IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
April 24, 2019

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements as of December 31, 2018 and for the six and three-month period ended as of that date, presented comparatively

Legal information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.

Fiscal year N°: 76, beginning on July 1st, 2018.

Legal address: 108 Bolívar St., 1st floor, Autonomous City of Buenos Aires, Argentina.

Company activity: Real estate investment and development.

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: August 7, 2017.

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

Registration number with the Superintendence: 213,036.

Capital: 578,676,460 shares of common stock.

Common Stock subscribed, issued and paid up nominal value (in millions of Ps.): 579.

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

Legal Address: 877 Moreno St., 23rd. floor, Autonomous City of Buenos Aires, Argentina.

Main activity: Real estate, agricultural, commercial and financial activities.

Direct and indirect interest of the Parent Company in the capital stock: 366,788,251 common shares.

Percentage of votes of the Parent Company (direct and indirect interest) on the shareholders' equity: 63.74% (1).

	CAPITAL STATUS	
Type of stock	Shares authorized for Public Offering (2)	Subscribed, issued and paid up nominal value (in millions of Pesos)
Common stock with a par value of Ps. 1 per share and entitled to 1 vote each	578,676,460	579

(1) For computation purposes, treasury shares have been subtracted.
(2) Company not included in the Optional Statutory System of Public Offer of Compulsory Acquisition.

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Glossary

The following are not technical definitions, but help the reader to understand certain terms used in the wording of the notes to the Group´s Financial Statements.

Terms	Definitions
BACS	Banco de Crédito y Securitización S.A.
BCRA	Central Bank of the Argentine Republic
BHSA	Banco Hipotecario S.A.
Cellcom	Cellcom Israel Ltd.
Clal	Clal Holdings Insurance Enterprises Ltd.
CNV	Argentine Securities Commission
CODM	Chief operating decision maker
CPF	Collective Promotion Funds
Condor	Condor Hospitality Trust Inc.
Cresud	Cresud S.A.C.I.F. y A.
DIC	Discount Investment Corporation Ltd.
Efanur	Efanur S.A.
Financial Statements	Unaudited Condensed Interim Consolidated Financial Statements
Annual Financial Statements	Consolidated Financial Statements as of June 30, 2018
HASA	Hoteles Argentinos S.A.
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IDBT	IDB Tourism (2009) Ltd.
IDBD	IDB Development Corporation Ltd.
IFISA	Inversiones Financieras del Sur S.A.
IFRS	International Financial Reporting Standards
IRSA, “The Company”, “Us”, “We”	IRSA Inversiones y Representaciones Sociedad Anónima
IRSA CP	IRSA Propiedades Comerciales S.A.
Israir	Israir Airlines & Tourism Ltd.
LRSA	La Rural S.A.
Metropolitan	Metropolitan 885 Third Avenue Leasehold LLC
MPIT	Minimum presumed income tax
NCN	Non-convertible Notes
New Lipstick	New Lipstick LLC
NIS	New Israeli Shekel
PBC	Property & Building Corporation Ltd.
PBEL	PBEL Real Estate LTD
Quality	Quality Invest S.A.
Shufersal	Shufersal Ltd.
Tarshop	Tarshop S.A.
Tyrus	Tyrus S.A.

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Financial Position
as of December 31, 2018 and June 30, 2018
(All amounts in millions, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Note	12.31.2018	06.30.2018
ASSETS			
Non-current assets			
Investment properties	8	205,674	207,497
Property, plant and equipment	9	18,322	18,111
Trading properties	10, 21	4,483	8,477
Intangible assets	11	15,375	15,805
Other assets		50	241
Investments in associates and joint ventures	7	28,268	33,039
Deferred income tax assets	18	350	456
Income tax and MPIT credit		437	529
Restricted assets	12	3,824	2,606
Trade and other receivables	13	10,634	10,379
Investments in financial assets	12	2,089	2,186
Financial assets held for sale	12	8,927	9,928
Total non-current assets		298,433	309,254
Current assets			
Trading properties	10, 21	2,871	4,175
Inventories	21	757	803
Restricted assets	12	3,966	5,411
Income tax and MPIT credit		404	507
Group of assets held for sale	27	7,800	6,618
Trade and other receivables	13	18,878	19,057
Investments in financial assets	12	34,005	32,494
Financial assets held for sale	12	7,206	5,693
Derivative financial instruments	12	85	111
Cash and cash equivalents	12	53,216	47,569
Total current assets		129,188	122,438
TOTAL ASSETS		427,621	431,692
SHAREHOLDERS’ EQUITY			
Shareholders' equity attributable to equity holders of the parent (according to corresponding statement)		42,324	50,259
Non-controlling interest		48,871	47,671
TOTAL SHAREHOLDERS’ EQUITY		91,195	97,930
LIABILITIES			
Non-current liabilities			
Borrowings	16	230,686	230,784
Deferred income tax liabilities	18	31,504	33,836
Trade and other payables	15	2,164	4,608
Income tax and MPIT liabilities		1	-
Provisions	17	5,047	4,524
Employee benefits		131	140
Derivative financial instruments	12	367	31
Salaries and social security liabilities		83	85

Total non-current liabilities		269,983	274,008
Current liabilities			
Trade and other payables	15	14,188	18,786
Borrowings	16	43,892	32,616
Provisions	17	1,346	1,342
Group of liabilities held for sale	27	4,589	4,134
Salaries and social security liabilities		1,761	1,978
Income tax and MPIT liabilities		484	667
Derivative financial instruments	12	183	231
Total current liabilities		66,443	59,754
TOTAL LIABILITIES		336,426	333,762
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		427,621	431,692

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

Alejandro G. Elsztain
Vice President II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Income and Other Comprehensive Income
for the six and three-month periods ended December 31, 2018 and 2017
(All amounts in millions, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

		Six month		Three month	
	Note	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Revenues	19	27,879	23,732	15,009	12,436
Costs	20, 21	(16,283)	(13,421)	(8,404)	(7,081)
Gross profit		11,596	10,311	6,605	5,355
Net (loss) / gain from fair value adjustment of investment properties	8	(5,451)	10,206	(13,619)	8,141
General and administrative expenses	20	(3,189)	(2,739)	(1,659)	(1,432)
Selling expenses	20	(3,474)	(3,288)	(1,704)	(1,681)
Other operating results, net	22	347	1,079	97	914
(Loss) / profit from operations		(171)	15,569	(10,280)	11,297
Share of loss of associates and joint ventures	7	(705)	101	(475)	(561)
(Loss) / profit before financial results and income tax		(876)	15,670	(10,755)	10,736
Finance income	23	1,037	618	(466)	286
Finance costs	23	(9,031)	(9,663)	2,682	(3,471)
Other financial results	23	1,213	1,024	(7,109)	550
Inflation adjustment		(387)	(186)	15	142
Financial results, net		(7,168)	(8,207)	(4,878)	(2,493)
(Loss) / profit before income tax		(8,044)	7,463	(15,633)	8,243
Income tax expense	18	1,880	3,366	4,040	5,031
(Loss) / profit for the period from continuing operations		(6,164)	10,829	(11,593)	13,274
Profit for the period from discontinued operations	28	717	1,291	772	731
(Loss) / profit for the period		(5,447)	12,120	(10,821)	14,005
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation adjustment		200	(4,742)	(10,347)	(1,077)
Change in the fair value of hedging instruments net of income taxes		28	-	27	-
Items that may not be reclassified subsequently to profit or loss, net of income tax:					
Actuarial profit from defined contribution plans		-	(72)	-	(50)
Other comprehensive income / (loss) for the period from continuing operations		228	(4,814)	(10,320)	(1,127)
Other comprehensive income for the period from discontinued operations		16	399	(420)	115
Total other comprehensive income / (loss) for the period		244	(4,415)	(10,740)	(1,012)
Total comprehensive (loss) / income for the period		(5,203)	7,705	(21,561)	12,993
Total comprehensive (loss) / income from continuing operations		(5,936)	6,015	(21,913)	12,147
Total comprehensive income from discontinued operations		733	1,690	352	846
Total comprehensive (loss) / income for the period		(5,203)	7,705	(21,561)	12,993
(Loss) / profit for the period attributable to:					
Equity holders of the parent		(5,271)	9,762	(6,402)	2,943

Non-controlling interest	(176)	2,358	(4,419)	11,062
(Loss) / profit from continuing operations attributable to:				
Equity holders of the parent	(6,005)	9,088	(5,612)	3,325
Non-controlling interest	(159)	1,741	(5,981)	9,949
Total comprehensive (Loss) / income attributable to:				
Equity holders of the parent	(5,458)	8,110	(8,765)	2,928
Non-controlling interest	255	(405)	(12,796)	10,065
Total comprehensive (Loss) / income from continuing operations attributable to:				
Equity holders of the parent	(6,208)	7,168	(8,955)	2,471
Non-controlling interest	272	(1,153)	(12,958)	9,676
(Loss) / profit per share attributable to equity holders of the parent:				
Basic	(9.17)	16.98	(11.13)	5.12
Diluted	(9.17)	16.86	(11.13)	5.08
(Loss) / profit per share from continuing operations attributable to equity holders of the parent:				
Basic	(10.44)	15.81	(9.76)	5.78
Diluted	(10.44)	15.70	(9.76)	5.74

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

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Alejandro G. Elsztain
Vice President II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
for the six-month period ended December 31, 2018
(All amounts in millions, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Attributable to equity holders of the parent										
	Share capital	Treasury shares	Inflation adjustment of share capital and treasury shares (1)	Share premium	Additional paid-in capital from treasury shares	Legal reserve	Special reserve Resolution CNV 609/12 (2)	Other reserves (3)	Retained earnings	Subtotal	Non-controll interest
Balance as of July 1, 2018	575	4	7,512	8,336	45	278	5,390	2,812	25,307	50,259	47,671
Adjustments previous periods (IFRS 9 and 15) (Note 2.2)	-	-	-	-	-	-	-	-	(188)	(188)	(3)
Restated balance as of July 1, 2018	575	4	7,512	8,336	45	278	5,390	2,812	25,119	50,071	47,668
Loss for the period	-	-	-	-	-	-	-	-	(5,271)	(5,271)	(176)
Other comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(187)	-	(187)	431
Total profit and other comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(187)	(5,271)	(5,458)	255
Incorporation by biussness combination	-	-	-	-	-	-	-	-	-	-	(9)
Appropriation of retained earnings approved by Shareholders' meeting held on 10.29.18	-	-	-	-	-	-	-	37,521	(37,521)	-	-
Share-based compensation	-	-	-	-	-	-	-	-	-	-	19
Capitalization of shareholders' contributions	-	-	-	-	-	-	-	-	-	-	(6)
	-	-	-	-	-	-	-	-	(1,496)	(1,496)	(365)

Dividends distribution to non-controlling interest in subsidiaries											
Changes in non-controlling interest	-	-	-	-	-	-	-	(793)	-	(793)	1,309
Balance as of December 31, 2018	575	4	7,512	8,336	45	278	5,390	39,353	(19,169)	42,324	48,871

(1)
Includes Ps. 1 of Inflation adjustment of treasury shares. See Note 16 to the Annual Financial Statements.
(2)
Related to CNV General Resolution N° 609/12.
(3)
Group´s other reserves for the period ended December 31, 2018 are comprised as follows:

	Cost of treasury stock	Changes in non-controlling interest	Reserve for share-based payments	Reserve for future dividends	Currency translation adjustment reserve	Hedging instruments	Revaluation surplus	Special reserve	Reserve for defined contribution plans	Oth rese fror sub
Balance as of July 1, 2018	(105)	(2,240)	129	970	621	60	60	3,434	(178)	61
Other comprehensive loss for the period	-	-	-	-	(157)	(30)	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(157)	(30)	-	-	-	-
Appropriation of retained earnings approved by Shareholders' meeting held on 10.29.18	-	-	-	-	-	-	-	37,521	-	-
Share-based compensation	1	-	(1)	-	-	-	-	-	-	-
Changes in non-controlling interest	-	(793)	-	-	-	-	-	-	-	-
Balance as of December 31, 2018	(104)	(3,033)	128	970	464	30	60	40,955	(178)	61

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

Alejandro G. Elsztain
Vice President II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
for the six-month period ended December 31, 2017
(All amounts in millions, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Attributable to equity holders of the parent										
	Share capital	Treasury shares	Inflation adjustment of share capital and treasury shares (1)	Share premium	Additional paid-in capital from treasury shares	Legal reserve	Special reserve Resolution CNV 609/12 (2)	Other reserves (3)	Retained earnings	Subtotal	Non-controll interest
Balance as of July 1, 2017	575	4	7,509	8,336	43	278	5,390	3,865	18,743	44,743	36,645
Profit for the period	-	-	-	-	-	-	-	-	9,762	9,762	2,358
Other comprehensive loss for the period	-	-	-	-	-	-	-	(1,652)	-	(1,652)	(2,763)
Total profit / (loss) and other comprehensive income for the period	-	-	-	-	-	-	-	(1,652)	9,762	8,110	(405)
Appropriation of retained earnings approved by Shareholders' meeting held on 10.31.17	-	-	-	-	-	-	-	3,435	(3,435)	-	-
Distribution to legal reserve	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	-	-	2	-	2	52
Issuance of capital	-	-	-	-	-	-	-	-	-	-	3
Changes in non-controlling interest	-	-	-	-	-	-	-	(3,100)	-	(3,100)	4,449
Capitalization of contributions	-	-	-	-	-	-	-	-	(2,164)	(2,164)	-
Dividends distribution to non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(156)
	575	4	7,509	8,336	43	278	5,390	2,550	22,906	47,591	40,588

