IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
November 20, 2009

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15b-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the month of November, 2009

Irsa Inversiones y Representaciones Sociedad Anónima

(Exact name of Registrant as specified in its charter)

Irsa Investments and Representations Inc.

(Translation of registrant s name into English)

Republic of Argentina

(Jurisdiction of incorporation or organization)

Bolívar 108

(C1066AAB)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F x Form 40-F ¨

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

Yes ¨ No x

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA

(THE COMPANY)

REPORT ON FORM 6-K

Attached is a copy of the English translation of the Financial Statements for the three-month period ended on September 30, 2009 and on September 30, 2008 filed by the Company with the *Bolsa de Comercio de Buenos Aires* and the *Comisión Nacional de Valores*.

IRSA Inversiones y Representaciones

Sociedad Anónima and subsidiaries

Free translation of the Unaudited

Consolidated Financial Statements

For the three-month periods

Beginning on July 1, 2009 and 2008

and ended September 30, 2009 and 2008

IRSA Inversiones y Representaciones

Company	**Sociedad Anónima**
Corporate domicile:	Bolívar 108 1º Floor Autonomous City of Buenos Aires
Principal activity:	Real estate investment and development

Financial Statements as of September 30, 2009

Presented in comparative form

Stated in thousands of Pesos

Fiscal year No. 67 beginning July 1st, 2009

DATE OF REGISTRATION WITH THE PUBLIC REGISTRY OF COMMERCE

Of the By-laws:	June 23, 1943
Of last amendment:	February 12, 2008
Registration number with the Superintendence of Corporations:	213,036
Duration of the Company:	Until April 5, 2043
Controlling Company:	Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria
Corporate Domicile:	Moreno 877, floor 23th, Autonomous City of Buenos Aires
Principal Activity:	Agricultural, livestock and real estate investment
Shareholding:	57.12%

Information related to subsidiary companies is shown in Note 1.a.

CAPITAL COMPOSITION (Note 13 to the unaudited basic financial statements)

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

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

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Unaudited Consolidated Balance Sheets as of September 30, 2009 and June 30, 2009

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

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

	September 30, 2009	June 30, 2009
ASSETS		
CURRENT ASSETS		
Cash and banks (Note 5)	84,279	66,562
Investments (Note 6)	321,537	335,234
Accounts receivable, net (Note 7)	218,591	263,471
Other receivables and prepaid expenses (Note 8)	173,857	201,703
Inventories (Note 9)	24,464	24,899
Total Current Assets	822,728	891,869
NON-CURRENT ASSETS		
Accounts receivable, net (Note 7)	16,363	6,626
Other receivables and prepaid expenses (Note 8)	167,216	196,766
Inventories (Note 9)	187,985	164,933
Investments (Note 6)	1,182,795	1,001,654
Fixed assets, net (Note 10)	2,692,368	2,720,506
Intangible assets, net	17,357	18,559
Subtotal Non-Current Assets	4,264,084	4,109,044
Negative goodwill, net (Note 11)	(64,531)	(64,926)
Total Non-Current Assets	4,199,553	4,044,118
Total Assets	5,022,281	4,935,987

	September 30, 2009	June 30, 2009
LIABILITIES		
CURRENT LIABILITIES		
Trade accounts payable (Note 12)	203,680	229,542
Mortgages payable (Note 13)		1,930
Customer advances (Note 14)	105,921	96,843
Short-term debt (Note 15)	357,992	349,243
Salaries and social security payable (Note 16.b)	31,578	35,863
Taxes payable (Note 16.a)	138,303	147,883
Other liabilities (Note 17)	36,225	110,992
Total debts	873,699	972,296
Provisions	2,434	2,594

Total Current Liabilities	876,133	974,890
NON-CURRENT LIABILITIES		
Trade accounts payable (Note 12)	57,128	67,300
Mortgages payable (Note 13)	985	
Customer advances (Note 14)	161,835	150,357
Long-term debt (Note 15)	1,057,100	1,044,725
Taxes payable (Note 16.a)	57,467	61,254
Other liabilities (Note 17)	82,005	71,881
Total debts	1,416,520	1,395,517
Provisions	6,684	5,537
Total Non-Current Liabilities	1,423,204	1,401,054
Total Liabilities	2,299,337	2,375,944
Minority interest	494,553	464,381
SHAREHOLDERS EQUITY	2,228,391	2,095,662
Total Liabilities and Shareholders Equity	5,022,281	4,935,987

