and the present value of the minimum lease payments. Capitalized lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. The finance charges are charged over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Liabilities corresponding to finance leases, measured at discounted value, are included in current and non-current borrowings.

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1. Summary of significant accounting policies (Continued)

1.9. Intangible assets

(a)Goodwill

Goodwill represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized by the Group on an acquisition. Goodwill is initially measured as the difference between the fair value of the consideration transferred, plus the amount of non-controlling interest in the acquiree and, in business combinations achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; and the net fair value of the identifiable assets and liabilities assumed on the acquisition date.

At acquisition goodwill is allocated to those cash generating units expected to benefit from the acquisition for the purpose of impairment testing (see Note 1.10). Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill arising on the acquisition of subsidiaries is included within “Intangible assets, net” in the statements of financial position.

Goodwill may also arise upon investments in associates and joint ventures, being the surplus of the cost of investment over the Group’s share of the fair value of the net identifiable assets. Such goodwill is recorded within investments in associates or joint ventures.

Goodwill arising on the acquisition of foreign entities is treated as an asset of the foreign entity denominated in the local currency and translated at the closing rate.

Goodwill is not amortized but tested for impairment on an annual basis, or more frequently if there is an indication of impairment.

(bComputer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 3 years.

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1. Summary of significant accounting policies (Continued)

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met: (i) it is technically feasible to complete the software product so that it will be available for use; (ii) management intends to complete the software product and use or sell it; (iii) there is an ability to use or sell the software product; (iv) it can be demonstrated how the software product will generate probable future economic benefits; (v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and (vi) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed 3 years.

(c) Rights of use

The Group acquired certain rights to exploit land and facilities. These rights primarily comprise the right to exploit the land and attached buildings and facilities known as Arcos del Gourmet (“Arcos”)”.

The Arcos land and attached facilities is owned by ADIF, a governmental agency created for the management of certain state property, particularly assets pertaining to the railway system. The Arcos are the old warehouse and adjacent spaces below the tracks of the San Martin railway lines. The Group intends to develop an open air shopping project comprising shops, restaurants, cultural spaces and other facilities. The right was acquired as part of the Arcos acquisition and is carried at acquisition cost less accumulated amortization. Amortization is calculated using the straight-line method over the period in which the economic benefits from the use of the asset. The right of use of the Arcos will start to accrue economic benefits once construction works are completed. The Group must pay ADIF a fee on a monthly basis.

1. Summary of significant accounting policies (Continued)

1.10. Impairment of assets

(a)Goodwill

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units ("CGU"). In order to determine whether any impairment loss should be recognized, the book value of CGU or CGU groups is compared against its recoverable value. Net book value of CGU and CGU groups include goodwill and assets with limited useful life (such as, investment properties, property, plant and equipment, intangible assets and working capital net).

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognized for goodwill are not reversed in a subsequent period.

Recoverable amount is the higher of fair value less costs-to-sell and value-in-use. The fair value is the amount at which a cash-generating unit may be sold in a current transaction between unrelated, willing and duly informed parties. Value-in-use is the present value of all estimated future cash flows expected to be derived from CGU or CGU groups.

(b)Property, plant and equipment, investment property and finite-life intangible assets

At the date of each statements of financial position, the Group reviews the carrying amounts of its property, plant and equipment, investment property and finite-life intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statements of income.

Assets or CGU that have suffered an impairment loss are revised as of each balance sheet date to assess a potential reversal of such impairment. The impairment loss recognized in prior fiscal years may only be reversed if there has been a change in the estimates used to assess the recoverable value of assets or the CGU since the recognition of the impairment loss.

1. Summary of significant accounting policies (Continued)

Where an impairment loss subsequently reverses the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the statements of income.

1.11. Trading properties

Trading properties comprises those properties either intended for sale or in the process of construction for sale. Trading properties are carried at the lower of cost and net realizable value. Where there is a change in use of investment properties evidenced by the commencement of development with a view to sale, the properties are reclassified as trading properties at their cost, which is the carrying value at the date of change in use. They are subsequently carried at the lower of cost and net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the trading properties to their present location and condition.

Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying trading property are capitalized as part of its cost. A qualifying trading property is an asset that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs are capitalized while acquisition, construction or production is actively underway and cease once the asset is substantially complete or suspended if the development of the asset is suspended.

Net realizable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Write-downs are reversed when circumstances that caused the write-down cease to exist, or when net realizable value increases.

1.12. Inventories

Inventories primarily comprise inventories from hotel properties and other supplies and materials required to offer different services.

Consumable supplies and inventories from hotel operations are measured at the lower of cost or net realizable value. The cost of consumable supplies, materials and other assets is determined using the weighted average cost method, whereas the cost of the hotel inventories is determined using the first in, first out (FIFO) method.

1. Summary of significant accounting policies (Continued)

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories and materials are initially recognized at cash price, and the difference being charged as finance cost.

1.13 Financial instruments

(a) Classification

The Group has adopted IFRS 9 in advance as well as the related consequential amendments to other IFRSs, because this new accounting policy provides reliable and more relevant information for users to assess the amounts, timing and uncertainty of future cash flows.

Accordingly, the Group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortized cost. This classification depends on whether the financial asset is a debt or an equity investment.

Debt investments

(i) Financial assets at amortized cost

A debt investment is classified as “amortized cost” only if both of the following criteria are met: (i) the objective of the Group’s business model is to hold the asset to collect the contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt investment are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

As of June 30, 2012 and July 1, 2011, the Group’s financial assets at amortized cost comprise cash and cash equivalents and trade and other receivables, net.