Balance as of December 31, 2017

(1) Includes Ps. 1 of Inflation adjustment of treasury shares. See Note 16 to the Annual Financial Statements.
(2) Related to CNV General Resolution N° 609/12.
(3) Group's other reserves for the period ended December 31, 2017 are comprised as follows:

	Cost of treasury stock	Changes in non-controlling interest	Reserve for share-based payments	Reserve for future dividends	Currency translation adjustment reserve	Hedging instruments	Special reserve	Reserve for defined contribution plans	Other reserves from subsidiaries	Tota Oth rese
Balance as of July 1, 2017	(108)	306	132	970	2,498	30	-	(24)	61	3,86
Other comprehensive loss for the period	-	-	-	-	(1,534)	(19)	-	(99)	-	(1,6
Total comprehensive loss for the period	-	-	-	-	(1,534)	(19)	-	(99)	-	(1,6
Appropriation of retained earnings approved by Shareholders' meeting held on 10.31.17	-	-	-	-	-	-	3,435	-	-	3,43
Share-based compensation	-	-	2	-	-	-	-	-	-	2
Changes in non-controlling interest	-	(3,100)	-	-	-	-	-	-	-	(3,1
Balance as of December 31, 2017	(108)	(2,794)	134	970	964	11	3,435	(123)	61	2,55

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

Alejandro G. Elsztain
Vice President II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Cash Flows
for the six-month periods ended December 31, 2018 and 2017
(All amounts in millions, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Note	12.31.2018	12.31.2017
Operating activities:			
Net cash generated from continuing operating activities before income tax paid	14	6,712	7,750
Income tax and MPIT paid		(498)	(265)
Net cash generated from continuing operating activities		6,214	7,485
Net cash generated from discontinued operating activities		678	4,230
Net cash generated from operating activities		6,892	11,715
Investing activities:			
(Increase) / Decrease of interest in associates and joint ventures		(12)	46
Acquisition, improvements and advance payments for the development of investment properties		(2,571)	(1,901)
Decrease in cash due to deconsolidation of subsidiary		(6)	-
Proceeds from sales of investment properties		17	390
Acquisitions and improvements of property, plant and equipment		(1,521)	(1,450)
Advanced payments		-	(229)
Acquisitions of intangible assets		(1,064)	(540)
Proceeds from sales of property, plant and equipment		9	-
Acquisitions of subsidiaries, net of cash acquired		(39)	-
Net increase of restricted deposits		(414)	(964)
Dividends collected from associates and joint ventures		160	-
Proceeds from sales of interest held in associates and joint ventures		4,746	-
Proceeds from loans granted		68	846
Payment of acquisition of non controlling interest		(227)	-
Acquisitions of investments in financial assets		(14,892)	(20,415)
Proceeds from disposal of investments in financial assets		15,451	11,484
Interest received from financial assets		448	246
Dividends received		43	117
Loans granted to related parties		(8)	(541)
Loans granted		-	(141)
Net cash generated from / (used in) continuing investing activities		188	(13,052)
Net cash used in discontinued investing activities		(22)	(1,343)
Net cash generated from / (used in) investing activities		166	(14,395)
Financing activities:			
Borrowings and issuance of non-convertible notes		24,561	20,560
Payment of borrowings and non-convertible notes		(14,800)	(9,489)
(Payment) / collections of short term loans, net		(706)	30
Interests paid		(5,604)	(4,124)
Repurchase of non-convertible notes		(1,441)	-
Capital contributions from non-controlling interest in subsidiaries		94	247
Acquisition of non-controlling interest in subsidiaries		(1,120)	-
Proceeds from sales of non-controlling interest in subsidiaries		5	5,010
Loans received from associates and joint ventures, net		50	-
Payment of borrowings to related parties		(1)	-
Dividends paid		(79)	-

Dividends paid to non-controlling interest in subsidiaries		(299)	(141)
Proceeds from derivative financial instruments, net		192	167
Net cash generated from continuing financing activities		852	12,260
Net cash generated from /(used in) discontinued financing activities		(28)	2,231
Net cash generated from financing activities		824	14,491
Net increase in cash and cash equivalents from continuing activities		7,254	6,693
Net increase in cash and cash equivalents from discontinued activities		628	5,118
Net increase in cash and cash equivalents		7,882	11,811
Cash and cash equivalents at beginning of period	13	47,569	41,017
Cash and cash equivalents reclassified as held-for-sale		(634)	(104)
Foreign exchange gain on cash and changes in fair value of cash equivalents		(1,582)	(5,724)
Inflation adjustment		(19)	-
Cash and cash equivalents at end of period	13	53,216	47,000

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

Alejandro G. Elsztain
Vice President II
Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
(Amounts in millions, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

1.
The Group's business and general information

These Financial Statements have been approved for issuance by the Board of Directors, on February 28, 2019.

IRSA was founded in 1943, and it is 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". Cresud is our direct parent company and IFIS Limited is our ultimate parent company.

The Group has established two Operations Centers, Argentina and Israel, to manage its global business, mainly through the following companies:
(*) See note 4.G. to the Annual Financial Statements for more information about the changes within the Operations Center in Israe

2.
Summary of significant accounting policies

2.1.
Basis of preparation

The CNV, in Title IV "Periodic Information Regime" - Chapter III "Rules relating to the presentation and valuation of financial statements" - Article 1, of its standards, has established the application of the Technical Resolution No. 26 (RT 26) of the FACPCE and its amendments, which adopt IFRS, issued by the IASB, for certain companies included in the public offering regime of Law No. 26,831, either because of its stock or its non-convertible notes, or that have requested authorization to be included in the aforementioned regime.

For the preparation of these financial statements, the Group has made use of the option provided by IAS 34, and has prepared them in condensed form. Therefore, these financial statements do not include all the information required in a complete set of annual financial statements and, consequently, their reading is recommended together with the annual audited financial statements as of June 30, 2018.

The management of the Group has prepared these financial statements in accordance with the accounting principles established by the CNV, which are based on the application of IFRS, in particular of IAS 34.

Additionally, the information required by the CNV indicated in article 1, Chapter III, Title IV of General Resolution N° 622/13 has been included. This information is included in a note to these financial statements.

IAS 29 "Financial Reporting in Hyperinflationary Economies" requires that the financial statements of an entity whose functional currency is one of a hyperinflationary economy be expressed in terms of the current unit of measurement at the closing date of the reporting period, regardless of whether they are based on the historical cost method or the current cost method. To do so, in general terms, the inflation produced from the date of acquisition or from the revaluation date, as applicable, must be calculated by non-monetary items. This requirement also includes the comparative information of the financial statements.

In order to conclude on whether an economy is categorized as high inflation in the terms of IAS 29, the standard details a series of factors to be considered, including the existence of an accumulated inflation rate in three years that is approximate or exceeds 100%. Accumulated inflation in Argentina in three years is over 100%. It is for this reason that, in accordance with IAS 29, Argentina is considered a high inflation economy starting July 1, 2018.

In addition, Law No. 27,468 (published in the Official Gazette on December 4, 2018), amended Section 10 of Law No. 23,928, as amended, and established that the derogation of all the laws or regulations imposing or authorizing price indexation, monetary restatement, cost variation or any other method for strengthening debts, taxes, prices or rates of goods, works or services, does not extend to financial statements, as to which the provisions of Section 62 in in line with the General Companies Law No. 19,550 (1984 revision), as amended, shall continue to apply. Moreover, the referred law repealed Decree No. 1269/2002 dated July 16, 2002, as amended, and delegated to the Argentine Executive Branch the power to establish, through its controlling agencies, the effective date of the referred provisions in connection with the financial statements filed with it. Therefore, under General Resolution 777/2018 (published in the Official Gazette on December 28, 2018) the CNV ordered that issuers subject to its supervision shall apply the inflation adjustment to present the financial statements in terms of the current measuring unit set forth in IAS 29 in their annual, interim and special financial statements closed on or after December 31, 2018.

Pursuant to IAS 29, the financial statements of an entity whose functional currency is that of a high inflationary economy should be reported in terms of the measuring unit current as of the date of the financial statements. All the amounts included in the statement of financial position which are not stated in terms of the measuring unit current as of the date of the financial statements should be restated applying the general price index. All items in the statement of income should be stated in terms of the measuring unit current as of the date of the financial statements, applying the changes in the general price index recorded from the date on which the revenues and expenses were originally recognized in the financial statements.

Adjustment for inflation in the initial balances has been calculated considering the indexes reported by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) based on the price indexes published by the Argentine Institute of Statistics and Census (INDEC).

The principal inflation adjustment procedures are the following:

- Monetary assets and liabilities that are recorded in the current currency as of the balance sheet's closing date are not restated because they are already stated in terms of the currency unit current as of the date of the financial statements.
- Non-monetary assets and liabilities are recorded at cost as of the balance sheet date, and equity components are restated applying the relevant adjustment ratios.
- All items in the statement of income are restated applying the relevant conversion factors.
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The effect of inflation in the Company's net monetary position is included in the statement of income under Financial results, nets, in the item "Inflation adjustment".

-
Comparative figures have been adjusted for inflation following the procedure explained in the previous paragraphs.

Upon initially applying inflation adjustment, the equity accounts were restated as follows:

-
Capital was restated as from the date of subscription or the date of the most recent inflation adjustment for accounting purposes, whichever is later. The resulting amount was included in the "Capital adjustment" account.

-
The translation differences was restated to reflect the real terms.

-
Other comprehensive income / (loss) was restated as from each accounting allocation.

-
The other reserves in the statement of income were not restated as of the initial application date, i.e., June 30, 2016.

2.2.
Significant accounting policies

The accounting policies applied in the presentation of these Unaudited Condensed Interim Consolidated Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements, as described in Note 2 the Annual Financial Statements except for what is mentioned in Note 2.1 to these Unaudited Condensed Interim Consolidated Financial Statements.

As described in Note 2.2 to the Annual Financial Statements, the Group adopted IFRS 15 "Revenues from contracts with customers" and IFRS 9 "Financial instruments" in the present fiscal year using the cumulative effect approach, so that the cumulative impact of the adoption was recognized in retained earnings at the beginning of the period, and the comparative figures have not been modified due to this adoption.

The main changes are the following:

IFRS 15: Revenues from contracts with customers

The standard introduces a new five-step model for recognizing revenue from contracts with customers:
1.
Identifying the contract with the customer.
2.
Identifying separate performance obligations in the contract.
3.
Determining the transaction price.
4.
Allocating the transaction price to separate performance obligations.
5.
Recognizing revenue when the performance obligations are satisfied.

IFRS 9: Financial instruments

The new standard includes a new model of "expected credit loss" for receivables or other assets not measured at fair value. The new model presents a dual measurement approach for impairment: if the credit risk of a financial asset has not increased significantly since its initial recognition, an allowance for impairment will be recorded in the amount of expected credit losses resulting from the possible non- compliance events within a certain period. If the credit risk has increased significantly, in most cases the allowance will increase and the amount of the expected losses should be recorded.

In accordance with the new standard, in cases where a change in terms or exchange of financial liabilities is immaterial and does not lead, at the time of analysis, to the reduction of the previous liability and recognition of the new liability, the new cash flows must be discounted at the original effective interest rate, recording the impact of the difference between the present value of the financial liability that has the new terms and the present value of the original financial liability in net income.

