

IRSA INVESTMENTS & REPRESENTATIONS INC  
Form 6-K  
May 23, 2007

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

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REPORT OF FOREIGN ISSUER

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

For the month of May, 2007

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### Irsa Inversiones y Representaciones Sociedad Anónima

(Exact name of Registrant as specified in its charter)

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Irsa Investments and Representations Inc.

(Translation of registrant's name into English)

Republic of Argentina

(Jurisdiction of incorporation or organization)

Bolivar 108

(C1066AAB)

Buenos Aires, Argentina

(Address of principal executive offices)

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Form 20-F   T   Form 40-F \_\_\_\_\_

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

Yes \_\_\_\_\_ No T

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**IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA**

**(THE COMPANY )**

**REPORT ON FORM 6-K**

Attached is a copy of the English translation of the Financial Statements for the nine-month period ended on March 31, 2007 and March 31, 2006 filed with the *Bolsa de Comercio de Buenos Aires*.

IRSA Inversiones y Representaciones

Sociedad Anónima and subsidiaries

Free translation of the Unaudited

Consolidated Financial Statements

For the nine-month periods

beginning on July 1, 2006 and 2005

and ended March 31, 2007 and 2006

**IRSA Inversiones y Representaciones Sociedad Anónima**  
**and subsidiaries**

Unaudited Consolidated Balance Sheets as of March 31, 2007 and June 30, 2006

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

	March 31,	June 30,
	2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and banks (Note 5)	118,571	103,018
Investments (Note 9)	377,308	130,420
Mortgage and leases receivables, net (Note 6)	160,771	114,911
Other receivables and prepaid expenses (Note 7)	81,346	52,159
Inventories (Note 8)	52,780	81,280
Total Current Assets	790,776	481,788
<b>NON-CURRENT ASSETS</b>		
Mortgage and leases receivables, net (Note 6)	45,096	33,044
Other receivables and prepaid expenses (Note 7)	105,093	97,882
Inventories (Note 8)	196,909	80,830
Investments (Note 9)	642,272	647,981
Fixed assets (Note 10)	1,909,023	1,413,212
Intangible assets	2,439	3,599
Subtotal Non-Current Assets	2,900,832	2,276,548
Goodwill, net	(13,870)	(18,215)
Total Non-Current Assets	2,886,962	2,258,333
Total Assets	3,677,738	2,740,121
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	203,892	127,369
Mortgages payable (Note 11)	18,593	18,407
Customer advances (Note 12)	62,680	64,847
Short term debt (Note 13)	335,512	123,733
Salaries and social security payable	14,283	14,823
Taxes payable	58,266	33,928
Other liabilities (Note 14)	52,954	36,121
Total Current Liabilities	746,180	419,228
<b>NON-CURRENT LIABILITIES</b>		
Trade accounts payable	415	1,196

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Mortgages payable (Note 11)	8,058	14,722
Customer advances (Note 12)	70,590	41,482
Long term debt (Note 13)	715,532	280,560
Taxes payable	11,333	14,926
Other liabilities (Note 14)	75,308	32,252
<b>Total Non-Current Liabilities</b>	<b>881,236</b>	<b>385,138</b>
<b>Total Liabilities</b>	<b>1,627,416</b>	<b>804,366</b>
Minority interest	416,938	449,989
<b><u>SHAREHOLDERS' EQUITY</u></b>	<b>1,633,384</b>	<b>1,485,766</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,677,738</b>	<b>2,740,121</b>