(ii) Financial assets at fair value through profit or loss

If either of the two criteria above is not met, the debt instrument is classified as “fair value through profit or loss”. The Group has not designated any debt investment as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Changes in fair values and gains from disposal of financial assets at fair value through profit or loss are recorded within “Financial results, net” in the statements of income.

1. Summary of significant accounting policies (Continued)

As of June 30, 2012 and July 1, 2011 the Group's financial assets at fair value through profit or loss comprise derivate financial instruments, mutual funds, mortgage bonds, government bonds and preferred shares.

Equity investments

All equity investments, which are not subsidiaries associate companies and joint venture of the Group, are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Group can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss.

The Group decided to recognize changes in fair value of equity investments through changes in profit or loss.

Changes in fair values and gains from disposal of equity investments at fair value through profit or loss and dividends income are recorded within "Financial results, net" in the statements of income.

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss are expensed in the income statement.

In general, the Group uses the transaction price to ascertain the fair value of a financial instrument on initial recognition. In the other cases, the Group records a gain or loss on initial recognition only if the fair value of the financial instrument can be supported by other comparable transactions observable in the market for the same type of instrument or if based on a technical valuation that only inputs observable market data. Unrecognized gains or losses on initial recognition of a financial asset are recognized later on, only to the extent they arise from a change in factors (including time) that market participants would consider upon setting the price.

1. Summary of significant accounting policies (Continued)

Gains/losses on debt instruments measured at amortized cost and not identified for hedging purposes are charged to income where the financial assets are derecognized or an impairment loss is recognized, and during the amortization process under the effective interest method.

All equity investments, which are not subsidiaries, associate companies and joint venture of the Group, are measured at fair value.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

(c) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) the can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statements of income. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statements of income.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

1. Summary of significant accounting policies (Continued)

1.14 Derivate financial instruments

Derivatives are initially recognized at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group manages exposures to various risks using hedging instruments that provide the appropriate economic outcome. The Group does not use derivative financial instruments for speculative purposes. To date, the Group has used commodity future contracts, put and call options, foreign exchange contracts and interest rate swaps as deemed appropriate.

The Group's policy is to apply hedge accounting to hedging relationships where it is both permissible under IFRS 9, practical to do so and its application reduces volatility, but transactions that may be effective hedges in economic terms may not always qualify for hedge accounting under IFRS 9. To date the Group has not applied hedge accounting to any of its derivative financial instruments. Trading derivatives are classified as a current asset or liability on the statements of financial position. Gains and losses on other derivatives are classified within "Financial results, net".

The fair values of financial instruments that are traded in active markets are computed by reference to market prices. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

1.15 Foreign-currency convertible debt

Foreign currency denominated convertible debt that is settled by delivering a fixed number of the issuing entity own equity instruments in exchange for a fixed amount of foreign currency fails the "fixed-for-fixed" requirement. Accordingly, the Group classifies the entire instrument as a financial liability in accordance with IAS 32 "Financial instruments: Presentation" and subjects its recognition and measurement to the IFRS 9 "Financial instruments" provisions. The conversion option is an embedded derivative that is not clearly and closely related to the debt host instrument because the risks inherent in the derivative (equity risk) and the host are dissimilar. Therefore, the conversion option has been separated and classified as a derivative liability. The carrying value of the debt host contract at initial recognition is the difference between the consideration received and the fair value of the embedded derivative. The host foreign-currency debt is subsequently re-measured at amortized cost using the effective interest rate method and then translated at each reporting date using the closing. exchange rate. Changes in the fair value of the embedded derivative are recognized in profit or loss for the period in which they arise under the line item "Financial results, net".

1. Summary of significant accounting policies (Continued)

1.16 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

An allowance for bad debts is recorded where there is objective evidence that the Group may not be able to collect all receivables within their original payment term. Indicators of bad debts include significant financial distress of the debtor, the debtor potentially filing a petition for reorganization or bankruptcy, or any event of default or past due account.

In the case of larger homogeneous receivables, the impairment provision is calculated on an individual basis. When assessed individually, the Group records an provision for impairment which amounts to the difference between the value of the discounted expected future cash flows of the receivable and its carrying amount, taking into account the existing collateral, if any. This provision takes into consideration the financial situation of the debtor, the resources, payment track-record and, if applicable, the value of collateral.

The Group collectively evaluates for impairment smaller-balance homogeneous receivables, which are grouped on the basis of similar risk characteristics, taking into account asset type, collateral type, past-due status and other relevant factors. The Group applies allowance factors, which in the judgment of management represent the expected losses over the life of the receivables. In determining those factors, the Group considers the following: (i) delinquencies and overall risk ratings, (ii) loss history and the general behavior of clients, (iii) trends in volume and terms of receivables, (iv) the experience and depth of the debtors' management, (v) national and local economic trends, (vi) concentrations of credit by individual credit size and by class of receivable, and (vii) the effect of other external factors.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognized in the statements of income within "Selling expenses". Subsequent recoveries of amounts previously written off are credited against "Selling expenses" in the statements of income.

1. Summary of significant accounting policies (Continued)

1.17. Trade and other payables

Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

1.18. Tenant deposits

The Group generally obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period of generally 3 years. The deposits generally equivalent to one month of lease rentals. Such deposits are treated as both a financial assets and a financial liability in accordance with IFRS 9, and they are initially recognized at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease (refer to Note 1.26 for the recognition of rental income). The deposits are subsequently measured at amortized cost.

1.19. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as finance cost over the period of the borrowings using the effective interest method.

1.20. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

The Group capitalizes borrowing costs on qualifying investment properties, property, plant and equipment and trading properties.