The effect on the income statement for the six-month period ended December 31, 2018 for the first implementation of IFRS 15 is as follows:

Six month

	12.31.2018 According to previous standards	Implementation of IFRS 15	Current statement of income
Revenues	28,128	(249)	27,879
Costs	(16,485)	202	(16,283)
Gross profit	11,643	(47)	11,596
Net gain from fair value adjustment of investment properties	(5,451)	-	(5,451)
General and administrative expenses	(3,189)	-	(3,189)
Selling expenses	(3,987)	513	(3,474)
Other operating results, net	347	-	347
Profit from operations	(637)	466	(171)
Share of profit of associates and joint ventures	(775)	70	(705)
Profit before financial results and income tax	(1,412)	536	(876)
Finance income	1,037	-	1,037
Finance costs	(9,048)	17	(9,031)
Other financial results	1,213	-	1,213
Inflation adjustment	(387)		(387)
Financial results, net	(7,185)	17	(7,168)
Income before income tax	(8,597)	553	(8,044)
Income tax expense	1,993	(113)	1,880
Income for the period from continuing operations	(6,604)	440	(6,164)
Loss for the period from discontinued operations	717	-	717
Profit for the period	(5,887)	440	(5,447)

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The effect on retained earnings as of July 1, 2018 for the first implementation of IFRS 9 and 15 is as follows:

	07.01.2018 Implementation of IFRS 15	Implementation of IFRS 9	Total
ASSETS			
Non- Current Assets			
Trading properties	(3,869)	-	(3,869)
Investments in associates and joint ventures	142	(232)	(90)
Deferred income tax assets	(205)	-	(205)
Trade and other receivables	634	(90)	544
Total Non-Current Assets	(3,298)	(322)	(3,620)
Current Assets			
Trading properties	(935)	-	(935)
Trade and other receivables	372	58	430
Total Current Assets	(563)	58	(505)
TOTAL ASSETS	(3,861)	(264)	(4,125)
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to equity holders of the parent			
Retained earnings	127	(315)	(188)
Total capital and reserves attributable to equity holders of the parent	127	(315)	(188)
Non-controlling interest	166	(169)	(3)
TOTAL SHAREHOLDERS' EQUITY	293	(484)	(191)
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	(1,719)	-	(1,719)
Borrowings	-	251	251
Deferred income tax liabilities	(51)	(101)	(152)
Total Non-Current Liabilities	(1,770)	150	(1,620)
Current Liabilities			
Trade and other payables	(2,384)	-	(2,384)
Borrowings	-	70	70
Total Current Liabilities	(2,384)	70	(2,314)
TOTAL LIABILITIES	(4,154)	220	(3,934)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	(3,861)	(264)	(4,125)

2.3.
Comparability of information

Balance sheet items as of June 30, 2018 and December 31, 2017 presented in these Unaudited Condensed Interim Consolidated Financial Statements for comparative purposes arise from the financial statements as of and for such periods restated according to IAS 29. Certain items from prior periods have been reclassified for consistency purposes regarding the loss of control in Shufersal. See note 4.G. to the Annual Financial Statements.

2.4.
Use of estimates

The preparation of financial statements at a certain date requires 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 interim financial statements. In the preparation of these interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the main sources of uncertainty were the same as the ones applied by the Group in the preparation of the Annual Financial Statements described in Note 3 to those Annual Financial Statements.

3.
Seasonal effects on operations

Operations Center in Argentina

The operations of the Group's shopping malls are subject to seasonal effects, which affect the level of sales recorded by lessees. During summer time in Argentina (January and February), the lessees of shopping malls experience the lowest sales levels in comparison with the winter holidays (July) and Christmas and year-end holidays celebrated in December, when they tend to record peaks sales revenue. 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, for shopping mall operations, a higher level of business activity is expected in the period ranging between July and December, compared to the period between January and June.

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Operations Center in Israel

The results of operations of telecommunications and tourism are usually affected by seasonality in summer months in Israel and by the Jewish New Year, given a higher consumption due to internal and external tourism.

4.
Acquisitions and disposals

Significant acquisitions and disposals for the six-month period ended December 31, 2018 are detailed below. Significant acquisitions and disposals for the fiscal year ended June 30, 2018, are detailed in Note 4 to the Annual Financial Statements.

Operations Center in Argentina

Dividend distribution

On October 29, 2018, the Shareholders' meeting was held, whereby the distribution of a dividend in kind for an equivalent of Ps. 1,412 payable in shares of IRSA CP was resolved. For the distribution, the value of IRSA CP share was taken as of October 26, 2018, which was Ps. 220 per share. The number of shares distributed amounted to 6,418,182. This transaction was accounted for as an equity transaction generating a decrease in the equity attributable to holders of the parent for Ps. 709, restated as of the date of these interim financial statements.

Operations Center in Israel

A.
Possible sale of a subsidiary of IDB Tourism

On August 14, 2018, the Board of Directors of IDB Tourism approved its engagement in a memorandum of understanding for the sale of 50% of the issued share capital of a company which manages the incoming tourism operation which is held by Israir for a total consideration of NIS 26 million (approximately Ps. 260 as of the date of the transaction). This transaction does not change the intentions of selling the whole investment in IDBT, which the management of the company expects to complete before June 2019.

B.
Partial sale of Clal

On August 30, 2018, continuing with the instructions given by the Commissioner of Capital Markets, Insurance and Savings of Israel, IDBD has sold 5% of its stake in Clal through a swap transaction on the same conditions that applied to the swap transactions performed in the months of May and August 2017, and January and May 2018 described in Note 4 to the Annual Financial Statements. The consideration was set at an amount of approximately NIS 173 million (equivalent to approximately Ps. 1,766 as of the transaction date). After the completion of the transaction, IDBD's interest in Clal was reduced to 29.8% of its share capital.

C.
Agreement to sell plot of land in USA

In August 2018, a subsidiary of IDBG signed an agreement to sell a plot of land next to the Tivoli project in Las Vegas for a consideration of US$ 18 (approximately Ps. 739 as of the date of issuance of these interim financial statements).

D.
Interest increase in DIC

On July 5, 2018, Tyrus acquired 2,062,000 of DIC's shares in open market purchases for a total price of NIS 20 (equivalent to Ps. 227 as of that date), which represent 1.35% of DIC's outstanding shares at such date. As a result of this transaction, the Group's equity interest in DIC increased from 76.57% to 77.92%. This transaction was accounted for as an equity transaction generating an increase in the net equity attributable to the controlling shareholders by Ps. 13, restated as of the date of these interim financial statements.

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E.
Sale of Shufersal shares

On November 27, 2018, DIC sold 7.5% of its shares of Shufersal to institutional investors for a consideration of NIS 416 (approximately Ps. 4,166 as of the date of the transaction). After this transaction, the Group's holding of Shufersal's shares went down to 26% approximately.

F.
Sale of real estate

In October 2018, a subsidiary of Ispro signed an agreement for the sale of all of its rights in real estate area of approximately 29 dunams (equivalent to 1 hectare), in which there are 12,700 square meters in the northern industrial zone in Yavneh for NIS 86 million.

G.
Increase in participation in PBC

In December 2018, DIC acquired an additional 3% of PBC's shares in open market purchases for NIS 55 (equivalent to Ps. 554 as of that date). This transaction was accounted for as an equity transaction generating an increase in the equity attributable to holders of the parent for Ps. 52, restated as of the date of these interim financial statements.

H.
Repurchase of own shares by DIC

In December 2018, DIC's Board of Directors approved a plan to buy back DIC shares, for a period of one year, until December 2019 amounting up to NIS 120 million (approximately Ps.1,203 as of the date of these financial statements). Acquisition of securities shall be carried out in accordance with market opportunities, dates, prices and quantities, as determined by the management of DIC, in such a way that in any event, the public holdings shall be, at any time, at least 10.1% of the total issued share capital of DIC.

In December 2018, DIC acquired 2.1 million of its shares for a total amount of NIS 19 (approximately Ps. 200 as of that date). Additionally, in December 2018, minority shareholders of DIC exercised DIC Series 6 options for an amount of NIS 9 (approximately Ps. 100 as of that date).

As a result of the operations described above, the participation of Dolphin IL in DIC increased by 0.35%. The present transactions were accounted for as an equity transaction generating a decrease in the equity attributable to holders of the parent of Ps. 31, restated as of the date of these financial statements.

I.
Increase in participation in Cellcom

In December 2018, DIC exercised 1.5 million options (Series 1) of Cellcom held by it at an exercise price of NIS 31 million (approximately Ps. 302 as of that date). In addition, in December 2018, DIC purchased approximately 0.6 million shares of Cellcom at a cost of NIS 15 million (approximately Ps. 151 as of that date). As a result of the exercise of the options and the acquisition, the share of DIC in Cellcom increased by 0.7%. The present transactions were accounted for as an equity transaction generating a decrease in the equity attributable to holders of the parent of Ps. 93, restated as of the date of these financial statements.

J.

Increase in participation in Elron

In November and December 2018, DIC acquired an additional 9.2% of the shares of Elron in open market purchases for NIS 31 (equivalent to Ps. 311 as of that date). This transaction was accounted for as an equity transaction generating a decrease in the equity attributable to holders of the parent of Ps. 23, restated as of the date of these financial statements.

5.
Financial risk management and fair value estimates

These Financial Statements do not include all the information and disclosures on financial risk management; therefore, they should be read along with Note 5 to the Annual Financial Statements. There have been no changes in risk management or risk management policies applied by the Group since fiscal year-end June 30, 2018.

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Since June 30, 2018 and up to the date of issuance of these Financial Statements, there have been no significant changes in business or economic circumstances affecting the fair value of the Group's assets or liabilities (either measured at fair value or amortized cost). Furthermore, there have been no transfers between the different hierarchies used to assess the fair value of the Group's financial instruments.

6. Segment information

As explained in Note 6 to the Annual Financial Statements, the Group reports its financial performance separately in two Operations Centers. Since fiscal year 2018 the CODM reviews certain corporate expenses associated with each operation center in an aggregate manner and separately from each of the segments. Such expenses have been disclosed in the "Corporate" segment of each operation center. Additionally, since fiscal year 2018, the CODM also reviews the office business as a single segment and the entertainment business in an aggregate and separate manner from offices, including that concept in the "Others" segment. Also, as described in Note 4.G. to the Annual Financial Statements, the Group lost control of Shufersal as of June 30, 2018 and has reclassified its results to discontinued operations. Segment information for the period ended December 31, 2017 has been recast for the purposes of comparability with the present period.

Below is a summary of the Group's business units and a reconciliation between the operating income according to segment information and the operating income of the statement of income and other comprehensive income of the Group for the periods ended December 31, 2018 and 2017:

	Six months ended December 31, 2018						
	Operations Center in Argentina	Operations Center in Israel	Total	Joint ventures (1)	Expensesand collectivepromotion funds	Elimination of inter-segment transactions and non-reportable assets / liabilities (2)	Total as per statement of income / statement of financial position
Revenues	4,624	22,149	26,773	(29)	1,142	(7)	27,879
Costs	(803)	(14,305)	(15,108)	18	(1,193)	-	(16,283)
Gross profit / (loss)	3,821	7,844	11,665	(11)	(51)	(7)	11,596
Net (loss) / gain from fair value adjustment of investment properties	(6,232)	780	(5,452)	1	-	-	(5,451)
General and administrative expenses	(854)	(2,352)	(3,206)	7	-	10	(3,189)
Selling expenses	(326)	(3,149)	(3,475)	1	-	-	(3,474)
Other operating results, net	(269)	511	242	108	-	(3)	347
(Loss) / profit from operations	(3,860)	3,634	(226)	106	(51)	-	(171)
Share of (loss) of associates and joint ventures	(259)	(321)	(580)	(125)	-	-	(705)

Segment (loss) / profit	(4,119)	3,313	(806)	(19)	(51)	-	(876)
Reportable assets	82,810	327,989	410,799	(512)	-	17,334	427,621
Reportable liabilities	-	(281,370)	(281,370)	-	-	(55,056)	(336,426)
Net reportable assets	82,810	46,619	129,429	(512)	-	(37,722)	91,195

	Six Monts ended December 31, 2017						
	Operations Center in Argentina	Operations Center in Israel	Total	Joint ventures (1)	Expensesand collectivepromotion funds	Elimination of inter-segment transactions and non-reportable assets / liabilities (2)	Total as per statement of income / statement of financial position
Revenues	4,136	18,312	22,448	(45)	1,336	(7)	23,732
Costs	(852)	(11,229)	(12,081)	22	(1,362)	-	(13,421)
Gross profit / (loss)	3,284	7,083	10,367	(23)	(26)	(7)	10,311
Net gain from fair value adjustment of investment properties	8,505	1,747	10,252	(46)	-	-	10,206
General and administrative expenses	(629)	(2,139)	(2,768)	23	-	6	(2,739)
Selling expenses	(305)	(2,985)	(3,290)	2	-	-	(3,288)
Other operating results, net	(68)	1,129	1,061	21	-	(3)	1,079
Profit / (loss) from operations	10,787	4,835	15,622	(23)	(26)	(4)	15,569
Share of profit / (loss) of associates and joint ventures	333	(367)	(34)	135	-	-	101
Segment profit / (loss)	11,120	4,468	15,588	112	(26)	(4)	15,670
Reportable assets	86,821	288,005	374,826	1,399	-	12,906	389,131
Reportable liabilities	-	(252,987)	(252,987)	-	-	-	(252,987)
Net reportable assets	86,821	35,018	121,839	1,399	-	12,906	136,144

(1)
Represents the equity value of joint ventures that were proportionately consolidated for the segment information.

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(2)
Includes deferred income tax assets, income tax and MPIT credits, trade and other receivables, investment in financial assets, cash and cash equivalents and intangible assets except for rights to receive future units under barter arrangement net of investments in associates with negative equity which are included in provisions in the amount of Ps. 3,434 as of December 31, 2018.