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

Eduardo S. Elsztain  
President

**IRSA Inversiones y Representaciones Sociedad Anónima**  
**and subsidiaries**

Unaudited Consolidated Statements of Income

For the nine-month periods beginning on July 1, 2006 and 2005

and ended March 31, 2007 and 2006

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

	<b>March 31, 2007</b>	<b>March 31, 2006</b>
Revenues	521,939	381,270
Cost	(209,903)	(164,211)
<b>Gross profit</b>	<b>312,036</b>	<b>217,059</b>
Gain from recognition of inventories at net realizable value	11,539	8,220
Selling expenses	(68,666)	(41,895)
Administrative expenses	(99,485)	(63,240)
<b>Subtotal</b>	<b>(156,612)</b>	<b>(96,915)</b>
Net income from retained interest in securitized receivables	4,367	2,116
<b>Operating income (Note 4)</b>	<b>159,791</b>	<b>122,260</b>
Amortization of goodwill	(566)	(827)
Financial results generated by assets:		
Interest income	13,978	4,124
Interest on discount by assets	(161)	(17)
Gain on financial operations	54,155	9,828
Exchange gain	771	22,199
<b>Subtotal</b>	<b>68,743</b>	<b>36,134</b>
Financial results generated by liabilities:		
Interest on discount by liabilities	5	(1)
Discounts		
Exchange loss	(2,882)	(40,032)
Financial expenses	(42,302)	(38,804)
<b>Subtotal</b>	<b>(45,179)</b>	<b>(78,837)</b>
<b>Financial results, net</b>	<b>23,564</b>	<b>(42,703)</b>
Equity gain from related companies	25,355	37,193
Other income and expenses, net (Note 15)	(8,962)	(5,999)
<b>Net Income before taxes and minority interest</b>	<b>199,182</b>	<b>109,924</b>
Income tax and asset tax	(56,693)	(49,749)
Minority interest	(28,639)	(19,270)
<b>Net income for the period</b>	<b>113,850</b>	<b>40,905</b>
Earnings per common share		

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Basic (Note 25)	0.258	0.111
Diluted (Note 25)	0.210	0.110

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

Eduardo S. Elsztain  
President



**IRSA Inversiones y Representaciones Sociedad Anónima**  
**and subsidiaries**

Unaudited Consolidated Statements of Cash Flows (1)

For the nine-month periods beginning on July 1, 2006 and 2005

and ended March 31, 2007 and 2006

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

	March 31, 2007	March 31, 2006
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as of beginning of year	163,940	142,589
Cash and cash equivalents as of end of period	366,047	156,718
Net increase in cash and cash equivalents	202,107	14,129
<b>CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the period	113,850	40,905
Plus income tax and asset tax accrued for the period	56,693	49,749
Adjustments to reconcile net income to cash flows from operating activities:		
Equity loss from related companies	(25,355)	(37,193)
Minority interest	28,639	19,270
Allowances and reserves	26,291	13,954
Amortization and depreciation	64,529	61,281
Financial results	(44,835)	26,276
Gain from recognition of inventories at net realizable value	(11,539)	(8,220)
Accrual of unrealized gains		(2,428)
Uncollected expenses		5,164
Changes in operating assets and liabilities:		
(Increase) Decrease in current investments	(3,044)	10,931
Increase in non-current investments	(36,681)	(18,419)
Increase in mortgages and lease receivables	(60,552)	(77,145)
(Increase) Decrease in other receivables	(52,584)	925
Decrease in inventories	27,124	22,161
Increase in intangible assets		(2,247)
Decrease in taxes payable, social security payable and customer advances	(34,957)	(8,717)
Increase in trade accounts payable	74,280	40,320
Increase in accrued interest	5,603	6,018
Increase (Decrease) in other liabilities	6,245	(3,877)
Net cash provided by operating activities	133,707	147,329
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increases in cash (Payments) for companies acquired net of cash acquired	5,387	(4,232)
Framework agreement guarantee deposit	9,111	(8,610)
Decrease in minority interest	(37,939)	(4,030)
Sale of IRSA Telecommunications N.V.		1,719
Purchase and improvements of fixed assets	(495,375)	(55,206)
Increase in receivables with related companies	(285)	(325)

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Loans granted	(3,995)	
Increase in non-current investments		
Changes in undeveloped parcels of land	54,117	(630)
Net cash used in investing activities	(468,979)	(71,314)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Swap guarantee deposit		1,190
Increase in short term debt and long term debt	653,908	16,414
Payment of short term debt and long term debt	(109,236)	(60,945)
Settlement of debt for the purchase of shares of Mendoza Plaza Shopping S.A. .		(5,150)
Decrease of mortgages payable	(4,529)	(22,279)
Issuance of common stock	20,411	21,560
Dividends payments to minority shareholders of related subsidiaries	(23,175)	(11,356)
Payments to minority shareholders for common stock in reduction in subsidiaries		(1,320)
Net cash provided by (used in) financing activities	537,379	(61,886)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>202,107</b>	<b>14,129</b>

(1) Includes cash and banks and investments with a realization term not exceeding three months.  
The accompanying notes are an integral part of these Unaudited Consolidated Financial Statements.