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

Alejandro G. Elsztain

Vice-President II

Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Unaudited Consolidated Statements of Income

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

and ended September 30, 2009 and 2008

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

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

	September 30, 2009	September 30, 2008
Revenues	263,227	218,383
Costs	(106,216)	(98,531)
Gross profit	157,011	119,852
Gain from recognition of inventories at net realizable value	10,946	2,819
Selling expenses	(43,863)	(69,115)
Administrative expenses	(36,042)	(30,891)
Subtotal	(68,959)	(97,187)
Net Gain (loss) from retained interest in securitized receivables	23,509	(23,749)
Gain from operations and holdings of real estate assets, net		196
Operating income (loss) (Note 4)	111,561	(888)
Amortization of negative goodwill, net	413	536
Financial results generated by assets:		
Interest income and unrealized results from investments	4,217	1,925
Interest on discounting assets	(1,660)	(698)
Gain (loss) on financial operations	6,314	(14,349)
Foreign exchange gain	3,386	8,980
Subtotal	12,257	(4,142)
Financial results generated by liabilities:		
Interest on discounting liabilities	(84)	(53)
Foreign exchange loss	(11,776)	(32,298)
Loss on hedge operations (Note 25)	(1,558)	
Interest expense and others	(40,360)	(25,254)
Subtotal	(53,778)	(57,605)
Financial results, net	(41,521)	(61,747)
Gain (loss) on equity investees	97,242	(28,648)
Other expenses, net (Note 18)	(4,604)	(1,342)
Income (loss) before taxes and minority interest	163,091	(92,089)

Income tax and MPIT	(26,119)	2,429
Minority interest	(5,527)	19,395
Net income (loss)	131,445	(70,265)
Earnings (loss) per share		
Basic net income (loss) per share (Note 26)	0.227	(0.121)
Diluted net income (loss) per share (Note 26)	0.227	(0.121)

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

Alejandro G. Elsztain

Vice-President II

Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Unaudited Consolidated Statements of Cash Flows (1)

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

and ended September 30, 2009 and 2008

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

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

	September 30, 2009	September 30, 2008
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of the beginning of the year	185,942	389,004
Cash and cash equivalents as of the end of the period	183,688	230,472
Net decrease in cash and cash equivalents	(2,254)	(158,532)
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the period	131,445	(70,265)
Plus income tax and MPIT	26,119	(2,429)
Adjustments to reconcile net income to cash flows from operating activities:		
(Gain) loss on equity investees	(97,242)	28,648
Amortization of negative goodwill, net	(413)	(536)
Minority interest	5,527	(19,395)
Allowances and provision	17,140	23,593
Depreciation and amortization	40,843	32,177
Financial results, net	(16,349)	68,814
Fixed assets retirement	1,491	
Gain from operations and holdings of real estate assets, net		(196)
Gain from recognition of inventories at net realizable value, net	(10,946)	(2,819)
Changes in certain assets and liabilities net of non-cash transactions and effects of acquisitions:		
Decrease (increase) in current and non-current investments	18,014	(20,531)
Decrease in accounts receivable, net	19,388	6,448
Decrease (increase) in other receivables and prepaid expenses	17,102	(27,183)
Increase in inventories	(2,379)	(11,999)
Increase in intangible assets, net	(612)	(908)
(Decrease) increase in taxes payable and social security payable	(43,916)	3,393
Increase in customer advances	20,300	34,137
Decrease in trade accounts payable	(36,112)	(56,929)
(Decrease) increase in accrued interest	(4,723)	1,749
Increase in other liabilities	7,981	2,247
Net cash provided by (used in) operating activities	92,658	(11,984)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equity investees	(56,043)	(69,296)
Acquisitions and improvements of fixed assets	(18,971)	(69,257)
(Decrease) increase in undeveloped parcels of land and other investments	50,716	(39,652)
Decrease in goodwill		45
Advanced payments for the acquisition of shares	(78,788)	
Loans granted to related parties	(1,326)	(36)

Net cash used in investing activities	(104,412)	(178,196)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contribution by minority owners in related parties	24,678	13,386
Increase in short-term and long-term debt	9,500	15,303
Payment of short-term and long-term debt	(16,568)	(23,336)
(Decrease) increase in bank overdrafts, net	(8,110)	33,774
Re purchase of debt		(6,743)
Decrease in mortgages payables		(736)
Net cash provided by financing activities	9,500	31,648
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,254)	(158,532)