Below is a summarized analysis of the business unit of the Group's Operations Center in Argentina for the six month periods ended December 31, 2018 and 2017:

	Six months ended December 31, 2018							
	Operations Center in Argentina							
	Shopping Malls	Offices	Sales and developments	Hotels	International	Corporate	Others	Total
Revenues	2,741	546	61	947	279	-	50	4,624
Costs	(207)	(29)	(32)	(467)	(14)	-	(54)	(803)
Gross profit / (loss)	2,534	517	29	480	265	-	(4)	3,821
Net (loss) / gain from fair value adjustment of investment properties	(8,898)	2,516	128	-	2	-	20	(6,232)
General and administrative expenses	(296)	(68)	(61)	(148)	(35)	(212)	(34)	(854)
Selling expenses	(175)	(34)	(13)	(99)	-	-	(5)	(326)
Other operating results, net	(41)	(12)	(124)	26	2	-	(120)	(269)
(Loss) / profit from operations	(6,876)	2,919	(41)	259	234	(212)	(143)	(3,860)
Share of profit of associates and joint ventures	-	-	(14)	-	(195)	-	(50)	(259)
Segment (loss) / profit	(6,876)	2,919	(55)	259	39	(212)	(193)	(4,119)
Investment properties and trading properties	43,007	19,944	15,181	-	60	-	756	78,948
Investment in associates and joint ventures	1	-	244	-	(2,501)	-	4,352	2,096
Other operating assets	149	99	106	1,142	113	-	157	1,766
Operating assets	43,157	20,043	15,531	1,142	(2,328)	-	5,265	82,810

For the six-month period ended December 31, 2018, the net loss from the fair value adjustment of investment property amounted to Ps. (6,232), and it was generated by:

1. Shopping Malls Segment

The net result of shopping malls was affected by:

a) an increase of 55 basis points in the discount rate, generating a decrease of Ps. 3,040 in the value of shopping Malls;

b) an increase in the projected cash flows generated by the update of the projected inflation rates, generating an increase of Ps. 3,030 in the value of shopping malls;

c) a net increase of Ps. 2,239, generated by the updating of the future exchange rates used for the conversion to dollars of the projected cash flows (Ps. 6,642 - Loss) and by the conversion of the present value of the projected cash flows at the current exchange rate at the end of the period (Ps. 8,881 - Profit) (depreciation of the Argentine peso of 30% against the dollar).

2. "Offices", "Sales and developments" and "Others" segments.

The net result of the properties included in the present segments was mainly generated by the depreciation of 31% of the Argentine peso during this six-month period.

3. Additionally, due to the impact of the inflation adjustment, Ps. 16,930 was reclassified to "inflation adjustment", leaving a loss in changes in fair value of investment property of Ps. 6,232.

	Six months ended December 31, 2017							
	Operations Center in Argentina							
	Shopping Malls	Offices	Sales and developments	Hotels	International	Corporate	Others	Total
Revenues	2,939	382	86	725	-	-	4	4,136
Costs	(272)	(27)	(47)	(503)	-	-	(3)	(852)
Gross profit	2,667	355	39	222	-	-	1	3,284
Net gain / (loss) from fair value adjustment of investment properties	8,443	(19)	93	-	-	-	(12)	8,505
General and administrative expenses	(210)	(52)	(67)	(135)	(47)	(106)	(12)	(629)
Selling expenses	(167)	(30)	(15)	(90)	-	-	(3)	(305)
Other operating results, net	(41)	1	(35)	(3)	(7)	-	17	(68)
Profit / (loss) from operations	10,692	255	15	(6)	(54)	(106)	(9)	10,787
Share of profit of associates and joint ventures	-	35	(15)	-	71	-	242	333
Segment profit / (loss)	10,692	290	-	(6)	17	(106)	233	11,120
Investment properties and trading properties	56,165	12,621	9,657	-	-	-	410	78,853
Investment in associates and joint ventures	-	-	240	-	992	-	4,983	6,215
Other operating assets	177	123	102	1,204	83	-	64	1,753
Operating assets	56,342	12,744	9,999	1,204	1,075	-	5,457	86,821

For the six-month period ended December 31, 2017, the net gain from the fair value adjustment of investment property amounted to Ps. 8,505, and it was generated by:

1. Shopping Malls Segment

The net result of shopping malls was affected by:

a) an increase of Ps. 4,440 generated by the decrease of the Income Tax Rate used in the discounted cash flow;

b) a decrease of 25 basis points in the discount rate, representing an increase of Ps. 1,217 in the value of shopping Malls;

c) a decrease in the projected cash flows generated by the update of the projected inflation rates, representing a decrease of Ps. 768 in the value of the shopping malls;

d) a net increase of Ps. 4,586, generated by the updating of the future exchange rates used for the conversion in dollars of the projected cash flows (Ps. 1,008 - profit) and by the conversion of the present value of the projected cash flows at the rate of the current exchange rate at the end of this period (Ps. 3,578 - Profit)

2. "Offices", "Sales and developments" and "Others" segments

The net result of the properties included in the present segments was mainly generated by the depreciation of the Argentine peso during this six-month period.

3. Additionally due to the impact of the inflation adjustment Ps. 6,852 were reclassified to "inflation adjustment", leaving a profit in changes in fair value of investment property of Ps. 8,505.

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Below is a summarized analysis of the business unit of the Group's Operations Center in Israel for the six month periods ended December 31, 2018 and 2017:

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	Six months ended December 31, 2018						
	Operations Center in Israel						
	Real Estate	Supermarkets	Telecommunications	Insurance	Corporate	Others	Total
Revenues	6,020	-	15,641	-	-	488	22,149
Costs	(2,657)	-	(11,389)	-	-	(259)	(14,305)
Gross profit	3,363	-	4,252	-	-	229	7,844
Net gain from fair value adjustment of investment properties	780	-	-	-	-	-	780
General and administrative expenses	(301)	-	(1,377)	-	(275)	(399)	(2,352)
Selling expenses	(92)	-	(2,966)	-	-	(91)	(3,149)
Other operating results, net	-	-	-	-	269	242	511
Profit / (loss) from operations	3,750	-	(91)	-	(6)	(19)	3,634
Share of (loss) / profit of associates and joint ventures	(222)	164	-	-	-	(263)	(321)
Segment profit / (loss)	3,528	164	(91)	-	(6)	(282)	3,313
Operating assets	176,637	13,758	67,232	16,133	35,432	18,797	327,989
Operating liabilities	(137,278)	-	(52,133)	-	(82,227)	(9,732)	(281,370)
Operating assets (liabilities), net	39,359	13,758	15,099	16,133	(46,795)	9,065	46,619

	Six months ended December 31, 2017						
	Operations Center in Israel						
	Real Estate	Supermarkets	Telecommunications	Insurance	Corporate	Others	Total
Revenues	3,723	-	14,088	-	-	501	18,312
Costs	(1,092)	-	(9,912)	-	-	(225)	(11,229)
Gross profit	2,631	-	4,176	-	-	276	7,083
Net gain from fair value adjustment of investment properties	1,747	-	-	-	-	-	1,747
General and administrative expenses	(266)	-	(1,317)	-	(244)	(312)	(2,139)
Selling expenses	(79)	-	(2,777)	-	-	(129)	(2,985)
Other operating results, net	35	-	232	-	614	248	1,129
Profit from operations	4,068	-	314	-	370	83	4,835
Share of profit of associates and joint ventures	(238)	-	-	-	-	(129)	(367)
Segment profit	3,830	-	314	-	370	(46)	4,468
Operating assets	131,140	62,439	46,023	13,563	26,702	8,138	288,005
Operating liabilities	(103,912)	(45,029)	(36,160)	-	(67,507)	(379)	(252,987)
Operating assets (liabilities), net	27,228	17,410	9,863	13,563	(40,805)	7,759	35,018

7.
Investments in associates and joint ventures

Changes in the Group's investments in associates and joint ventures for the six month period ended December 31, 2018 and for the year ended June 30, 2018 were as follows:

	December 31, 2018	June 30, 2018
Beginning of the period / year	29,913	14,400
Adjustment previous periods (IFRS 9 and 15)	(90)	-
Increase in equity interest in associates and joint ventures	216	470
Issuance of capital and contributions	19	229
Capital reduction	(218)	(421)
Decrease of interest in associate	(4,139)	(431)
Share of profit / (loss)	(705)	(2,002)
Transfer to borrowings to associates	-	(270)
Currency translation adjustment	(2)	1,730
Incorporation of deconsolidated subsidiary, net	-	16,782
Dividends (i)	(160)	(434)
Distribution for associate liquidation	-	(92)
Reclassification to held-for-sale	-	(70)
Others	-	22
End of the period / year (ii)	24,834	29,913

(i) See Note 24.

(ii) As of December 31, 2018 and June 30, 2018, includes Ps. (3,422) of New Lipstick and Ps. (12) of Puerto Retiro and Ps. (3,126) of New Lipstick, respectively, reflecting interests in companies with negative equity, which were disclosed in "Provisions" (see Note 17).

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Name of the entity	% ownership interest		Value of Group's interest in equity		Group's interest in comprehensive income / (loss)	
	December 31, 2018	June 30, 2018	December 31, 2018	June 30, 2018	December 31, 2018	December 31, 2017
Associates						
New Lipstick (1)	49.90%	49.90%	(3,422)	(3,126)	(296)	83
Tarshop	20.00%	20.00%	4	158	28	(7)
BHSA	29.91%	29.91%	3,919	4,181	(79)	309
Condor	18.89%	18.90%	900	888	51	(9)
PBEL	45.00%	45.00%	1,228	1,337	(1)	(120)
Shufersal	26.02%	33.56%	13,758	16,782	286	-
Other associates	N/A	N/A	2,124	2,711	(223)	(452)
Joint ventures						
Quality	50.00%	50.00%	1,405	1,364	21	102
La Rural SA	50.00%	50.00%	241	223	17	35
Mehadrin	45.41%	45.41%	2,446	2,896	(395)	(361)
Other joint ventures	N/A	N/A	2,231	2,499	(116)	(80)
Total associates and joint ventures			24,834	29,913	(707)	(500)

(1) Metropolitan, a subsidiary of New Lipstick, has renegotiated its non-recourse debt with IRSA, which amounted to US$ 113.1, and obtained a debt reduction of US$ 20 by the lending bank, an extension of maturityto April 30, 2020 and an interest rate reduction from LIBOR + 4 b.p. to LIBOR + 2 b.p. upon payment of US$ 40 in cash (US$ 20 in September 2017 and US$ 20 in October 2017), of which IRSA has contributed US$ 20. Following the renegotiation, Metropolitan's debt amounts to US$ 53.1. Additionally, Metropolitan has exercised on January 16, 2019 the purchase option on part of the land where the property is built with a deposit the sum of US$ 5.2 corresponding to 1% of the purchase price. Furthermore, Metropolitan has agreed to cause IRSA and other shareholders to furnish the lender, on or before February 1, 2020, with a payment guarantee with financial ratios acceptable to the lender for the outstanding balance of the purchase price, or a letter of credit in relation to the loan balance then outstanding.

Below is additional information about the Group's investments in associates and joint ventures:

Name of the entity	Place of business / Country of incorporation	Main activity	Common shares 1 vote	Latest financial statements issued		
				Share capital (nominal value)	Profit / (loss) for the period	Shareholders' equity
Associates						
New Lipstick	U.S.	Real estate	N/A	N/A	(*) (16)	(*) (194)
Tarshop	Argentina	Financing	48,759,288	599	101	601
BHSA	Argentina	Financial	448,689,072	(***) 1,500	(***) 2,238	(***) 8,719
Condor	U.S.	Hotel	2,245,100	N/A	(*) 3	(*) 110
PBEL	India	Real estate	450	(**) 1	(**) (9)	(**) (498)
Shufersal	Israel	Retail	79,282,087	(**) 242	(**) 149	(**) 1,907
Other associates				N/A	N/A	N/A
Joint ventures						
Quality	Argentina	Real estate	120,827,022	280	38	2,775
La Rural SA	Argentina		714,498	1	49	195

		Organization of events				
Mehadrin	Israel	Agriculture	1,509,889	(**) 3	(**) (73)	(**) 507
Other joint ventures			-	N/A	N/A	N/A

(*) Amounts in millions of US Dollars under US GAAP. Condor's year-end falls on December 31, so the Group estimates their interest with a three-month lag, including material adjustments, if any.
(**) Amounts in millions of NIS.
(***) Information as of December 31, 2018, according to BCRA's standards.

Puerto Retiro (joint venture):

At present, this 8.3 hectare plot of land, which is located in one of the most privileged areas of the city, near Catalinas, Puerto Madero and Retiro and is the only privately owned waterfront property facing directly to Río de la Plata, is affected by a zoning regulation defined as U.P. which prevents the property from being used for any purposes other than strictly port activities.

The Company was involved in a judicial bankruptcy action brought by the National Government, to which this Board of Directors is not party. Management and legal counsel of the Company believe that there are sufficient legal and technical arguments to consider that the petition for continuation of the bankruptcy case will be dismissed by the court. However, in view of the current status of the action, its result cannot be predicted.

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Moreover, Tandanor filed a civil action against Puerto Retiro S.A. and the other defendants in the criminal case for violation of Section 174 (5) based on Section 173 (7) of the Criminal Code of Argentina. Such action seeks -on the basis of the nullity of the decree that approved the bidding process involving the Dársena Norte property- the restitution of the property and a reimbursement in favor of Tandanor for all such amounts it has allegedly lost as a result of a suspected fraudulent transaction involving the sale of the property. Puerto Retiro has presented the allegation on the merit of the evidence, highlighting that the current shareholders of Puerto Retiro did not participate in any of the suspected acts in the criminal case since they acquired the shares for consideration and in good faith several years after the facts told in the process. Likewise, it was emphasized that the company Puerto Retiro is foreign to the bidding / privatization carried out for the sale of Tandanor shares. The dictation of the sentence is expected.