Eduardo S. Elsztain  
President

**IRSA Inversiones y Representaciones Sociedad Anónima**  
**and subsidiaries**

Unaudited Consolidated Statements of Cash Flows (Continued)

For the nine-month periods beginning on July 1, 2006 and 2005

and ended March 31, 2007 and 2006

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

	March 31,	March 31,
	2007	2006
<b>Supplemental cash flow information</b>		
Interest paid	50,316	40,626
Income tax paid	11,798	589
<b>Non-cash activities:</b>		
Increase in inventories through a decrease in fixed assets		1,422
Increase in intangible assets through a decrease in fixed assets		6
Increase in fixed assets through a decrease in real estate reserve		(9,049)
Increase in inventories through a decrease in real estate reserve		18,404
Increase in other receivables through a decrease in fixed assets		83
Increase in other receivables through a decrease in long-term investments	3,303	
Increase in long-term investments through an increase in loans	27,522	
Decrease in Mortgages payable through a decrease in inventories	(3,632)	
Increase in fixed assets through an increase in other receivables	12,161	
Conversion of negotiable obligations into common shares	13,357	26,074

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

For the nine-month periods beginning on July 1, 2006 and 2005

and ended March 31, 2007 and 2006

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

	March 31,	March 31,
	2007	2006
Acquisitions of subsidiaries:		
Leases and services receivables	1,578	
Other receivables	4,083	99
Inventories	66,057	
Undeveloped parcels of land		269
Fixed assets	51,807	
Trade accounts payable	(1,458)	
Customer advances	(17,417)	
Salaries and social security payable	(283)	
Taxes payable	(878)	
Other liabilities	(11,614)	(89)
Net value of the acquired non-cash assets	91,875	279
Acquired cash	187,714	
Net value of acquired assets	279,589	279
Minority interest	(36,029)	
Goodwill	19,385	
Higher value of undeveloped parcels of land acquired		3,953
Purchase value of acquired subsidiaries	262,945	4,232
Acquired cash	(187,712)	
Amounts financed by sellers	(80,618)	
	(5,387)	

Eduardo S. Elsztain  
President

**IRSA Inversiones y Representaciones Sociedad Anónima**  
**and subsidiaries**

**Notes to the Unaudited Consolidated Financial Statements**

For the nine-month periods beginning on July 1, 2006 and 2005

and ended March 31, 2007 and 2006

In thousand of pesos

**NOTE 1: BASIS OF CONSOLIDATION CORPORATE CONTROL**

a. Basis of consolidation

The Company has consolidated its unaudited balance sheets at March 31, 2007 and June 30, 2006 and the unaudited statements of income and cash flows for the nine-month periods ended March 31, 2007 and 2006 line by line with the financial statements of its subsidiaries, following the procedure established in Technical Resolution No. 21 of the Argentine Federation of Professional Councils in Economic Sciences and approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires and by the National Securities Commission.

Consolidated Financial statements corresponding to the nine-month periods ended March 31, 2007 and 2006 have not been audited. The Company's management believes they include all necessary adjustments to reasonably show the consolidated results of each period.

Consolidated Income statement for the nine-month periods ended March 31, 2007 and 2006 do not necessarily reflect the portion of the Company's consolidated results for such complete years. All significant intercompany balances and transactions have been eliminated in consolidation.