1. Summary of significant accounting policies (Continued)

1.21. Provisions

Provisions are recognized when (i) the Group has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses.

The Group bases its accruals on up-to-date developments, estimates of the outcomes of the matters and legal counsel experience in contesting, litigating and settling matters. As the scope of the liabilities becomes better defined or more information is available, the Group may be required to change its estimates of future costs, which could have a material effect on its results of operations and financial condition or liquidity.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized in the statements of income.

1.22. Employee benefits

(a) Pension obligations

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are incurred.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(c) Bonus plans

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1. Summary of significant accounting policies (Continued)

1.23. Share-based payments

The Group operates an equity incentive plan, under which certain selected employees, directors and top management of the Company, CRESUD and APSA have a right to receive shares of their respective employer companies, although they must remain with the employer entity for a certain period of time.

The fair value of the equity settled awards is measured at the date of grant. Management measures the fair value using the valuation technique that it considers to be the most appropriate to value each class of award. Methods used may include Black-Scholes calculations or other models as appropriate. The valuations take into account factors such as non-transferability, exercise restrictions and behavioral considerations.

The fair value of the share-based payment is expensed and charged to income under the straight-line method over the vesting period in which the right to the equity instrument becomes irrevocable (“vesting period”); such value shall be based on the best available estimate of the number of equity instruments expected to vest. Such estimate shall be revised provided subsequent information available indicates that the number of equity instruments expected to vest differs from original estimates.

If a grant of an equity instrument is cancelled, it is accounted for as if it had vested on the cancellation date, and any expense not yet recognized for the grant is recognized immediately in the statement of income. Any payment made by a counterparty due to cancellation of share-based payment shall be accounted for as a repurchase of equity instruments (that is, it is deducted from shareholders’ equity) unless the payment exceeds the fair value of the repurchased equity instruments valued on the repurchase date. The excess, if any, shall be accounted for as an expense.

1.24. Current and deferred income tax

Tax expense for the year comprises the charge for tax currently payable and deferred income. Tax is recognized in the statements of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statements of financial position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1. Summary of significant accounting policies (Continued)

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statements of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group is able to control the timing of dividends from its subsidiaries and hence does not expect taxable profit. Hence deferred tax is recognized in respect of the retained earnings of overseas subsidiaries only to the to remit overseas earnings in the foreseeable future in a way that would result in a charge to extent that, at the date of the statements of financial position, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary.

Entities in Argentina are subject to the Minimum Presumed Income Tax (“MPIT”). Pursuant to this tax regime, an entity is required to pay the greater of the income tax or the MPIT. The MPIT provision is calculated on an individual entity basis at the statutory asset tax rate of 1% and is based upon the taxable assets of each company as of the end of the year, as defined by Argentine law. Any excess of the MPIT over the income tax may be carried forward and recognized as a tax credit against future income taxes payable over a 10-year period. When the Group assesses that it is probable that it will use the MPIT payment against future taxable income tax charges within the applicable 10-year period, the Group recognizes the MPIT as a current or non-current receivable, as applicable, within “Trade and other receivables” in the statements of financial position.

1. Summary of significant accounting policies (Continued)

1.25. Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

1.26. Revenue recognition

The Group is engaged in diverse operations primarily including; investment and development properties and hotel operations. Revenue is measured at the fair value of the consideration receiver or receivable.

Revenue derived from the sale of property is recognized when: (a) material risks and benefits derived from title to property have been transferred; (b) the company does not retain any management function on the assets sold nor does it have any control whatsoever on such assets; (c) the amount of revenues and costs associated to the transaction may be measured on a reliable basis; and (d) the company is expected to accrue the economic benefits associated to the transaction.

Revenue derived from the provision of services is recognized when (a) the amount of revenue and costs associated to the services may be measured on a reliable basis; (b) the company is expected to accrue the economic benefits associated to the transaction, and (c) the level of completion of services may be measured on a reliable basis.

Investment property activities:

- Shopping centers portfolio

Revenues derived from business activities developed in the Group's shopping centers mainly include rental income under operating leases, admission rights, commissions and revenue from several services provided to the Group's lessees.

All lease agreements in Argentina are cancelable pursuant to Argentine Law 23,091 "Lease law" as amended by Law 24,808 "Lease Law". Under the law, a lease is not cancelable within the first six months of the agreement, but provides that after that initial non-cancelable period, tenants may rescind agreements at any time upon giving prior written notice to lessors. The Law establishes that payments in connection with a rescission of the lease agreement to be made to the lessor are equivalent to one-and-a-half month's rent if rescinded during the first year of the lease and one month's rent if rescinded after the first year of the lease.

1. Summary of significant accounting policies (Continued)

The Group analized the definition of the lease term in IAS 17, for its cancelable option, and which provides that a non-cancelable lease is a lease that is cancelable only (a) upon the occurrence of some remote contingency, (b) with the permission of the lessor, (c) if the lessee enters into a new lease with the same lessor or (d) upon payment by the lessee of such an additional amount that, at inception of the lease, continuation of the lease is reasonably certain.

The Group has determined that, in all operating leases, the lease term for accounting purposes matches the term of the contract. The Group concluded that, even though a lease is cancelable under the law, tenants would incur significant "economic penalties" if the leases are terminated prior to expiry. The Group considered that these economic penalties are of such amount that continuation of the lease contracts by tenants appears to be reasonably certain at the inception of the respective agreements. The Group reached this conclusion based on factors such as (i) the strategic geographical location and accessibility to customers of the Group's investment properties; (ii) the nature and tenure of tenants (mostly well-known local and international retail chains), (iii) limited availability of identical revenue-producing space in the areas where the Group's investment properties are located; (iv) the tenants' brand image and other competitive considerations; (v) tenants' significant expenses incurred in renovation, maintenance and improvements on the leased space to fit their own image; (vi) the majority of the Group's tenants only have stores in shopping centers with a few or none street stores.