On September 7, 2018, the Oral Federal Criminal Court No. 5 rendered a decision. According to the sentence read by the president of the Court, Puerto Retiro won the preliminary objection of limitation filed in the civil action. However, in the criminal case, where Puerto Retiro is not a party, it was ordered, among other issues, the confiscation ("decomiso") of the property owned by Puerto Retiro known as Planta I. The grounds of the Court`s judgement will be read on November 11, 2018. From that moment, all the parties will be able to file the appeals. Although there are solid arguments to try to refute the disposed seizure, this can be affirmed with a greater degree of certainty after the publications of the fundamentals of the ruling, at this time only the resolute part of this ruling is known.

In the criminal action, the claimant reported the violation by Puerto Retiro of the injunction ordered by the criminal court consisting in an order to stay ("prohibición de innovar") and not to contract with respect to the property disputed in the civil action. As a result of such report, the Oral Federal Court (Tribunal Oral Federal) No. 5 started interlocutory proceedings, and on June 8, 2017, it ordered and carried out a foreclosure of the property that was subject to lease agreements with Los Cipreses S.A. and Flight Express S.A. with the aim of enforcing the referred order. As a result, the proceedings were forwarded to the Criminal Court for it to appoint the court that will investigate the alleged commission of the crime of contempt.

Faced with the evolution of the legal cases that affect it and based on the reports of its legal advisors, Puerto Retiro Management has decided to register an allowance equivalent to 100% of the book value of its investment property, without prejudice to reverse it when a favorable ruling is obtained in the interposed actions.

8. Investment properties

Changes in the Group's investment properties for the six-month period ended December 31, 2018 and for the year ended June 30, 2018 were as follows:

	Six months ended December 31, 2018				Year ended June 30, 2018
	Rental properties	Undeveloped parcels of land	Properties under development	Total	Total
Fair value at the beginning of the period / year	180,740	15,997	10,760	207,497	164,947
Additions	504	296	1,612	2,412	4,722
Capitalized finance costs	-	-	27	27	110
Capitalized leasing costs	4	-	-	4	29
Amortization of capitalized leasing costs (i)	(4)	-	-	(4)	(6)
Transfers	742	(476)	(266)	-	-
	-	-	-	-	2,217

Transfers to / from property, plant and equipment					
Transfers to / from trading properties	-	(62)	(493)	(555)	325
Transfers to assets held-for-sale	-	-	-	-	(664)
Assets incorporated by business combination	-	-	-	-	152
Deconsolidation					
Disposals	(10)	-	-	(10)	(702)
Currency translation adjustment	1,431	23	300	1,754	28,136
Net gain from fair value adjustment	(8,291)	639	2,201	(5,451)	14,155
Fair value at the end of the period / year	175,116	16,417	14,141	205,674	207,497

(i)
Amortization charges of capitalized leasing costs were included in “Costs” in the Statements of Income (Note 20).

The following amounts have been recognized in the statements of income for the six months ended December 31. 2018 and 2017:

	12.31.2018	12.31.2017
Rental and services income	8,672	8,094
Direct operating expenses	(2,304)	(2,226)
Development expenditures	(1,846)	(528)
Net realized gain from fair value adjustment of investment properties	326	1,671
Net unrealized gain from fair value adjustment of investment properties	(5,777)	8,605

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Valuation techniques are described in Note 9 to the Annual Financial Statements. There were no changes to such techniques during the period. The Company has reassessed the assumptions at the end of the period, incorporating the effect of the variation in the exchange rate in other assets denominated in US Dollars.

9.
Property, plant and equipment

Changes in the Group’s property, plant and equipment for the six-month period ended December 31, 2018 and for the year ended June 30, 2018 were as follows:

	Six month ended December 31, 2018					Year ended June 30, 2018
	Buildings and facilities	Machinery and equipment	Communication networks	Others	Total	Total
Costs	5,944	1,330	50,055	5,852	63,181	89,050
Accumulated depreciation	(3,552)	(894)	(37,798)	(2,826)	(45,070)	(43,226)
Net book amount at the beginning of the period / year	2,392	436	12,257	3,026	18,111	45,824
Additions	59	14	1,095	656	1,824	5,778
Disposals	-	(1)	(16)	-	(17)	(210)
Deconsolidation	-	-	-	-	-	(36,968)
Impairment / recovery	-	-	-	-	-	(101)
Assets incorporated by business combinations	-	-	-	-	-	(836)
Currency translation adjustment	(3)	-	15	62	74	11,870
Transfers from / to investment properties	-	-	-	-	-	(2,043)
Depreciation charges (i)	(124)	(17)	(1,053)	(476)	(1,670)	(5,203)
Balances at the end of the period / year	2,324	432	12,298	3,268	18,322	18,111
Costs	5,965	1,343	51,188	6,121	64,617	63,181
Accumulated depreciation	(3,641)	(911)	(38,890)	(2,853)	(46,295)	(45,070)
Net book amount at the end of the period / year	2,324	432	12,298	3,268	18,322	18,111

(i)
As of December 31, 2018, depreciation charges of property, plant and equipment were recognized as follows: Ps. 1,479 in "Costs", Ps. 156 in "General and administrative expenses" and Ps. 35 in "Selling expenses", respectively in the Statement of Income (Note 20).

10.
Trading properties

Changes in the Group’s trading properties for the six-month period ended December 31, 2018 and for the year ended June 30, 2018 were as follows:

Six month ended December 31, 2018

	Completed properties	Properties under development	Undeveloped sites	Total	Year ended June 30, 2018 Total
Beginning of the period / year	3,354	7,032	2,266	12,652	10,088
Adjustment previous periods (IFRS 15)	(893)	(3,911)	-	(4,804)	-
Additions	-	1,407	8	1,415	2,784
Assets incorporated by business combinations	-	-	-	-	-
Currency translation adjustment	(316)	(121)	(83)	(520)	2,512
Transfers	1,051	(754)	(297)	-	-
Transfers from intangible assets	-	-	-	-	23
Transfers to investment properties	-	555	-	555	(325)
Capitalized finance costs	-	28	-	28	14
Disposals	(1,823)	(149)	-	(1,972)	(2,444)
End of the period / year	1,373	4,087	1,894	7,354	12,652
Non-current				4,483	8,477
Current				2,871	4,175
Total				7,354	12,652

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11.
Intangible assets

Changes in the Group's intangible assets for the six-month period ended December 31, 2018 and for the year ended June 30, 2018 were as follows:

	Six month ended December 31, 2018							Year ended June 30, 2018
	Goodwill	Trademarks	Licenses	Customer relations	Information systems and software	Contracts and others	Total	Total
Costs	3,972	4,164	5,572	8,824	3,976	3,683	30,191	29,331
Accumulated amortization	-	(241)	(4,073)	(5,894)	(1,851)	(2,327)	(14,386)	(9,838)
Net book amount at the beginning of the period / year	3,972	3,923	1,499	2,930	2,125	1,356	15,805	19,493
Additions	-	-	-	-	363	564	927	955
Disposals	-	-	-	-	(8)	-	(8)	-
Deconsolidation	-	-	-	-	-	-	-	(9,289)
Transfers to trading properties	-	-	-	-	-	-	-	(23)
Assets incorporated by business combination	-	-	-	-	40	-	40	1,513
Currency translation adjustment	11	(4)	(11)	(87)	1	49	(41)	6,094
Amortization charges (i)	-	(34)	(59)	(505)	(354)	(396)	(1,348)	(2,938)
Balances at the end of the period / year	3,983	3,885	1,429	2,338	2,167	1,573	15,375	15,805
Costs	3,983	4,167	5,586	11,950	4,069	4,361	34,116	30,191
Accumulated amortization	-	(282)	(4,157)	(9,612)	(1,902)	(2,788)	(18,741)	(14,386)
Net book amount at the end of the period / year	3,983	3,885	1,429	2,338	2,167	1,573	15,375	15,805

(i) As of December 31, 2018, amortization charges were recognized in the amount of Ps. 386 in "Costs", Ps. 354 in "General and administrative expenses" and
Ps. 608 in "Selling expenses", in the Statement of Income (Note 20).

12.
Financial instruments by category

The present note shows the financial assets and financial liabilities by category of financial instrument and a reconciliation to the corresponding line in the Consolidated Statements of Financial Position, as appropriate. Financial assets and liabilities measured at fair value are assigned based on their different levels in the fair value hierarchy. For further information related to fair value hierarchy see Note 14 to the Annual Financial Statements. Financial assets and financial liabilities as of December 31, 2018 are as follows:

	Financial assets at amortized cost	Financial assets at fair value through profit or loss			Subtotal financial assets	Non-financial assets	Total
		Level 1	Level 2	Level 3			
December 31, 2018							
Assets as per Statement of Financial Position							
Trade and other receivables (excluding the allowance for doubtful accounts and other receivables)	24,353	-	-	-	24,353	6,641	30,994
Investments in financial assets:							
- Public companies' securities	-	-	-	159	159	-	159
- Private companies' securities	-	-	-	1,520	1,520	-	1,520
- Deposits	4,851	-	-	-	4,851	-	4,851
- Bonds	1	-	554	-	555	-	555
- Convertible Notes	-	-	-	938	938	-	938
- Investments in financial assets with quotation	-	28,071	-	-	28,071	-	28,071
Derivative financial instruments:							
- Foreign-currency future contracts	-	-	35	-	35	-	35
- Swaps	-	-	40	-	40	-	40
- Others	-	-	10	-	10	-	10
Restricted assets (i)	7,790	-	-	-	7,790	-	7,790
Financial assets held for sale:							
- Clal	-	16,133	-	-	16,133	-	16,133
Cash and cash equivalents:							
- Cash at bank and on hand	11,225	-	-	-	11,225	-	11,225
- Short-term investments	40,779	1,212	-	-	41,991	-	41,991
Total assets	88,999	45,416	639	2,617	137,671	6,641	144,312

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	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss			Subtotal financial liabilities	Non-financial liabilities	Total
		Level 1	Level 2	Level 3			
December 31, 2018							
Liabilities as per Statement of Financial Position							
Trade and other payables	11,797	-	-	-	11,797	4,555	16,352
Borrowings (excluding finance leases)	274,562	-	-	-	274,562	-	274,562
Derivative financial instruments:							
- Foreign-currency future contracts	-	-	1	-	1	-	1
- Swaps	-	-	348	-	348	-	348
- Others	-	10	-	30	40	-	40
- Forwards	-	-	161	-	161	-	161
Total liabilities	286,359	10	510	30	286,909	4,555	291,464

Financial assets and financial liabilities as of June 30, 2018 were as follows:

	Financial assets at amortized cost	Financial assets at fair value through profit or loss			Subtotal financial assets	Non-financial assets	Total
		Level 1	Level 2	Level 3			
June 30, 2018							
Assets as per Statements of Financial Position							
Trade and other receivables (excluding the allowance for doubtful accounts and other receivables)	23,780	-	-	-	23,780	6,682	30,462
Investments in financial assets:							
- Public companies' securities	-	-	-	172	172	-	172
- Private companies' securities	-	-	-	1,489	1,489	-	1,489
- Deposits	1,780	-	-	-	1,780	-	1,780
- Bonds	13	-	644	-	657	-	657
- Convertible Notes	-	-	-	1,011	1,011	-	1,011
- Investments in financial assets with quotation	-	29,571	-	-	29,571	-	29,571
Derivative financial instruments:							
- Foreign-currency future contracts	-	-	91	-	91	-	91
- Others	-	-	20	-	20	-	20
Restricted assets (i)	8,017	-	-	-	8,017	-	8,017
Financial assets held for sale:							
- Clal	-	15,621	-	-	15,621	-	15,621

Cash and cash equivalents:							
- Cash at bank and on hand	8,225	-	-	-	8,225	-	8,225
- Short term investments	36,118	3,226	-	-	39,344	-	39,344
Total assets	77,933	48,418	755	2,672	129,778	6,682	136,460

	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss			Subtotal financial liabilities	Non-financial liabilities	Total
		Level 1	Level 2	Level 3			
June 30, 2018							
Liabilities as per Statement of Financial Position							
Trade and other payables	13,340	-	-	-	13,340	10,054	23,394
Borrowings (excluding finance leases)	263,380	-	-	-	263,380	-	263,380
Derivative financial instruments:							
- Foreign-currency future contracts	-	-	10	-	10	-	10
- Swaps	-	-	60	-	60	-	60
- Others	-	12	-	30	42	-	42
- Forwards	-	-	150	-	150	-	150
Total liabilities	276,720	12	220	30	276,982	10,054	287,036

(i) Corresponds to deposits in guarantee and escrows.

The fair value of financial assets and liabilities at their amortized cost does not differ significantly from their book value, except for borrowings (Note 16). The fair value of payables approximates their respective carrying amounts because, due to their short-term nature, the effect of discounting is not considered significant. Fair values are based on discounted cash flows (Level 3).