The following table shows the data concerning the corporate control:

COMPANIES	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
	March 31, 2007	June 30, 2006	March 31, 2007	June 30, 2006
Ritelco S.A.	100.00	100.00	100.00	100.00
Palermo Invest S.A.	100.00	66.67	100.00	66.67
Abril S.A.	100.00	83.33	100.00	83.33
Pereiraola S.A.	100.00	83.33	100.00	83.33
Baldovinos S.A. (Note 45)		83.33		83.33
Hoteles Argentinos S.A.	80.00	80.00	80.00	80.00
Llao LLao Resorts S.A.	50.00	50.00	50.00	50.00
Patagonian Investment S.A.	100.00		100.00	
Alto Palermo S.A. ( APSA )	62.36	61.54	62.36	61.54
Rummaala S.A (Note 44)	100.00		100.00	
Inversora Bolivar S.A.	100.00	66.67	100.00	66.67
Canteras Natal Crespo S.A. (1)	55.93	43.18	55.93	43.18

(1) The Company holds joint control of Canteras Natal Crespo S.A. with ECIPSA, see Note 17 to the unaudited basic Financial Statement.

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**IRSA Inversiones y Representaciones Sociedad Anónima**

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**Notes to the Unaudited Consolidated Financial Statements (Continued)**

**NOTE 1:** (Continued)

b. **Comparative Information**

Balance sheet items as of June 30, 2006 shown in these unaudited consolidated financial statements for comparative purposes arise from the audited annual consolidated financial statements corresponding to the year then ended.

The balances at March 31, 2007 of the unaudited Statements of Income, Changes in Shareholders' Equity and Cash Flows are disclosed in comparative format with the same period of the previous fiscal year.

Certain amounts in the unaudited financial statements at March 31, 2006 were reclassified for disclosure on a comparative basis with those for the period ended March 31, 2007.

**NOTE 2: CONSIDERATION OF THE EFFECTS OF INFLATION**

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

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

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

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

The unaudited financial statements of the subsidiaries mentioned in Note 1, have been prepared on a consistent basis with those applied by IRSA Inversiones y Representaciones Sociedad Anónima. The Note 1 to the unaudited basic financial statements details the most significant accounting policies applied and mentions the recently approved unification of accounting standards that will be applicable at the beginning of the next fiscal year. Below are the most relevant accounting policies adopted by the subsidiaries, which are not included in that note.

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**IRSA Inversiones y Representaciones Sociedad Anónima**

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**Notes to the Unaudited Consolidated Financial Statements (Continued)**

**NOTE 3:** (Continued)

a. Banco Hipotecario S.A. shares

Banco Hipotecario S.A. shares were valued by using the equity method of accounting by the end of the period. See Note 1.5.i. to the unaudited basic financial statements.

b. Revenue recognition

The Company's revenues mainly stem from office leases, shopping center operations, development and sale of real estate and hotel operations.

Leases and services from shopping center operations

Leases with tenants are accounted for as operating leases. Tenants are generally charged a rent, which consists of the higher of (i) a monthly base rent (the Base Rent) and (ii) a specified percentage of the tenant's monthly gross sales (the Percentage Rent) (which generally ranges between 4% and 8% of tenant's gross sales).

Furthermore, pursuant to the rent adjustment clause in most leases, the tenant's Base Rent generally increases between 4% and 7% each year during the term of the lease. Minimum rental income is recognized on a straight-line basis over the term of the lease. Certain lease agreements contain provisions, which provide for rents based on a percentage of sales or based on a percentage of sales volume above a specified threshold. The Company determines the compliance with specific targets and calculates the additional rent on a monthly basis as provided for in the contracts. Thus, these contingent rents are not recognized until the required thresholds are exceeded.

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

Additionally, the Company monthly charges its tenants administration fees, which are prorated among the tenants according to their leases and varies from shopping center to shopping center, relating to the administration and maintenance of the common area and the administration of contributions made by tenants to finance promotional efforts for the overall shopping centers operations.

**IRSA Inversiones y Representaciones Sociedad Anónima**

**and subsidiaries**

**Notes to the Unaudited Consolidated Financial Statements (Continued)**

NOTE 3: (Continued)

b. (Continued)

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

Credit card operations

Revenues derived from credit card transactions include commissions and financing income, charges to users for life and disability insurance and statements of accounts. Commissions are recognized at the time the merchants' transactions are processed, while the remaining income is recognized at the time it is accrued.

Hotel operations

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

Net operating results from each business unit are disclosed in Note 4.

c. Intangible assets

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

Trademarks

Trademarks include the expenses and fees related to their registration.