Lessees of shopping centers are generally required to pay the higher of: (i) a base monthly rent (the "Base Rent") and (ii) a specific percentage of gross monthly sales recorded by the Lessee (the "Supplementary Rent"), which generally ranges between 4% and 10% of gross sales. Moreover, in accordance with agreements entered into for most locations, the Base Rent is subject to scheduled increases, typically between 7% and 12% per year over the term of the lease.

In addition, some lease contracts include provisions that set forth variable rent based on specific volumes of sales and other types of ratios.

Rental income from shopping center properties leased out under operating leases is recognized in the statements of income on a straight-line basis over the term of the leases. When lease incentives are granted, they are recognized as an integral part of the net consideration for the use of the property and are therefore recognized on the same straight-line basis.

Contingent rents, being lease payments that are not fixed at the inception of a lease, are recorded as income in the periods in which they are known and can be determined. Rent reviews are recognized when such reviews have been agreed with tenants.

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1. Summary of significant accounting policies (Continued)

Tenants in the Group's shopping centers are also generally charged a non-refundable admission right upon entering a lease contract or renewing an existing one. Admission rights are treated as additional rental income and recognized in the statements of income under a straight-line basis over the term of the respective lease agreement.

The Group acts as its own leasing agent for arranging and closing lease agreements in its shopping center properties and consequently earns letting fees. A transaction is considered successfully concluded when both parties have signed the related lease contract. Letting fees received by the Group are treated as additional rental income and are recognized in the statements of income on a straight-line basis over the term of the lease agreements.

Lease contracts also provide that common area maintenance expenses of the Group's shopping centers are borne by the corresponding lessees, generally on a proportionally basis. These common area maintenance expenses include all such expenses convenient and necessary for various purposes including, but not limited to, the operation, maintenance, management, safety, preservation, repair, supervision, insurance and enhancement of the shopping centers. The lessor is responsible for determining the need and suitability of incurring a common area expense. The Group makes the original payment for such expenses, which are then reimbursed by the lessees. The Group considered that it acts as a principal in these cases.

Service charge income is presented separately from property operating expenses. Property operating expenses are expensed as incurred.

Under the lease contracts entered into, lessees also agree to participate in collective promotion funds ("FPC") to be used in advertising and promoting the Group's shopping centers. Each lessee's participation is generally calculated as a percentage of the monthly rent accrued. Revenue so derived is also included under rental income and services segregated from advertising and promotion expenses. Such expenses are charged to income when incurred.

On the other hand, revenue includes income from managed operations and other services such as car parking lots. Those revenues are recognized on an accrual basis as services are provided.

- Office and other rental properties portfolio

Rental income from office and other rental properties include rental income from office leased out under operating leases, income for services and expenses recovery paid by tenant.

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1. Summary of significant accounting policies (Continued)

Rental income from office and other rental properties leased out under operating leases is recognized in the income statements on a straight-line basis over the term of the leases ('rent averaging'). When lease incentives are granted, they are recognized as an integral part of the net consideration for the use of the property and are therefore recognized on the same straight-line basis.

Contingent rents, are recorded as income in the periods in which they are collected. Rent reviews are recognized when such reviews have been agreed with tenants.

A substantial portion of the Group's leases require the tenant to reimburse the Group for a substantial portion of operating expenses, usually a proportionate share of the allocable operating expenses, Such property operating expenses includes necessary expenses such as property operating, repairs and maintenance, security, janitorial, insurance, landscaping, leased properties and other administrative expenses, among others. The Group considered that it acts as a principal in these cases. The Group accrues reimbursements from tenants as service charge revenue in the period the applicable expenditures are incurred and is presented separately from property operating expenses. Property operating expenses are expensed as incurred.

- Development property activities:

Revenue primarily comprises the proceeds from the sale of trading properties. Revenue from the sale of properties is recognized only when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts (except where payment or completion is expected to occur significantly after exchange). For conditional exchanges, sales are recognized when these conditions are satisfied.

The Group applies IFRIC 15 "Agreements for the Construction of Real Estate". IFRIC 15 gives guidance as to which standard applies when accounting for the construction of real estate; that is IAS 11 "Construction Contracts" or IAS 18 "Revenue". IFRIC 15 interprets that an agreement meets the definition of a construction contract under IAS 11 when the buyer is able to specify the major structural elements of the design of the property either before or during construction. Furthermore, IFRIC 15 interprets that an agreement is for the sale of goods under IAS 18 when construction takes place independently of the agreement and the buyer has only a limited ability to influence the design. The Group has assessed the nature of its agreements and determined that they are within the scope of IAS 18. As a result, the Group recognizes revenue from the sale of open market private homes and commercial units entirely at the point of legal completion in accordance with IAS 18.

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1. Summary of significant accounting policies (Continued)

The Group also enters into barter transactions where the Group normally exchanges undeveloped parcels of land with third-party developers for future property to be constructed on the bartered land. Sometimes, the Group also receives monetary assets (i.e. cash) as part of the transactions. The legal title together with all risks and rewards of ownership to the land are transferred to the developer upon sale. The Group generally requires the developer to issue surety insurances or to mortgage the land in favor of the Group as performance guarantee. In the event the developer does not fulfill its obligations, the Group forecloses the land through the execution of the mortgage or the surety insurances, together with a cash penalty.