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

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

Alejandro G. Elsztain

Vice-President II

Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Unaudited Consolidated Statements of Cash Flows (Continued)

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

and ended September 30, 2009 and 2008

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

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

	September 30, 2009	September 30, 2008
Supplemental cash flow information		
Interest paid	35,737	39,379
Income tax paid	4,026	8,994
Non-cash activities:		
Increase in non current investments through an increase in debt	34,243	
Increase on inventories through a decrease on fixed assets, net	8,644	
Issuance of Trust Exchangeable Certificates	4,580	10,241
Capitalization of financial costs in fixed assets	1,963	
Cumulative translation adjustment	1,284	
Increase in fixed assets net through an increase in accounts payable	174	2,159
Increase in negative goodwill through a decrease in minority interest		7,668
Increase in inventories through an increase in accounts payable		678
Increase in inventories through a decrease in other receivables		384
Decrease in undeveloped parcels of land through an increase in inventories		101
Composition of cash and cash equivalents at the period end		
Cash and Banks	84,279	97,415
Current investments	321,537	308,154
Total cash and banks and current investments as per balance sheet	405,816	405,569
Less: (items not considered cash and cash equivalents)		
Mutual funds	39,438	42,784
Bonds		19,642
Retained interest in securitized receivables of CPs	182,442	65,369
Allowance for impairment	(11,444)	(3,307)
Mortgage bonds issued by BHSA	1,173	1,139
U.S. Treasury Bonds		47,176
TDFs	10,467	
Other investments	52	2,294
Cash and cash equivalents	183,688	230,472

Alejandro G. Elsztain

Vice-President II

Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to Unaudited Consolidated Financial Statements

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

and ended September 30, 2009 and 2008

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

NOTE 1: BASIS OF CONSOLIDATION CORPORATE CONTROL

a. Basis of consolidation

The Company has consolidated its unaudited balance sheets at September 30, 2009 and June 30, 2009 and the unaudited statements of income and cash flows for the three-month periods ended September 30, 2009 and 2008 line by line with the unaudited financial statements of its subsidiaries, following the procedure established in Technical Resolution No. 21 of the Federacion Argentina de Consejos Profesionales de Ciencias Economicas (FACPCE) and approved by the Consejo Profesional de Ciencias Economicas de la Ciudad Autónoma de Buenos Aires (CPCECABA) and by the National Securities Commission.

All significant intercompany balances and transactions have been eliminated in consolidation.

The unaudited Consolidated Financial Statements include the assets, liabilities and results of operations of the following subsidiaries:

COMPANIES	September 30, 2009	June 30, 2009	September 30, 2009	June 30, 2009
	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
Ritelco S.A.	100.00	100.00	100.00	100.00
Palermo Invest S.A.	100.00	100.00	100.00	100.00
Pereiraola S.A.I.C.I.F.y A.	100.00	100.00	100.00	100.00
Inversora Bolívar S.A.	100.00	100.00	100.00	100.00
Quality Invest S.A.	100.00	100.00	100.00	100.00
E-Commerce Latina S.A.	100.00	100.00	100.00	100.00
Solares de Santa María S.A.	90.00	90.00	90.00	90.00
Hoteles Argentinos S.A.	80.00	80.00	80.00	80.00
Alto Palermo S.A. (APSA)	63.35	63.34	63.35	63.34
Llao Llao Resorts S.A.	50.00	50.00	50.00	50.00
Tyrus S.A.	100.00	100.00	100.00	100.00
Nuevas Fronteras S.A. (1)	76.34		76.34	

(1) See Note 16 6. to the unaudited basic financial statement

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

a. (continued)

In addition, the assets, liabilities and results of operations of the Company subsidiaries that follow have been included in the Unaudited Consolidated Financial Statements, applying the proportionate consolidation method.

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

(1) The Company holds joint control of this company with Euromayor S.A.
(2) The Company holds joint control with Cyrela Brazil Realty S.A. Empreendimentos y Partiçipacões (see Note 22 A.2.).

b. Comparative Information

Balances items as of June 30, 2009 shown in these unaudited financial statements for comparative purposes arise from audited annual financial statements for the year then ended.