Pre-operating expenses

This item reflects expenses generated by the opening of new shopping malls restated as mentioned in Note 2. Those expenses are amortized by the straight-line method in 3 years, beginning as from the date of opening of the shopping center.



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**IRSA Inversiones y Representaciones Sociedad Anónima**

**and subsidiaries**

**Notes to the Unaudited Consolidated Financial Statements (Continued)**

**NOTE 3:** (Continued)

c. (Continued)

Property development expenses

Expenses incurred related to the selling of development properties, including advertising, commissions and other expenses, are charged to net income for the period in which the corresponding income is accrued, based on the percentage of completion method.

The value of these assets does not exceed its estimated recoverable value at the end of each period.

d. Goodwill

Negative goodwill represents the excess of the market value of net assets of the subsidiaries at the percentage participation acquired over the acquisition cost. Goodwill has been restated following the guidelines mentioned in Note 2 and amortization has been calculated by the straight-line method based on an estimated useful life, considering the weighted-average of the remaining useful life of identifiable assets acquired subject to depreciation.

Additionally, also included was the goodwill from the subsidiary APSA, originating from the purchase of shares of Tarshop S.A., Fibesa S.A., Panamerican Mall S.A., Empalme S.A.I.C.F.A. y G. EMPALME and Emprendimiento Recoleta S.A., which is amortized through the straight-line method over a period that not exceeds 10 years.

Goodwill corresponding to the acquisition of Panamerican Mall S.A. has been valued at cost, calculated as the difference between the value paid for such investment and the estimated current value of the assets acquired.

The goodwill for the acquisition of the controlled companies Empalme S.A.I.C.F.A. y G. and Palermo Invest S.A. has been valued at cost, calculated as difference between the value paid for such investment and the book value of the participation acquired. The Company is currently analyzing the current value of assets and liabilities acquired in line with Technical Resolution No. 21.

Amortization has been classified under Amortization of goodwill in the Unaudited Statements of Income.

**NOTE 4: NET OPERATING INCOME BY BUSINESS UNIT**

The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting. Accordingly, the Company has six reportable segments.

**IRSA Inversiones y Representaciones Sociedad Anónima**

**and subsidiaries**

**Notes to the Unaudited Consolidated Financial Statements (Continued)**

**NOTE 4:** (Continued)

These segments are Sale and development of properties, Office and others, Shopping centers, Credit card, Hotel and financial operations and others. As mentioned in Note 1, the unaudited consolidated statements of income were prepared following the guidelines of Technical Resolution No. 21 of the F.A.C.P.C.E.

A general description of each segment follows:

Sale and development of properties

This segment includes the operating results of the Company's construction and ultimate sale of residential buildings business.

Office and others

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

Shopping centers

This segment includes the operating results of the Company's shopping centers principally comprised of lease and service revenues from tenants. This segment also includes revenues derived from credit card transactions that consist of commissions and financing income.

Credit card

This segment includes the operating results from operations with credit cards, which include commissions, financing income, charges to users by life and incapacity insurance and accounts summaries, among others.

Hotel operations

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

Financial operations and others

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

**IRSA Inversiones y Representaciones Sociedad Anónima**

**and subsidiaries**

**Notes to the Unaudited Consolidated Financial Statements (Continued)**

NOTE 4: (Continued)

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

The accounting policies of the segments are the same as those described in Note 1 to the unaudited basic financial statements and in Note 3 to the unaudited consolidated financial statements.