The Group determines that its barter transactions have commercial substance and that the conditions for revenue recognition on the transfer of land are met at the time the transaction takes place. Revenue is then recognized at the fair value of the goods to be received (i.e. the residential apartments to be constructed), adjusted by the amount of cash received, if any. In exchange for the land given up, the Group receives cash, if any, and an in-kind receivable. The in-kind receivable is initially recognized at fair value and is not subsequently remeasured. The in-kind receivable is classified as trading property in the statements of financial position.

The Group may sell the residential apartments to third-party homebuyers once they are finalized and transferred from the developer. In these circumstances, revenue is recognized when the significant risks and rewards are transferred to the buyer. This will normally take place when the title deeds are transferred to the homebuyer.

On the other hand, the Group may market the residential apartments during construction or even before construction commences. In these situations, homebuyers generally surrenders a downpayment to the Group with the remaining amount being paid when the developer completes the property and transfers it to the Group, and the Group in turn transfers it to the buyer. In these cases, revenue is not recognized until the apartments are completed and the transaction is legally completed, that is when the apartments are transferred to the homebuyers and deeds of title are executed. This is because in the event the residential apartments are not completed by the developer and consequently not delivered to the homebuyer, the Group is contractually obligated to return to the homebuyer any down payment received plus a penalty amount. The Group may then seek legal remedy against the developer for non-performance of its obligations under the agreement. The Group exercised judgment and considers that the most significant risk associated with the asset the Group holds (i.e. the right to receive the apartments) consisting of the unfulfillment of the developer's obligations (i.e. to complete the construction of the apartments) has not been transferred to the homebuyers upon reception of the down payment.

Hotel operations of the Group:

Revenue from hotel operations primarily comprises room accommodation, catering and other services. Revenue from product sales are recognized when the product is delivered and the significant risks and rewards of ownership are transferred to the buyer. Revenues from sales of services are recognized when the service is rendered. All other revenues are recognized on an accruals basis.

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1. Summary of significant accounting policies (Continued)

1.27. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.28. Earnings per share

Basic profit / (loss) per share is calculated by dividing the net profit / (loss) for the year attributable to equity holders of the parent by the weighted average number of common shares outstanding during the year. Diluted net profit / (loss) per share is computed by dividing the net profit / (loss) for the year by the weighted average number of common shares outstanding, and when dilutive, adjusted for the effect of all potentially dilutive shares, including share options, on an as-if converted basis.

In computing diluted profit / (loss) per share, income available to common shareholders used in the basic profit / (loss) per share calculation is adjusted to add back the after-tax amount of interest recognized in the year with respect to any debt convertible to common stock. The weighted-average number of common shares outstanding is adjusted to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. Diluted profit / (loss) per share is based on the most advantageous conversion rate or exercise price over the entire term of the instrument from the standpoint of the security holder. The calculation of diluted profit / (loss) per share excludes potential common shares if their effect is anti-dilutive. See Note 34 for details.

1.29. Dividend distribution

Cash dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved.

As indicated in Note 27, the Group has been refunded dividends deposited with the Caja de Valores. Such amounts have been recorded either under Retained Earnings, if already forfeited or under Dividends payable, if not forfeited.

2. Acquisitions and disposals

Year ended June 30, 2012

Acquisition of Associates

Bitania 26 S.A.

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2. Acquisitions and disposals (Continued)

On December 12, 2011, the Group, through Ritelco S.A., acquired the 49% of the capital stock of Bitania 26 S.A., an Argentine company who owns “Esplendor Savoy” hotel in the city of Rosario, Santa Fe Province. The purchase price was US$ 5.0 million and was paid in cash.

Acquisition of Joint Ventures

Nuevo Puerto Santa Fe S.A.

On August 18, 2011, the Group, through APSA, acquired the 50% of the capital stock of Nuevo Puerto Santa Fe S.A. (“NPSF”), an Argentine company that owns the usage and exploitation rights for a new shopping mall in the province of Santa Fe. The purchase price was US$ 4.5 million payable in equal and consecutive monthly installments as from February, 2013.

Acquisition of non-controlling interest

APSA

During the year ended June 30, 2012, the Group acquired an additional equity interest of 0.038% in APSA for a total consideration of 0.8 million. As a result of this transaction, the non-controlling interest was reduced by Ps. 0.4 million. The effect on shareholders’ equity of this change in the equity interest in APSA is summarized as follows:

	Ps.
Book value of the non-controlling interest purchased by the Group	350
Consideration	(752)
Loss on the acquisition booked in shareholder's equity	(402)

Arcos

On September 7, 2011, the Group, through APSA, acquired additional shares representing 8.185% of its subsidiary Arcos for US$ 4.5 million. As a result of this transaction, the non-controlling interest was reduced by Ps. 0.2 million. The effect on shareholders’ equity of this change in the equity interest in APSA is summarized as follows:

	Ps.
Book value of the non-controlling interest purchased by the Group	188
Consideration	(16,208)
Loss on the acquisition booked in shareholder's equity	(16,020)

2. Acquisitions and disposals (Continued)

Purchase of financial assets

Purchase of preferred shares and warrants Supertel Hospitality Inc. (“Supertel”)

On February, 2012, the Group, through its subsidiary Real Estate Strategies L.P., acquired 3 million of preferred shares and 30 million of Supertel´s warrants for a total amount of US$ 30 million. Supertel is a Real Estate Investment Trust that focuses its activity on medium class long-stay hotels and. Supertel owns approximately 101 hotels in 23 states of the United States of America, which are managed by diverse operators and franchises, such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn, Sleep Inn and Super 8, among others.