The valuation models used by the Group for the measurement of Level 2 and Level 3 instruments are no different from those used as of June 30, 2018.

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As of December 31, 2018, there have been no changes to the economic or business circumstances affecting the fair value of the financial assets and liabilities of the Group.

The Group uses a range of valuation models for the measurement of Level 2 and Level 3 instruments, details of which may be obtained from the following table. When no quoted prices are available in an active market, fair values (particularly with derivatives) are based on recognized valuation methods.

Description	Pricing model / method	Parameters	Fair value hierarchy	Range
Interest rate swaps	Cash flows - Theoretical price	Interest rate future contracts and cash flows	Level 2	-
Preferred shares of Condor	Binomial tree – Theoretical price I	Underlying asset price (Market price); share price volatility (historical) and market interest rate (Libor rate curve).	Level 3	Underlying asset price 10 to 11 Share price volatility 58% to 78% Market interest-rate 2.9% to 3.5%
Promissory note	Discounted cash flows - Theoretical price	Underlying asset price (Market price); share price volatility (historical) and market interest rate (Libor rate curve).	Level 3	Underlying asset price 10 to 11 Share price volatility 58% to 78% Market interest-rate 2.9% to 3.5%
Condor warrants	Black-Scholes – Theoretical price	Underlying asset price (Market price); share price volatility (historical) and market interest rate (Libor rate curve).	Level 3	Underlying asset price 10 to 11 Share price volatility 58% to 78% Market interest rate 2.9% to 3.5%
TGLT Non-Convertible Notes	Black-Scholes – Theoretical price	Underlying asset price (Market price); share price volatility (historical) and market interest rate (Libor rate curve).	Level 3	Underlying asset price 10 to 13 Share price volatility 55% to 75% Market interest rate 8% to 9%
Call option of Arcos	Discounted cash flows	Projected revenues and discounting rate.	Level 3	-
Investments in financial assets - Other private companies' securities	Cash flow / NAV - Theoretical price	Projected revenue discounted at the discount rate /	Level 3	1 - 3.5

		The value is calculated in accordance with shares in the equity funds on the basis of their Financial Statements, based on fair value or investments assessments.		
Investments in financial assets - Others	Discounted cash flow - Theoretical price	Projected revenue discounted at the discount rate / The value is calculated in accordance with shares in the equity funds on the basis of their Financial Statements, based on fair value or investment assessments.	Level 3	1 - 3.5
Derivative financial instruments – Forwards	Theoretical price	Underlying asset price and volatility	Level 2 and 3	-

The following table presents the changes in Level 3 instruments as of December 31, 2018 and June 30, 2018:

	Investments in financial assets - Public companies' Securities	Derivative financial instruments - Others	Investments in financial assets - Private companies' Securities	Investments in financial assets - Convertible Notes	Total as of December 31, 2018	Total as of June 30, 2018
Balances at beginning of the period / year	172	(30)	1,489	1,011	2,642	1,711
Additions and acquisitions	-	-	89	-	89	740
Transfer to level 1	-	-	-	-	-	(161)
Currency translation adjustment	5	-	16	-	21	365
Deconsolidation	-	-	-	-	-	(166)
Write off	-	-	-	-	-	(85)
Gain / (loss) for the period / year (i)	(18)	-	(74)	(73)	(165)	238
Balances at the end of the period / year	159	(30)	1,520	938	2,587	2,642

(i) Included within "Financial results, net" in the Statements of Income.

Clal

As mentioned in Note 13 to the Annual Financial Statements, IDBD is subject to a judicial process relating to the sale of its equity interest in Clal. Following completion of the transactions mentioned in note 4.B to these interim financial statements, IDBD's interest in Clal was reduced to 29.8% of Clal's share capital.

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13.
Trade and other receivables

Group's trade and other receivables as of December 31, 2018 and June 30, 2018 are as follows:

	December 31, 2018	June 30, 2018
Sale, leases and services receivables	20,722	20,054
Less: Allowance for doubtful accounts	(1,482)	(1,026)
Total trade receivables	19,240	19,028
Prepaid expenses	4,873	4,751
Borrowings, deposits and other debit balances	2,843	2,915
Advances to suppliers	810	938
Tax receivables	572	453
Others	1,174	1,351
Total other receivables	10,272	10,408
Total trade and other receivables	29,512	29,436
Non-current	10,634	10,379
Current	18,878	19,057
Total	29,512	29,436

Movements in the Group's allowance for doubtful accounts were as follows:

	December 31, 2018	June 30, 2018
Beginning of the period / year	1,026	465
Adjustments previous periods (IFRS 9)	112	-
Additions	285	441
Recoveries	(33)	(39)
Currency translation adjustment	255	732
Deconsolidation	-	(187)
Receivables written off during the period/year as uncollectable	(115)	(385)
Inflation adjustment	(48)	(1)
End of the period / year	1,482	1,026

The creation and release of the allowance for doubtful accounts have been included in "Selling expenses" in the Statement of Income (Note 20).

14.
Cash flow information

Following is a detailed description of cash flows generated by the Group's operations for the six-month periods ended December 31, 2018 and 2017:

	Note	Six months ended 12.31.2018	Six months ended 12.31.2017
(Loss) / profit for the period		(5,447)	12,120
Profit for the period from discontinued operations		(717)	(1,291)
Adjustments for:			
Income tax	18	(1,880)	(3,366)

Amortization and depreciation	20	3,022	2,897
Loss from disposal of property, plant and equipment		-	35
Net (loss) / gain from fair value adjustment of investment properties		5,451	(10,206)
Share-based compensation		19	34
Net gain from disposal of intangible assets		(8)	-
Gain from disposal of subsidiary and associates		(696)	-
Gain from disposal of trading properties		(296)	-
Impairment of other assets		154	-
impairment of assiciated and joint ventures		130	-
Financial results, net		6,811	8,480
Provisions and allowances		440	13
Share of profit of associates and joint ventures	7	705	(101)
Changes in operating assets and liabilities:			
Decrease in inventories		47	64
Decrease in trading properties		69	834
Increase in restricted assets		(117)	-
Decrease / (increase) in trade and other receivables		532	(1,338)
Decrease in trade and other payables		(1,265)	(392)
Decrease in salaries and social security liabilities		(169)	(30)
Decrease in provisions		(73)	(3)
Net cash generated by continuing operating activities before income tax paid		6,712	7,750
Net cash generated by discontinued operating activities before income tax paid		678	4,230
Net cash generated by operating activities before income tax paid		7,390	11,980

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The following table presents a detail of significant non-cash transactions completed in the six-month periods ended December 31, 2018 and 2017:

	Six months ended 12.31.2018	Six months ended 12.31.2017
Increase in investment properties through an increase in borrowings	27	-
Increase in investment properties through an increase in trade and other payables	-	2,041
Increase in trading properties through an increase in borrowings	28	-
Increase in investment properties through a decrease in trading properties	555	-
Increase in property, plant and equipment through an increase in trade and other payables	303	19
Increase in intangible assets through an increase in trade and other payables	176	-
Changes in non controlling interest through an increase in trade and other receivables	-	322
Increase of investment properties through a decrease in trade and other receivables	174	52
increase in investments in associates and joint ventures through a decrease in borrowings	5	-
Decrease in trade and other receivables through an increase in investments in associates and joint ventures	6	-

15.
Trade and other payables

Group's trade and other payables as of December 31, 2018 and June 30, 2018 were as follows:

	December 31, 2018	June 30, 2018
Trade payables	9,100	12,934
Sales, rental and services payments received in advance	2,544	4,327
Construction obligations	986	1,881
Accrued invoices	913	1,210
Deferred income	76	47
Total trade payables	13,619	20,399
Dividends payable to non-controlling shareholders	121	157
Tax payables	200	413
Construction obligations	372	664
Other payables	2,040	1,761
Total other payables	2,733	2,995
Total trade and other payables	16,352	23,394
Non-current	2,164	4,608
Current	14,188	18,786
Total	16,352	23,394

16.
Borrowings

The breakdown of the Group's borrowings as of December 31, 2018 and June 30, 2018 was as follows:

	Total as of December 31, 2018 (ii)	Total as of June 30, 2018 (ii)	Fair value as of December 31, 2018	Fair value as of June 30, 2018
NCN	234,199	218,160	235,051	233,705
Bank loans	36,621	39,827	38,505	40,584
Bank overdrafts	132	854	132	855
Other borrowings (i)	3,626	4,559	5,021	6,069
Total borrowings	274,578	263,400	278,709	281,213
Non-current	230,686	230,784		
Current	43,892	32,616		
	274,578	263,400		

(i) Includes finance leases in the amount of Ps. 16 and Ps. 20 as of December 31 and June 30, 2018, respectively.
(ii) Includes Ps. 242,892 and Ps. 230,488 as of December 31 and June 30, 2018, respectively, corresponding to the Operations Center in Israel.

The following table describes the Group's issuance of debt during the present period:

Entity	Class	Issuance / expansion date	Amount in original currency	Maturity date	Interest nominal	Principal payment	Interest payment	
Cellcom	SERIES K	Jul-18	NIS 220	05/07/2026	3.55% e.a.	Annual payments since 2021	annually	(1)
Cellcom	SERIES K	Dic-18	NIS 187	05/07/2026	3.55% e.a.	Annual payments since 2021	annually	
Cellcom	SERIES L	Dic-18	NIS 213	05/01/2028	2.50% e.a.	Annual payments since 2023	annually	
PBC	SERIES I	jul-18	NIS 507	29/06/2029	3.95% e.a.	At expiration	quarterlyl	(1)
Gav - Yam	SERIES A	jul-18	NIS 320	31/10/2023	3.55% e.a.	Annual payments since 2021	biannually	
Gav - Yam	SERIES A	Dic-18	NIS 351	31/10/2023	3.55% e.a.	Annual payments since 2021	biannually	
Gav - Yam	SERIES H	sep-18	NIS 596	30/06/2034	2.55% e.a.	At expiration	annually	(1)

(1)
Corresponds to an expansion of the series.

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On August 9, 2018, the Board of Directors of IDBD resolved to perform a partial prepayment of series M debentures of IDBD which took place on August 28, 2018. The partial prepayment amounted to NIS 146 million (approximately Ps 1,491 as of the date of issuance of these financial statements) which represents 14.02% of the remaining principal amount of series M debentures outstanding.

17.
Provisions

The table below shows the movements in the Group's provisions categorized by type:

	Six month ended December 31, 2018					Year ended June 30, 2018
	Legal claims (i)	Investments in associates and joint ventures (ii)	Site dismantling and remediation	Other provisions	Total	Total
Beginning of period / year	1,312	3,126	211	1,217	5,866	2,976
Additions	191	231	-	54	476	3,472
Incorporated by business combination	-	-	-	-	-	15
Recovery	(57)	-	-	-	(57)	(319)
Used during the period / year	(47)	-	(9)	-	(56)	(280)
Deconsolidation	-	-	-	-	-	(588)
Inflation adjustment	(26)	-	-	-	(26)	(13)
Currency translation adjustment	27	77	(1)	87	190	603
End of period / year	1,400	3,434	201	1,358	6,393	5,866
Non-current					5,047	4,524
Current					1,346	1,342
Total					6,393	5,866

(i)
Additions and recoveries are included in "Other operating results, net".
(ii)
Corresponds to the equity interest with negative equity. Additions and recoveries are included in “Share of profit of associates and joint ventures”
.
There were no significant changes to the processes mentioned in Note 18 to the Annual Financial Statements.

18.
Taxes

The details of the Group’s income tax, is as follows:

	December 31, 2018	December 31, 2017
Current income tax	(475)	(1,067)

Deferred income tax	2,355	4,433
Income tax from continuing operations	1,880	3,366

Below is a reconciliation between income tax recognized and the amount which would result from applying the prevailing tax rate on profit before income tax for the six-month periods ended December 31, 2018 and 2017:

	Six months ended December 31, 2018	Six months ended December 31, 2017
Profit from continuing operations at tax rate applicable in the respective countries (*)	2,537	(3,692)
Permanent differences:		
Share of profit of associates and joint ventures	(134)	(6)
Unrecognized tax loss carryforwards (i)	(837)	(1,475)
Changes in fair value of financial instruments	-	234
Result of exposure to permanent inflation	(67)	439
Tax rate differential	456	7,867
Taxable profit of non-argentinian holding subsidiaries	(14)	-
Non-taxable profit / (loss), non-deductible expenses and others	(61)	(1)
Income tax from continuing operations	1,880	3,366

(i) Corresponds principally to holding companies in Israel.