## IRSA Inversiones y Representaciones Sociedad Anónima

## and subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

## NOTE 4: (Continued)

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

As of March 31, 2007

	Office and						
	Development and sale of properties	Other non-shopping center rental properties (a)	Shopping centers	Hotel operations	Credit card	Others	Total
Revenues	40,013	37,889	198,278	94,372	149,556	1,831	521,939
Costs	(37,282)	(6,841)	(60,953)	(49,759)	(54,143)	(925)	(209,903)
Gross profit	2,731	31,048	137,325	44,613	95,413	906	312,036
Income from valuation of inventories at net sale value	11,539						11,539
Selling expenses	(2,670)	(2,178)	(15,859)	(9,152)	(38,807)		(68,666)
Administrative expenses	(13,497)	(11,916)	(22,346)	(19,097)	(32,629)		(99,485)
Net income from retained interest in securitized receivables					4,367		4,367
Operating income	(1,897)	16,954	99,120	16,364	28,344	906	159,791
Depreciation and amortization (b)		6,712	48,664	7,457	884		63,717
Addition of fixed assets and intangible assets	702	258,636	184,634	47,768	3,635		495,375
Non-current investments in other companies						292,090	292,090
Operating assets	474,258	628,739	1,281,348	191,487	138,929		2,714,761
Non-Operating assets	50,390	66,803	38,873	10,658	8,284	787,969	962,977
Total assets	524,648	695,542	1,320,221	202,145	147,213	787,969	3,677,738
Operating liabilities	12,482	45,507	178,146	30,333	170,309		436,777
Non-Operating liabilities	211,524	190,060	545,778	120,496	23,991	98,790	1,190,639
Total liabilities	224,006	235,567	723,924	150,829	194,300	98,790	1,627,416

(a) Includes offices, commercial and residential premises.

(b) Included in operating income

## IRSA Inversiones y Representaciones Sociedad Anónima

## and subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 4: (Continued)

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

As of March 31, 2006

	Office and						
	Development and sale of properties	Other non-shopping center rental properties (a)	Shopping centers	Hotel operations	Credit card	Others	Total
Revenues	32,764	21,524	155,545	79,700	89,997	1,740	381,270
Costs	(27,077)	(6,869)	(55,700)	(43,089)	(30,395)	(1,081)	(164,211)
Gross profit	5,687	14,655	99,845	36,611	59,602	659	217,059
Income from valuation of inventories at net sale value	8,220						8,220
Selling expenses	(1,320)	(796)	(10,635)	(8,152)	(20,992)		(41,895)
Administrative expenses	(8,235)	(7,485)	(13,133)	(15,938)	(18,449)		(63,240)
Net income from retained interest in securitized receivables					2,116		2,116
Operating income	4,352	6,374	76,077	12,521	22,277	659	122,260
Depreciation and amortization (b)	247	5,987	46,681	7,245	591		60,751
Addition of fixed assets and intangible assets (c)	619	320	29,524	20,070	3,586		54,119
Non-current investments in other companies (c)			129			265,082	265,211
Operating assets (c)	386,740	359,725	1,139,767	145,796	74,148		2,106,176
Non-Operating assets (c)	49,624	46,158	18,536	13,310	10,655	495,662	633,945
Total assets (c)	436,364	405,883	1,158,303	159,106	84,803	495,662	2,740,121
Operating liabilities (c)	15,183	52,688	129,653	21,281	97,969		316,774
Non-Operating liabilities (c)	81,414	72,126	243,303	59,030	13,272	18,447	487,592
Total liabilities (c)	96,597	124,814	372,956	80,311	111,241	18,447	804,366

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- (a) Includes offices, commercial and residential premises.
  - (b) Included in operating income.
  - (c) Information as of June 30, 2006.

**IRSA Inversiones y Representaciones Sociedad Anónima**

**and subsidiaries**

**Notes to the Unaudited Consolidated Financial Statements (Continued)**

**NOTE 5: CASH AND BANKS**

The breakdown for this item is as follows:

	<b>March 31, 2007</b>	<b>June 30, 2006</b>
Cash in local currency	3,654	2,288
Cash in US\$	726	2,472
Banks in local currency	26,171	28,599
Banks in US\$	33,748	37,826
Banks in EUR	475	458
Special current accounts in local currency	6,053	1,645
Foreign accounts	46,555	28,666
Checks to be deposited	1,189	1,064
	<b>118,571</b>	<b>103,018</b>

**NOTE 6: MORTGAGES AND LEASES RECEIVABLES, NET**

The breakdown for this item is as follows:

	<b>March 31, 2007</b>		<b>June 30, 2006</b>	
	<b>Current</b>	<b>Non- Current</b>	<b>Current</b>	<b>Non- Current</b>
Debtors from sale of real estate	6,987	2,211	9,150	13,352
Interest to be accrued	(135)		(79)	(51)
Debtors from leases and credit card	138,569	44,725	92,449	21,076
Debtors from leases under legal proceedings	21,519		23,338	
Debtors from sales under legal proceedings	1,886		2,051	
Checks to be deposited	30,903		26,155	
Related companies	1,286		295	
Debtors from hotel activities	10,355		5,595	
Less:				
Allowance for doubtful accounts	(198)		(505)	
Allowance for doubtful leases	(50,401)	(1,840)	(43,538)	(1,333)
	<b>160,771</b>	<b>45,096</b>	<b>114,911</b>	<b>33,044</b>

**NOTE 7: OTHER RECEIVABLES AND PREPAID EXPENSES**



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The breakdown for this item is as follows:

	March 31, 2007		June 30, 2006	
	Current	Non-Current	Current	Non-Current
Asset tax credits	9,680	31,835	7,321	26,000
Value added tax ( VAT ) receivable	23,061	7,291	5,344	1,186
Related companies	11,337	65	6,542	51
Guarantee deposits (1) (2)	287	471	9,391	282
Prepaid expenses and services	12,684	251	7,176	456
Guarantee of defaulted credits (3)	163	3,542	279	15,889
Advance for the acquisition of companies (Note 44)			2,064	
Expenses to be recovered	7,957		4,965	
Fund administration and reserve	221		243	
Gross sales tax	910	1,140	790	883
Deferred income tax		50,380		47,936
Debtors under legal proceeding	233		470	

**IRSA Inversiones y Representaciones Sociedad Anónima**

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**Notes to the Unaudited Consolidated Financial Statements (Continued)**

**NOTE 7:** (Continued)

	March 31, 2007		June 30, 2006	
	Current	Non-Current	Current	Non-Current
Income tax advances and withholdings	749		1,638	
Country club debtors	412		412	
Trust programs account receivables	2,132	10,892	1,100	5,805
Mortgages receivable under legal proceeding		2,208		2,208
Allowance for doubtful accounts		(2,208)		(2,208)
Tax on personal assets to be recovered			836	
Loans granted (4)	4,204			
Pre-paid insurance			48	
Judicial attachments (Note 26)	877		861	
Present value other receivables		(910)		(752)
Stock transactions to be liquidated	385			
Other	6,054	136	2,679	146
	81,346	105,093	52,159	97,882

- (1) As of June 30, 2006 included US\$ 3 million deposit in guarantee kept in the Deutsche Bank in favor of Argentimo S. A. related to an agreement entered into between Alto Palermo S.A., Argentimo S.A. and Constructora San José Argentina S.A. by which the guidelines were established for negotiating the acquisition of land to develop a shopping center and a dwelling and/or office building as of June 30, 2006. As of December 26, 2006 this guarantee kept to APSA (see Note 41).
- (2) Includes restricted cash (see Note 16)
- (3) See Note 15 to the unaudited basic financial statements and Note 16 to the unaudited consolidated financial statements.
- (4) See Note 4 (1) to the unaudited basic financial statements

**NOTE 8: INVENTORIES**

The breakdown for this item is as follows:

	March 31, 2007		June 30, 2006	
	Current	Non-Current	Current	Non-Current
Edificios Cruceros	537		3,629	
Dock 13	1,595		1,605	
Dorrego 1916	13		13	
Minetti D	72		72	
Credit from Barter of Caballito		22,663		22,663
Torres Jardín	257	215	472	
V. Celina	43		43	
Abril / Baldovinos	6,231	2,414	5,670	2,872
San Martín de Tours	8,775		14,211	
Credit from barter of Benavidez (Note 27)	2,329	6,213	2,329	6,213
Torre Renoir I (1)	1,521			

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Torres de Abasto	509		312	
Credit from barter of Parcel 1 c) Dique III (1)	19,978	9,972	15,587	7,274
Torres de Rosario	7,701		7,325	
Dique III parcel 1 d) (1)			25,549	
Credit from barter of Dique III 1 e) (1)		41,808		41,808
Advance on purchase of real states (Note 44)			1,773	
Libertador 1703 y 1755		113,624		
Other inventories	3,219		2,690	
	52,780	196,909	81,280	80,830

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(1) See Note 20 to the unaudited basic financial statements.