The mentioned preferred shares accrue a preferred dividend of 6.25% per annum and are convertible into 30 million common shares at a fixed price of US$ 1 per share. Subject to certain limitations, they can be exercised completely or partially at any time until February, 2017. Preferred shares grant the Group, the same politic rights as those of Supertel´s common shares.

Warrants grant the Group the right to acquire 30 million Supertel’s common shares at a fixed price of US$ 1.20 per share. Subject to certain limitations, these warrants can be exercised completely or partially at any time until February 2017.

As a holder of Preferred Shares, the Group has approximately 34% of the voting rights in Supertel's Shareholders' Meetings. Additionally, the Group is entitled to appoint up to 4 directors, out of a total of 9, and participates in the decision-making process of Supertel’s Executive Committee concerning the acquisition, disposal and administration of Supertel's real estate assets. However, under no circumstances may the Group hold an interest in Supertel of more than 34% of its capital stock and/or more than 34% of the voting rights in Supertel’s Shareholders’ Meetings.

In spite of the fact that the Group exerts significant influence on Supertel, neither the Preferred Shares nor the Warrants entitle the Group to the economic benefits of an equity interest in Supertel (the Group does not have any equity interest in Supertel). Therefore, the Preferred Shares and Warrants were recorded as financial assets and measured at fair value, and the resulting changes were disclosed in the statements of income, as required by IFRS 9 and IAS 39.

When initially recognized, the consideration paid for the Preferred Shares and Warrants was allocated to both instruments, based on their respective fair values upon acquisition. The fair values of these instruments exceeded the price of the transaction and were assessed using a valuation method that incorporates unobservable market data. Given the fact that the fair values of these instruments were estimated by applying a valuation method that incorporates unobservable market data, the Group did not recognize a gain of Ps. 34.3 million at the time of initial recognition.

2. Acquisitions and disposals (Continued)

Contribution to Don Mario S.G.R.

On June 29, 2012, the Group, through APSA, effectively made a contribution in the amount of Ps. 10,000 to Don Mario S.G.R., a reciprocal guarantee company under Argentine law. The SGRs are legal entities created for promoting financing for the small and medium business (PYME) and for reactivating national economy. SGRs are funded through the contributions of investors who, in turn, obtain tax benefits. The SGRs act in their capacity of guarantors for PYMES in relation to the loans they receive from financial institutions. The funds received are generally invested in fixed-term deposits by the SGRs. The Group has received five shares with a nominal value of Ps. 0.005. These shares are symbolic and merely represent the Group’s rights in the investment. These shares do not grant control or significant influence over the entity’s activities. APSA must maintain the investment in the SGR for a period of 2 years in order to make use of the tax benefit

Acquisition of Cresud’s corporate notes

On March 10, 2011 and June 21, 2012, the Group through ERSA acquired Cresud S.A.C.I.F. y A.’s Non-convertible Notes for US$ 2.5 million and Ps. 13.74 million, respectively.

Additionally, on June 21, 2012, the Group through PAMSA acquired Cresud S.A.C.I.F. y A.’s Non-convertible Notes for a total amount of Ps. 19.2 million.

Acquisition of undeveloped land

Luján plot of land

On May 22, 2012, the Group through APSA acquired a plot of land of 115 hectares in Lujan, Province of Buenos, which was owned by Cresud S.A.C.I.F. y A for an amount of US$ 8.96 million, which has been fully paid as of June 30, 2012.

Significant sale of investment properties

On October 17, 2011, the Group through IRSA sold certain functional units in the real property known as “Libertador 498” in the Autonomous City of Buenos Aires. The total transaction price amounted to US$ 2.5 million and was collected as of June 30, 2012. This transaction generated a gain of US$ 8.1 million.

On October 25, 2011, the Group through IRSA sold the property “Thames” located in the province of Buenos Aires. The total transaction price amounted to US$ 4.7 million and was collected as of June 30, 2012. This transaction generated a gain of US$ 15.8 million.

2. Acquisitions and disposals (Continued)

Likewise, the Group though IRSA sold in two separate transactions performed in March and May, 2012, all the functional units from the property known as "Museo Renault" at Figueroa Alcorta 3301 of the Autonomous City of Buenos Aires. The total price agreed amounted to US$ 11.7 million. In connection with the sale of corporate notes completed in May 2012, the amount of US$ 3.3 million was agreed upon to be paid in two annual mortgage-backed installments over a 12 month period, at an annual interest rate of 8.5%. The transactions referred to above resulted in a gain of Ps. 23.9 million.

On May 23, 2012, the Group through IRSA signed the title conveyance deed for the functional unit 1 of the property identified as “Sarmiento 517”. The total amount agreed was US$ 0.05 million.

On June 16, 2012, the Group through IRSA sold and transferred a covered area of 4,703 square meters for offices and 46 car parking spaces and 4 complementary units to be used as storage units in the building identified as Yacht V and VI of the complex known as “Puerto del Centro”, located in Dique IV, Puerto Madero. The amount of the transaction was Ps. 69 million, which was paid by the buyer upon execution of the conveyance deed. The result for this transaction amounted to Ps. 53.7 million.

The properties mentioned above were classified as investment properties until the above mentioned transactions were executed, which represents a gross lease area of approximately 41,193 square meters.

3. Financial risk management

Risk management principles and processes

The risk management function within the Group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, liquidity risk and capital risk.

The Group’s diverse activities are exposed to a variety of financial risks in the normal course of business. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the Group’s capital costs by using suitable means of financing and to manage and control the Group’s financial risks effectively. The Group uses financial instruments to hedge certain risk exposures when deemed appropriate based on its internal management risk policies.