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The gross movement in the deferred income tax account is as follows:

	December 31, 2018	June 30, 2018
Beginning of period / year	(33,380)	(38,075)
Adjustments previous periods (IFRS 9 and 15)	(53)	-
Use of tax losses	-	4
Currency translation adjustment	(76)	(4,885)
Incorporated by business combination	-	3,804
Deferred income tax charge	2,355	5,772
End of period / year	(31,154)	(33,380)
Deferred income tax assets	350	456
Deferred income tax liabilities	(31,504)	(33,836)
Deferred income tax liabilities, net	(31,154)	(33,380)

19.
Revenues

	Six months ended December 31, 2018	Six months ended December 31, 2017
Income from communication services	11,937	10,613
Rental and services income	8,672	8,094
Sale of communication equipment	3,704	3,480
Sale of trading properties and developments	2,340	580
Revenue from hotels operation and tourism services	1,014	777
Other revenues	212	188
Total Group's revenues	27,879	23,732

20.
Expenses by nature

The Group discloses expenses in the statements of income by nature as part of the line items "Costs", "General and administrative expenses" and "Selling expenses". The following table provides additional disclosures regarding expenses by nature and their relationship to the function within the Group.

	Costs	General and administrative expenses	Selling expenses	Total as of December 31, 2018	Total as of December 31, 2017
Cost of sale of goods and services	4,590	-	-	4,590	2,961
Salaries, social security costs and other personnel expenses	1,852	1,175	1,405	4,432	3,997
Depreciation and amortization	1,869	510	643	3,022	2,897
Fees and payments for services	1,558	725	44	2,327	2,017
Maintenance, security, cleaning, repairs and others	1,338	210	96	1,644	1,324
Advertising and other selling expenses	242	5	634	881	1,153
Taxes, rates and contributions	252	23	165	440	378

Interconnection and roaming expenses	1,675	-	-	1,675	1,518
Fees to other operators	2,330	-	-	2,330	1,765
Director´s fees	-	271	-	271	169
Leases and service charges	43	8	96	147	117
Allowance for doubtful accounts, net	-	8	239	247	141
Other expenses	534	254	152	940	1,011
Total as of December 31, 2018	16,283	3,189	3,474	22,946	
Total as of December 31, 2017	13,421	2,739	3,288		19,448

21.
Cost of goods sold and services provided

	Total as of December 31, 2018	Total as of December 31, 2017
Inventories at the beginning of the period (*)	13,455	15,506
Adjustments previous periods (IFRS 15)	(4,804)	-
Purchases and expenses (**)	22,245	50,882
Capitalized finance costs	28	4
Currency translation adjustment	(836)	327
Transfers	555	10
Disposals	(138)	-
Transfers to investment properties	-	(713)
Inventories at the end of the period (*)	(8,111)	(15,659)
Total costs	22,394	50,357

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The following table presents the composition of the Group's inventories as of December 31, 2018 and June 30, 2018:

	Total as of December 31, 2018	Total as of December 31, 2017
Real estate	7,381	12,683
Telecommunications	715	755
Others	15	17
Total inventories at the end of the period (*)	8,111	13,455

(*) Inventories includes trading properties and inventories.
(**) Includes the cost of goods sold of Shufersal, which were reclassified to discontinued operations in an amount of Ps. 32,128 as of December 31, 2017.

22.
Other operating results, net

	Six months ended December 31, 2018	Six months ended December 31, 2017
Gain from disposal of subsidiary and associates (1)	696	608
Donations	(42)	(46)
Lawsuits and other contingencies	(23)	583
Impairment of associates and joint ventures (2)	(129)	-
Others	(155)	(66)
Total other operating results, net	347	1,079

(1)
As of December 31, 2018 and 2017 includes the result from the sale of the Group´s equity interest in Cyber Secdo and Rimon,and Cloudyn respectively.
(2)
See Note 30.

23.
Financial results, net

	Six months ended December 31, 2018	Six months ended December 31, 2017
Finance income:		
- Interest income	570	459
- Foreign exchange gain	277	26
- Dividend income	43	67
- Other finance income	147	66
Total finance income	1,037	618
Finance costs:		
- Interest expenses	(7,221)	(5,942)
- Loss on debt swap	-	(3,486)
- Foreign exchange loss	(1,652)	(1)
- Other finance costs	(213)	(246)
Subtotal finance costs	(9,086)	(9,675)

Capitalized finance costs	55	12
Total finance costs	(9,031)	(9,663)
Other financial results:		
- Fair value gain of financial assets and liabilities at fair value through profit or loss, net	871	930
- Gain from derivative financial instruments, net	342	94
Total other financial results	1,213	1,024
- Inflation adjustment	(387)	(186)
Total financial results, net	(7,168)	(8,207)

24.
Related party transactions

The following is a summary of the balances with related parties as of December 31, 2018 and June 30, 2018:

Item	December 31, 2018	June 30, 2018
Trade and other receivables	947	953
Investments in financial assets	1,230	437
Trade and other payables	(338)	(243)
Borrowings	(45)	(12)
Total	1,794	1,135

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Related party	December 31, 2018	June 30, 2018	Description of transaction	Item
Manibil S.A.	50	92	Contributions in advance	Trade and other receivable
New Lipstick LLC	9	746	Loans granted	Trade and other receivable
	(37)	-	Loans obtained	Borrowings
	772	9	Reimbursement of expenses receivable	Trade and other receivable
Condor	12	-	Dividends receivable	Trade and other receivable
	159	172	Public companies securities	Investment in financial assets
Puerto Retiro	14	-	Loans granted	Trade and other receivable
LRSA	-	37	Leases and/or rights of use receivable	Trade and other receivable
	-	(1)	Reimbursement of expenses	Trade and other receivable
	43	-	Loans granted	Trade and other receivable
	-	9	Dividends receivable	Trade and other receivable
Other associates and joint ventures	1	1	Reimbursement of expenses receivable	Trade and other receivable
	(8)	(13)	Loans granted	Borrowings
	(2)	(1)	Leases and/or rights of use payable	Trade and other payables
	4	5	Leases and/or rights of use receivable	Trade and other receivable
	-	1	Management fees	Trade and other receivable
	-	9	Loans granted	Trade and other receivable

	1	1	Long-term incentive plan	Trade and other receivable
	(1)	(1)	Reimbursement of expenses payable	Trade and other receivable
Total associates and joint ventures	1,017	1,066		
Cresud	(28)	(20)	Reimbursement of expenses receivable	Trade and other payables
	(44)	(71)	Corporate services receivable	Trade and other payables
	1,071	265	NCN	Investment in financial assets
	(10)	(3)	Leases and/or rights of use receivable	Trade and other payables
	(13)	(28)	Management fee	Trade and other payables
	(3)	(4)	Share based payments	Trade and other payables
Total parent company	973	139		
RES LP	-	3	Reimbursement of expenses receivable	Trade and other receivable
	-	24	Dividends receivables	Trade and other receivable
Banzey	21	-		
Directors	(231)	(106)	Fees for services received	Trade and other payables
Others (1)	1	1	Leases and/or rights of use receivable	Trade and other receivable
	16	9	Fees receivable	Trade and other receivable
	(3)	(1)	Fees for legal services	Trade and other payables
Total others	(196)	(70)		
Total at the end of the period/year	1,794	1,135		

(1)
Includes CAMSA, Estudio Zang, Bergel & Viñes, Austral Gold, Fundación IRSA, Hamonet S.A., CAM Communication LP, Gary Gladstein and Fundación Museo de los Niños.

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The following is a summary of the results with related parties for the six-month periods ended December 31, 2018 and 2017:

Related party	December 31, 2018	December 31, 2017	Description of transaction
BACS	16	8	Leases and/or rights of use
Manibil	26	10	Corporate services
Tarshop	13	-	Leases and/or rights of use
	1	-	commisions
La Rural S.A.	21	13	Leases and/or rights of use
Condor	(13)	134	Financial operations
Other associates and joint ventures	7	-	Financial operations
	9	14	Leases and/or rights of use
	(1)	(1)	Corporate services
Otras asociadas y negocios conjuntos	-	2	Fees and remunerations
Total associates and joint ventures	79	180	
Cresud	10	4	Leases and/or rights of use
Cresud	(158)	(117)	Corporate services
Cresud	26	10	Financial operations
Total parent company	(122)	(103)	
Directors	(265)	(111)	Fees and remunerations
Others (1)	1	-	Leases and/or rights of use
	(7)	(6)	Fees and remunerations
	(9)	(7)	Donationd
Otras (1)	11	3	Financial operations
Otras (1)	3	-	Corporate services
Total others	(266)	(121)	
Total at the end of the period	(309)	(44)	

(1)
Includes Isaac Elsztain e Hijos, CAMSA, Hamonet S.A., Ramat Hanassi, Estudio Zang, Bergel y Viñes, Austral Gold, La Rural, TGLT, New Lipstick, Condor and Fundación IRSA.

The following is a summary of the transactions with related parties for the six-month periods ended December 31, 2018 and 2017:

Related party	Six months ended December 31, 2018	Six months ended December 31, 2017	Description of the operation
La Rural S.A.	-	19	Dividends received
Nuevo Puerto Santa Fe S.A.	9	-	Dividends received
Condor	38	-	Dividends received
Mehadrin	54	-	Dividends received
Manaman	23	-	Dividends received
Emco	8	-	Dividends received
Nave by the sea	28	-	Dividends received
Total dividends received	160	19	
Cresud	943	1,305	Dividends distributed
Helmir	6	7	Dividends distributed

Total dividends distributed	949	1,312	
Manibil	-	65	Capital contributions
Quality	19	-	Capital contributions
Total capital contributions	19	65	
IFISA	-	2,911	Purchase of non-controlling interest
Total other transactions	-	2,911	

25.
CNV General Resolution N° 622

As required by Section 1°, Chapter III, Title IV of CNV General Resolution N° 622, set forth below is a detail of the notes to these Unaudited Condensed Interim Consolidated Financial Statements that disclose the information required by the Resolution in Exhibits.

Exhibit A - Property, plant and equipment	Note 8- Investment properties and Note 9 Property, plant and equipment
Exhibit B - Intangible assets	Note 11- Intangible assets
Exhibit C - Equity investments	Note 7- investment in associates and joint ventures
Exhibit D - Other investments	Note 12- Financial instruments by category
Exhibit E - Provisions	Note 17- Provisions
Exhibit F - Cost of sales and services provided	Note 21- Cost of goods sold and services provided
Exhibit G - Foreign currency assets and liabilities	Note 26- Foreign currency assets and liabilities

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26.
Foreign currency assets and liabilities

Book amounts of foreign currency assets and liabilities are as follows:

Item / Currency (1)	Amount (2)	Peso exchange rate (3)	Total as of 12.31.18	Total as of 06.30.18
Assets				
Trade and other receivables				
US Dollar	39	37.500	1,475	1,532
Euros	4	42.840	161	228
Receivables with related parties:				
US Dollar	2	37.700	78	1,869
Total trade and other receivables			1,714	3,629
Investments in financial assets				
US Dollar	53	37.500	1,994	4,579
Pounds	1	47.595	41	50
Investments with related parties:				
US Dollar	28	37.700	1,071	437
Total investments in financial assets			3,106	5,066
Derivative financial instruments				
US Dollar	1	37.500	30	41
Total Derivative financial instruments			30	41
Cash and cash equivalents				
US Dollar	269	37.500	10,071	9,859
Euros	2	42.840	71	84
Total cash and cash equivalents			10,142	9,943
Total Assets			14,992	18,679
Liabilities				
Trade and other payables				
US Dollar	166	37.700	6,252	3,833
Euros	2	43.163	81	112
Payables to related parties:				
US Dollar	1	37.700	26	32
Total Trade and other payables			6,359	3,977
Borrowings				
US Dollar	825	37.700	31,095	31,905
Borrowings with related parties				
US Dollar	1	37.700	38	-
Total Borrowings			31,133	31,905
Derivative financial instruments				
US Dollar	1	37.700	26	-
Total derivative financial instruments			26	
Total Liabilities			37,518	35,882

(1) Considering foreign currencies those that differ from the Group’s subsidiaries, functional currency at each period/year-end.
(2) Stated in millions of the corresponding foreign currency.
(3) Exchange rates as of December 31, 2018 and June 30, 2018, respectively according to Banco Nación Argentina.

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27.
Groups of assets and liabilities held-for-sale

As mentioned in Note 4.F. to the Annual Financial Statements, the Group has certain assets and liabilities classified as held-for-sale. The following table shows the main ones:

	December 31, 2018	June 30, 2018
Property, plant and equipment	3,603	3,439
Intangible assets	-	41
Investments in associates	362	60
Deferred income tax assets	80	131
Investment properties	905	664
Income tax credits	11	-
Trade and other receivables	1,692	1,841
Cash and cash equivalents	1,147	442
Total assets held-for-sale	7,800	6,618
Trade and other payables	2,898	2,495
Employee benefits	181	191
Deferred income tax liability	10	20
Borrowings	1,500	1,428
Total liabilities held-for-sale	4,589	4,134
Total net assets held-for-sale	3,211	2,484

28.
Results from discontinued operations

The results from operations of Shufersal for the period ended December 31, 2017 and the results from Israir and IDB Tourism for both periods; have been reclassified in the Statements of Income under discontinued operations.