## IRSA Inversiones y Representaciones Sociedad Anónima

## and subsidiaries

## Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 9: INVESTMENTS

The breakdown for this item is as follows:

	March 31, 2007	June 30, 2006
<u>Current</u>		
Boden (1)	547	644
Mortgage bonds (1)	2,148	2,704
IRSA I Trust Exchangeable Certificate (1)	169	184
Time deposits and money markets	35,523	6,431
Mutual funds (2)	317,783	108,732
Tarshop Trust (1)	13,316	10,319
Fiduciary bonds (1)		324
Banco Ciudad de Bs. As. Bond (1)	239	438
Other investments (1)	7,583	644
	377,308	130,420
<u>Non-current</u>		
Banco de Crédito y Securitización S.A.	5,187	4,782
Banco Hipotecario S.A.	286,903	260,300
E-Commerce Latina S.A		129
IRSA I Trust Exchangeable Certificate	1,753	2,126
Tarshop Trust	61,354	37,814
Fiduciary bonds		752
Banco Ciudad de Bs. As. Bond		117
Other investments	660	1,287
	355,857	307,307
Undeveloped parcels of land:		
Dique IV	7,046	6,704
Terreno General Paz (Note 41)		59,837
Torres de Rosario plot of land	16,111	16,079
Terrenos de Caballito	9,223	9,223
Padilla 902	92	92
Pilar	3,408	3,408
Torres Jardín IV	3,030	3,030
Puerto Retiro (Note 16)	46,516	46,518
Santa María del Plata	114,422	114,397
Pereiraola	21,875	21,875
Air space Coto	13,143	13,143
Caballito	36,681	36,622
Canteras Natal Crespo	6,478	4,427
Other undeveloped parcels of land	8,390	5,319

286,415 340,674

642,272 647,981

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- (1) Not considered cash equivalent for purposes of presenting the unaudited consolidated statements of cash flows.
- (2) Include Ps. 98,551 and Ps. 49,976 at March 31, 2007 and at June 30, 2006, respectively, corresponding to Dolphin Fund PLC, not considered cash equivalent for purposes of presenting unaudited consolidated statement of cash flows. Include Ps. 6,790 and Ps. 3,174 at March 31, 2007 and at June 30, 2006, respectively, corresponding to NCH Development Partner fund not considered cash equivalent for purposes of presenting unaudited consolidated statement of cash flows. Include Ps. 489 and Ps. 1,091 at March 31, 2007 and at June 30, 2006, respectively, corresponding to Gainvest funds not considered cash equivalent for purposes of presenting unaudited consolidated statements of cash flows.

## IRSA Inversiones y Representaciones Sociedad Anónima

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## Notes to the Unaudited Consolidated Financial Statements (Continued)

**NOTE 10: FIXED ASSETS**

The breakdown for this item is as follows:

	March 31,	June 30,
	2007	2006
<b>Hotels</b>		
Llao-Llao	60,221	44,096
Intercontinental	53,708	55,573
Libertador	42,348	38,196
Terrenos Bariloche (Note 36)	21,900	
	178,177	137,865
<b>Office buildings</b>		
Avda. de Mayo 595	4,548	4,630
Avda. Madero 942	2,612	2,651
Edificios Costeros (Dique II)	18,746	19,020
Laminar Plaza	29,627	30,032
Libertador 498	41,876	42,490
Libertador 602	2,887	2,929
Madero 1020	1,792	1,818
Maipú 1300	43,086	43,726
Reconquista 823	19,269	19,560
Rivadavia 2768	315	321
Sarmiento 517	88	86
Suipacha 652	11,611	11,808
Intercontinental Plaza	65,133	66,277
Costeros Dique IV	21,177	21,463
Bouchard 710	69,710	70,786
Dock del Plata	26,720	
Bouchard 551	244,148	
	603,345	337,597
<b>Commercial real estate</b>		
Constitución 1111	748	760
	748	760
<b>Other fixed assets</b>		
Abril	1,084	1,115
Alto Palermo Park	514	519
Thames	3,033	3,033
Santa María del Plata	10,513	10,513

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Store Cruceros	289	293
Constitución 1159	2,000	2,000
Other	1,707	1,834