The Group’s principal financial instruments comprise cash and cash equivalents, receivables, payables, interest bearing assets and liabilities, other financial liabilities, other investments and derivative financial instruments. The Group manages its exposure to key financial risks in accordance with the Group’s risk management policies.

3. Financial risk management(Continued)

The Group's risk management policies are established to all its subsidiaries companies in order to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's management framework includes policies, procedures, limits and allowed types of derivative financial instruments. The Group has established a Risk Committee, comprising Senior Management and a member of the Audit Committee, which reviews and oversees management's compliance with these policies, procedures and limits and has overall accountability for the identification and management of risk across the Group.

This section provides a description of the principal risks and uncertainties that could have a material adverse effect on the Group's strategy, performance, results of operations and financial condition. The principal risks and uncertainties facing the businesses, set out below, do not appear in any particular order of potential materiality or probability of occurrence.

(a) Market risk management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in foreign currencies, interest-bearing assets and liabilities and equity securities price risks, to the extent that these are exposed to general and specific market movements. The Group sets limits on the exposure to these risks that may be accepted, which are monitored on a regular basis.

The examples of sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice this is unlikely to occur, and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Foreign exchange risk:

The Group publishes its consolidated financial statements in Argentine Pesos but conducts business in many foreign currencies. As a result, the Group is subject to foreign currency exchange risk due to exchange rate movements, which affect the Group's transaction. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

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3. Financial risk management(Continued)

The real estate activities of the Group's subsidiaries are primarily located in Argentina where the Argentine Peso is the functional currency. A significant majority of the Group's business activities is conducted in the respective functional currencies of the subsidiaries (Principally the Argentine Peso), thus not exposing the Group to foreign exchange risk. However, in the ordinary course of business, the Group transacts in currencies other than the respective functional currencies of the subsidiaries. These transactions are primarily denominated in US dollars The Group's net financial position exposure to the US dollar is managed on a case-by-case basis, by entering into different derivative instruments and/or by borrowing in foreign currencies. Exposure to other foreign currencies has not been significant to date.

The following table shows the Company's US dollar-denominated net carrying amounts of its financial instruments broken down by the functional currencies in which the Company operates. Financial instruments are only considered sensitive to foreign exchange rates where they are not in the functional currency of the entity that holds them. The amounts are presented in Argentine Pesos, the presentation currency of the Company:

Functional currency	Net monetary position (Liability)/Asset 06.30.2012
Argentine Peso.	(1,546,228)
Total	(1,546,228)

Based on materiality grounds, the table below shows the Group's sensitivity to foreign exchange rates on its US dollar-denominated financial instruments. The Group estimates that, other factors being constant, a 10% appreciation of the US dollar against the respective functional currencies at year-end would decrease profit before income tax for the year ended June 30, 2012 for an amount of Ps. 154.6 million. A 10% depreciation of the US dollar against the functional currencies would have an equal and opposite effect on the statements of income.

This sensitivity analysis provides only a limited, point-in-time view of the foreign exchange risk sensitivity of certain of the Group's financial instruments. The actual impact of the interest rate changes on the Group's financial instruments may differ significantly from the impact shown in the sensitivity analysis.

3. Financial risk management(Continued)

Interest rate risk:

The Group is exposed to interest rate risk on its investments in debt instruments, short-term and long-term borrowings and derivative financial instruments.

The primary objective of the Group's investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, the Group diversifies its portfolio in accordance with the limits set by the Group. The Group maintains a portfolio of cash equivalents and short-term investments in a variety of securities, including both government and corporate obligations and money market funds.

Investments in both fixed rate and floating rate instruments carry varying degrees of interest rate risk. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates. In general, longer dated securities are subject to greater interest rate risk than shorter dated securities. While floating rate securities are generally subject to less interest rate risk than fixed rate securities, floating rate securities may produce less income than expected if interest rates decrease. Due in part to these factors, the Group's investment income may fall short of expectations or the Group may suffer losses in principal if securities that have declined in market value due to changes in interest rates are sold. As of June 30, 2012, the Group has not utilized derivative financial instruments to hedge interest rate risk on investments; however, the Group may employ hedging strategies in the future if deemed appropriate.

As the Group's investments on this type of financial instruments subject to this risk are not significant, changes in market interest rates do not have any significant direct effect on the Group's income.

The Group's interest rate risk principally arises from long-term borrowings (Note 22). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group manages this risk by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. These activities are evaluated regularly to determine that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

The Group occasionally manages its cash flow interest rate risk exposure by different hedging instruments, including but not limited to interest rate swap, depending on each particular case. For example, interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates or viceversa.

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3. Financial risk management (Continued)

The interest rate risk policy is approved by the Board of Directors. Management analyses the Group's interest rate exposure on a dynamic basis. Various scenarios are simulated, taking into consideration refinancing, renewal of existing positions and alternative financing sources. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions. Trade payables are normally interest-free and have settlement dates within one year. The simulation is done on a regular basis to verify that the maximum potential loss is within the limits set by management.

The following tables show a breakdown of the Group's fixed-rate and floating-rate borrowings per currency denomination and functional currency of the subsidiary issuing the loans (excluding finance leases). All amounts are shown in thousands of Argentine Pesos, the Group's presentation currency:

	06.30.2012		
	Functional currency		
Rate per currency	Argentine Peso	Uruguayan Peso	Total
Fixed rate:			
Argentine Peso	51,382	-	51,382
US dollar	2,096,324	35,700	2,132,024
Subtotal fixed-rate borrowings	2,147,706	35,700	2,183,406
Floating rate:			
Argentine Peso.	398,829	-	398,829
US dollar	-	22,635	22,635
Subtotal variable rate borrowings	398,829	22,635	421,464
Total borrowings as per analysis	2,546,536	58,335	2,604,870
Finance leases	1,423	-	1,423
Total borrowings as per statements of financial position	2,547,958	58,335	2,606,293

The Group estimates that, other factors being constant, a 1% increase in floating rates at year-end would decrease profit before income tax for the year ended June 30, 2012, in Ps. 126,063. A 1% decrease in floating rates would have an equal and opposite effect on the statements of income.