	Six months ended December 31, 2018	Six months ended December 31, 2017
Revenues	7,005	48,873
Costs	(6,111)	(36,936)
Gross profit	894	11,937
Net gain from fair value adjustment of investment properties	-	71
General and administrative expenses	(237)	(870)
Selling expenses	(272)	(8,929)
Other operating results, net	294	(168)
Profit from operations	679	2,041
Share of profit of associates and joint ventures	27	43
Profit before financial results and income tax	706	2,084
Finance income	57	71
Finance cost	(69)	(540)
Other financial results	23	(6)
Financial results, net	11	(475)
Profit before income tax	717	1,609
Income tax	-	(318)
Profit from discontinued operations	717	1,291

(Loss) / profit for the period from discontinued operations attributable to:		
Equity holders of the parent	734	674
Non-controlling interest	(17)	617
Profit per share from discontinued operations attributable to equity holders of the parent:		
Basic	1.28	1.17
Diluted	1.27	1.16

As of December 31, 2017, Ps. 43,275 of the total revenues from discontinued operations and Ps. 975 of the total profit from discontinued operations correspond to Shufersal.

29.
Other relevant events of the period

IRSA Class action

On September 10, 2018, the New York Court issued an order granting the motion to dismiss the IRSA Case in its entirety.

On September 24, 2018, Plaintiff in the Cresud Case filed a document acknowledging that the Cresud Class Action complaint should be dismissed for the same reasons set forth in the Court's September 10, 2018 order in the IRSA Case, subject to a right of appeal.

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On October 9, 2018, the Plaintiff in the IRSA Case filed a notice of appeal to the United States Court of Appeals for the Second Circuit. On December 12, 2018, Plaintiff in the Cresud Case filed a notice of voluntary dismissal, with prejudice. On December 13, 2018, Plaintiff moved to dismiss the appeal of the IRSA Case in the Second Circuit upon agreement with IRSA and Cresud that the parties shall bear their own costs and fees in the litigation, including the appeal, and that no fees are due. Accordingly, the Second Circuit dismissed Plaintiff's appeal on December 18, 2018.

The IRSA Case is fully and finally resolved. The Cresud Case awaits an entry of judgment by the court and the companies hold that such allegations are meritless and will continue making a strong defense in that action.

DIC class action

On October 3, 2018, the DIC plaintiffs field a motion to a class action status (jointly – the "Motion"), with the District Court of Tel Aviv Yafo (the "Court") against the Group; and enjoining Mr. Eduardo Elsztain, the controlling person of the Company (the "Controlling Person"), who serves as chairman of the Company's board of directors; directors serving in the Group who have an interest in the Controlling Person; and additional directors and officers of the Company (all jointly – the "Respondents"), in connection with the exit of the Company's share, on February 1, 2018, from the TA 90 and TA 125 indices, whereon it had been traded on the Tel Aviv Stock Exchange Ltd. up to that date (the "Indices"), by an applicant alleging to have held the Group's shares prior to February 1, 2018 and thereafter (the "Applicant").

In the Motion, the Court is requested, inter alia, to approve the action as a class action and to charge the Respondents with compensating the members of the Group according to the damage caused them. The estimated amount in dispute is approximately NIS 17.6 million.

The Company believes that it acted lawfully and as required counterpoint to the claims in the Motion, and accordingly, after having preliminarily reviewed the Group's Motion, has concluded that it is unfounded.

IDBD class action

On October 3, 2018, an action and a motion to approve a class action had been filed with the District Court in Tel Aviv Yafo (jointly – the "Motion"). The Motion had been filed, against IDBD, against Dolphin IL, Mr. Eduardo Elsztain and the Official Receiver, and in it, the court was requested to hold that the Transaction was not in compliance with the provisions of the Centralization Law, to appoint a trustee over DIC's shares owned by the respondents and to order the payment of monetary damages to the public shareholders in DIC for the alleged preservation of the pyramidal structure in IDBD, at a scope of between NIS 58 and 73 million.

The bulk of the Applicant's allegations is that the Group continues to be the Controlling Person of DIC (potentially and effectively) even after the completion of the sale of DIC shares to DIL as described in Note 4 to the Annual Financial Statements (the "Transaction") and that the controlling person of IDBD (in his capacity as chairman of the board of directors and controlling person of DIC as well) had a personal interest separate from the personal interest of the minority shareholders in DIC, in the manner of implementation of the Centralization Law's provisions, and that he and the Group breached the duty of good faith and the duty of Loyalty owed to DIC and its shareholders', and additionally the controlling person of IDBD breached his duty of trust and duty of care toward DIC, this being, allegedly, due to the fact that the decision regarding the preferred alternative for complying with the Centralization Law's Provisions was not brought before DIC's general meeting of shareholders'. The Applicant further alleges deprivation of the minority shareholders in DIC.

Having preliminarily reviewed the Motion, the Group's Management estimates that it is unfounded and that it will not change the fact that after following consummation of the Transaction, IDBD complies with the provisions of the

Centralization Law, all as set forth in the Company's reports.

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30. Subsequent events

Partial sale of Clal

On January 2, 2019, continuing with the instructions given by the Commissioner of Capital Markets, Insurance and Savings of Israel, IDBD sold an additional 4.5% of its stake in Clal through a swap transaction on the same conditions that applied to the swap transactions performed in the months of May and August 2017 and, January, May and August 2018 described in Note 4 to the Annual Consolidated Financial Statements. The consideration was set at an amount of approximately NIS 127 million (equivalent to approximately Ps. 1,270 as of the transaction date). After the completion of the transaction, IDBD's interest in Clal was reduced to 25.3% of Clal's share capital.

Additionally, on January 2, 2019, the swap transaction was completed with respect to 555,788 shares of Clal, which constitute 1% of the issued capital of Clal. It is hereby clarified that the terms of the swap transaction will remain in effect with respect to the balance of shares of Clal which are the subject of the swap transaction, which constitute in aggregateapproximately 29% of the issued capital of Clal as of the date of these interim financial statements.

DIC buy back plan

As indicated in Note 4 to these interim financial statements, DIC's Board of Directors approved a plan to buy back DIC shares. During January and February of 2019, DIC acquired 10.1 million additional shares for total consideration of NIS 96 (approximately Ps. 969 as of the date of these financial statements), and the publicly held shares after these repurchases amounted to 15.92 % of DIC's shares outstanding.

Sale of Tarshop

On February 14, 2019, the Group sold its entire stake in Tarshop to BHSA. With this acquisition, BHSA became the holder of 100% of the capital of Tarshop. The price of the operation was established at USD 0.1, which have already been received.

The parties agreed that the seller will be entitled to a variable compensation, if the buyer, in a period not exceeding 2 years, sells all or part of the participation to a third party.

The result transcended to third parties for this transaction was approximately Ps. 66.

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REVIEW REPORT ON THE UNAUDITED CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, President and Directors of
IRSA Inversiones y Representaciones Sociedad Anónima
Legal address: Bolivar 108 – 1° floor
Autonomous City Buenos Aires
Tax Code No. 30-52532274-9

Introduction

We have reviewed the unaudited condensed interim consolidated financial statements of IRSA Inversiones y Representaciones Sociedad Anónima and its subsidiaries (hereinafter "the Company") which included the unaudited condensed interim consolidated statements of financial position as of December 31, 2018 and the unaudited condensed interim consolidated statements of income and other comprehensive income for the six-month period and three-month period ended December 31, 2018, the unaudited condensed interim consolidated statements of changes in shareholders' equity and the unaudited condensed interim consolidated statements of cash flows for the six-month period then ended and selected explanatory notes.

The balances and other information corresponding to the fiscal year ended June 30, 2018 and the interim periods within that fiscal year are an integral part of these financial statements and, therefore, they should be considered in relation to those financial statements.

Management responsibility

The Board of Directors of the Company is responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), adopted by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) as professional accounting standards and added by the National Securities Commission (CNV) to its regulations, as approved by the International Accounting Standard Board (IASB) and , for this reason, is responsible for the preparation and presentation of the unaudited condensed interim consolidated financial statements above mentioned in the first paragraph according to the International Accounting Standard No 34 "Interim Financial Reporting" (IAS 34).

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REVIEW REPORT ON THE UNAUDITED CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Scope of our review

Our review was limited to the application of the procedures established in the International Standard on Review Engagements ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity", which was adopted as a review standard in Argentina in Technical Resolution No. 33 of the FACPCE, without modification as approved by the International Auditing and Assurance Standards Board (IAASB). A review of interim financial information consists of making inquiries of persons responsible for the preparation of the information included in the unaudited condensed interim consolidated financial statements, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated statements of financial position, the consolidated statements of income and other comprehensive income and the consolidated statements of cash flows of the Company.

Conclusion

Nothing came to our attention as a result of our review that caused us to believe that these unaudited condensed interim consolidated financial statements above mentioned in the first paragraph of this report have not been prepared in all material respects in accordance with International Accounting Standard 34.

Report on compliance with current regulations

In accordance with current regulations, we report about IRSA Inversiones y Representaciones Sociedad Anónima that:

a) the unaudited condensed interim consolidated financial statements of IRSA Inversiones y Representaciones Sociedad Anónima are being processed for recording in the "Inventory and Balance Sheet Book", and comply, as regards those matters that are within our competence, with the provisions set forth in the Commercial Companies Law and in the corresponding resolutions of the National Securities Commission;

b) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima arise from accounting records carried in all formal respects in accordance with applicable legal provisions;

c) we have read the Business Summary (“Reseña Informativa”) on which, as regards those matters that are within our competence, we have no observations to make;

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REVIEW REPORT ON THE UNAUDITED CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Continued)

d) at December 31, 2018, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentina Integrated Pension System which arises from accounting records amounted to Ps. 144.299,26, which was not claimable at that date.

Autonomous City of Buenos Aires, February 28, 2019.

PRICE WATERHOUSE & CO. S.R.L.	ABELOVICH, POLANO & ASOCIADOS S.R.L.
(Partner)	(Partner)
C.P.C.E.C.A.B.A. Tº 1 Fº 17	C.P.C.E. C.A.B.A. T° 1 F° 30
Dr. Mariano C. Tomatis	José Daniel Abelovich
Public Accountant (UBA)	Public Accountant (UBA)
C.P.C.E.C.A.B.A. Tº 241 Fº 118	C.P.C.E.C.A.B.A. T° 102 F° 191

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Separate Financial Statements as of December 31, 2018 and for the six and three-month periods ended as of that date, presented comparatively

IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Separate Statements of Financial Position
as of December 31, 2018 and June 30, 2018
(All amounts in millions, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Note	12.31.18	06.30.18
ASSETS			
Non-current assets			
Investment properties	7	9,497	10,194
Property, plant and equipment	8	14	16
Trading properties	9	1,492	1,348
Intangible assets	10	41	39
Investments in subsidiaries, associates and joint ventures	6	45,599	53,749
Income tax and MPIT credit		242	309
Trade and other receivables	12	210	314
Total non-current assets		57,095	65,969
Current assets			
Inventories		1	1
Trading properties	9	203	111
Trade and other receivables	12	827	1,070
Income tax and MPIT credit		1	1
Investments in financial assets	11	4	11
Cash and cash equivalents	11	343	20
Total current assets		1,379	1,214
TOTAL ASSETS		58,474	67,183
SHAREHOLDERS’ EQUITY			
Shareholders' equity (according to corresponding statements)		42,190	49,945
TOTAL SHAREHOLDERS’ EQUITY		42,190	49,945
LIABILITIES			
Non-current liabilities			
Trade and other payables	13	1,788	1,436
Borrowings	14	3,676	11,051
Deferred income tax liabilities	15	2,011	2,702
Provisions	16	29	47
Total non-current liabilities		7,504	15,236
Current liabilities			
Trade and other payables	13	408	229
Income tax and MPIT liabilities		109	139
Salaries and social security liabilities		3	2
Borrowings	14	8,255	1,628
Provisions	16	5	4
Total current liabilities		8,780	2,002
TOTAL LIABILITIES		16,284	17,238
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		58,474	67,183

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

Alejandro G. Elsztain
Vice President II
acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Separate Statements of Income and Other Comprehensive Income
for the six and three-month periods ended December 31, 2018 and 2017
(All amounts in millions, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

		Six month		Three month	
	Note	12.31.18	12.31.17	12.31.18	12.31.17
Revenues	17	184	54	186	37
Costs	18	(22)	(37)	(11)	(20)
Gross profit		162	17	175	17
Net gain from fair value adjustment of investment properties	7	388	(35)	(2,111)	69
General and administrative expenses	18	(256)	(162)	(187)	(94)
Selling expenses	18	(23)	(18)	2	(10)
Other operating results, net	19	(731)	801	(725)	809
(Loss) / profit from operations		(460)	603	(2,846)	791
Share of (loss) / profit of subsidiaries, associates and joint ventures	6	(5,087)	8,673	(10,079)	9,372
(Loss) / profit before financial results and income tax		(5,547)	9,276	(12,925)	10,163
Finance income	20	52	10	(126)	47
Finance costs	20	(842)	(483)	2,371	(913)
Other financial results	20	(1)	16	-	15
Inflation adjustment	20	(161)	59	(198)	535
Financial results, net		(952)	(398)	2,047	(316)
(Loss) / profit before income tax		(6,499)	8,878	(10,878)	9,847
Income tax	15	702	670	246	365
(Loss) / profit for the period		(5,797)	9,548	(10,632)	10,212