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3. Financial risk management (Continued)

	06.30.2012		
	Functional currency		
Rate per currency	Argentine Peso	Uruguayan Peso	Total
Variable rate:			
Argentine Peso.	3,904	-	3,904
US dollar	-	226	226
Total effects on Profit before income tax	3,904	226	4,130

The sensitivity analysis provides only a limited, point-in-time view of this market risk sensitivity of certain of the Group's financial instruments. The actual impact of the interest rate changes on the Group's financial instruments may differ significantly from the impact shown in the sensitivity analysis.

Other price risk

The Group is exposed to equity securities price risk or derivative financial instruments because of investments held in entities that are publicly traded (TGLT, Hersha and Supertel) which are classified on the consolidated statements of financial position at "fair value through profit or loss". The Group regularly reviews the prices evolution of these equity securities in order to identify significant movements.

The table below shows the Group's sensitivity to equity securities price risk. The Group estimates that, other factors being constant, a 10% decrease in equity securities quoted prices at year-end would decrease profit before income tax for the years ended June 30, 2012. As flollows:

Company	Decrease profit before income tax (in millions) 06.30.2012
TGLT	6.5
Hersha	43.3
Supertel	15.8
Total	65.6

3. Financial risk management(Continued)

(b) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit limits have been established to ensure that the Group deals only with approved counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Group.

The Group is subject to credit risk arising from deposits with banks and financial institutions, investments of surplus cash balances, the use of derivative financial instruments and from outstanding receivables. Credit risk is managed on a country-by-country basis. Each local entity is responsible for managing and analyzing the credit risk.

The Group's policy is to manage credit exposure to deposits, short-term investments and other financial instruments by maintaining diversified funding sources in various financial institutions. All the institutions that operate with the Group are well known because of their experience in the market and high quality credit. The Group places its cash and cash equivalents, investments, and other financial instruments with various high credit quality financial institutions, thus mitigating the amount of credit exposure to any one institution. The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents and short-term investments in the statements of financial position.

The Group's primary objective for holding derivative financial instruments is to manage currency exchange rate risk and interest rate risk. The Group generally enters into derivative transactions with high-credit-quality counterparties and, by policy, limits the amount of credit exposure to each counterparty. The amounts subject to credit risk related to derivative instruments are generally limited to the amounts, if any, by which counterparty's obligations exceed the obligations that the Group has with that counterparty. The credit risk associated with derivative financial instruments is representing by the carrying value of the assets positions of these instruments.

The Group's policy is to manage credit risks associated with trade and other receivables within defined trading limits. All Group's significant counterparties have internal trading limits.

Trade receivables from investment and development property activities are primarily derived from leases and services from shopping centers, office and other rental properties; receivables from the sale of trading properties and investment properties (primarily undeveloped land and non-retail rental properties). The Group has a large customer base and is not dependent on any single customer.

3. Financial risk management(Continued)

Trade receivables related to leases and services provided by the Group represent a diversified tenant base and account for 91.7% and 73 % of the Group's total trade receivables as of June 30, 2012 and July 1, 2011, respectively. The Group has specific policies to ensure that rental contracts are transacted with counterparties with appropriate credit quality. The majority of the Group's shopping center, office and other rental properties' tenants are well recognized retailers, diversified companies, professional organizations, and others. Owing to the long-term nature and diversity of its tenancy arrangements, the credit risk of this type of trade receivables is considered to be low. Generally, the Group has not experienced any significant losses resulting from the non-performance of any counterpart to the lease contracts and, as a result, the provision for impairment of receivables is low. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Group. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its past experience, financial position, actual experience and other factors. Based on the Group's analysis, the Group determines the size of the deposit that is required from the tenant at inception. Management does not expect any losses from non-performance by these counterparties. See details in Note 15.

On the other hand, property receivables related to the sale of trading properties represent 4.7% and 9.3% of the Group's total trade receivables as of June 30, 2012 and July 1, 2011, respectively. Payments on these receivables have generally been received when due. These receivables are generally secured by mortgages on the properties. Therefore, the credit risk on outstanding amounts is considered very low.

(c) Liquidity risk management

The Group is exposed to liquidity risks, including risks associated with refinancing borrowings as they mature, the risk that borrowing facilities are not available to meet cash requirements, and the risk that financial assets cannot readily be converted to cash without loss of value. Failure to manage liquidity risks could have a material impact on the Group's cash flow and statements of financial position. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding its existing and prospective debt requirements by maintaining diversified funding sources.

The Group monitors its current and projected financial position using several key internally generated reports: cash flow; debt maturity; and interest rate exposure. The Group also undertakes sensitivity analysis to assess the impact of proposed transactions, movements in interest rates and changes in property values on the key profitability, liquidity and balance sheet ratios.

3. Financial risk management (Continued)

The Group's debt and derivative positions are continually reviewed to meet current and expected debt requirements. The Group maintains a balance between longer-term and shorter-term financings. Short-term financing is principally raised through bank facilities and overdraft positions. Medium- to longer-term financing comprises public and private bond issues, including private placements. Financing risk is spread by using a variety of types of debt. The maturity profile is managed in accordance with Group's needs, by spreading the repayment dates and extending facilities, as appropriate.