Balances for the three-month period ended September 30, 2009 of income and cash flows statements are shown for comparative purposes with the same period of the previous fiscal year.

The financial statements as of June 30, 2009 and September 30, 2008 originally issued have been subject to certain reclassifications required in order to present these figures comparatively with those stated as of September 30, 2009.

NOTE 2: CONSIDERATION OF THE EFFECTS OF INFLATION

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

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 2: (Continued)

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

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

a. Revenue recognition

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

Revenues from admission rights, leases and services

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

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

Certain lease agreements contain provisions, which provide for rents based on a percentage of revenues or based on a percentage of revenues volume above a specified threshold. APSA determines the compliance with specific targets and calculates the additional rent on a monthly basis as provided for in the contracts.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 3: (Continued)

a.(Continued)

Thus, these contingent rents are not recognized until the required thresholds are exceeded.

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

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

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

Lease agent operations

Fibesa S.A., company in which Alto Palermo S.A. has an interest of 100%, act as the leasing agent for APSA bringing together the Company and potential lessees for the retail space available in certain of the APSA s shopping centers. Fibesa S.A. s revenues are derived primarily from collected commissions calculated as a percentage of the final rental income value and admission rights. Revenues are recognized at the time that the transaction is successfully concluded.

Credit card operations Consumer Financing

Revenues derived from credit card transactions consist in commissions and financing income, charges to clients for life and disability insurance and for statements of account, among other. Commissions are recognized at the time the

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 3: (Continued)

a.(Continued)

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

Hotel operations

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

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

b.1. Current Investments

Current investments include retained interests in securitized receivables pursuant to the securitization programs of Tarshop with a realization term not exceeding twelve months, which have been accounted for under the equity method, net of the corresponding allowances for impairment, if applicable.

Mutual funds, government and mortgage bonds are carried at their market value at the end of the period/year and time deposits are carried at face value plus accrued interest at the end of the year.

b.2 Equity investees and other non-current investments

Include retained interests in securitized receivables, which have been accounted for under the equity method, net of the corresponding allowances for impairment, if applicable.

In addition, the ownership interests held in entities over which the Company does not exercise control, common control or significant influence have been measured for accounting purposes at cost plus any declared dividends.

As regards the 2.68% equity interest acquired in Banco Hipotecario (through Tyrus, a controlled company) in the course of this quarter, and as explained in Note 22 A.5, the process to analyze the fair value of the identifiable assets and liabilities acquired is underway, in compliance with the provisions under Technical Resolution No. 21, Paragraph 1.3.1.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 3: (Continued)

c. Intangible assets, net

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

Trademarks

Trademarks include the expenses and fees related to their registration.

Pre-operating and organization expenses

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

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

d. Negative goodwill, net

i) Negative goodwill: Negative goodwill represents the excess of the fair value of net assets of the subsidiaries at the percentage of participation acquired over the acquisition cost. If the value of the identified tangible and intangible assets exceeds the purchase price paid (i) the acquired intangible assets are not recognized because they would entail an increase in the negative goodwill arising from these acquisitions at the time of the purchase (ii) the excess will be treated as negative goodwill as follows: (a) the portion related to the expectations of future losses will be recognized in the income statements for the same periods in which such losses are incurred (b) the amount not in excess of the equity interest over the non-monetary assets of the issuer will be recognized as negative goodwill (c) the amount that exceeds the non-monetary assets will be recognized in the statement of income at the time of the purchase.

Goodwill has been restated following the guidelines mentioned in Note 2 and amortization has been calculated by the straight-line method based on an estimated useful life considering the weighted-average of the remaining useful life of identifiable assets acquired subject to depreciation.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 3: (Continued)

d.(continued)

ii) Goodwill: Represents the excess of the acquisition cost over the net assets fair value of the business acquired to the share percentage of participation acquired.

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

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

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

e. Liabilities in kind related to barter transactions

Liabilities in kind corresponding to obligations to deliver units to be built are valued considering the cost of the assets received. The Company estimates that this value exceed the cost of construction of the units to be delivered plus additional costs to transfer the assets to the creditor. Liabilities in kind have been shown in the Trade account payables .

NOTE 4: NET OPERATING INCOME BY BUSINESS UNIT

The Company has determined that its reportable segments are those that are based on the Company s method of internal reporting. Accordingly, the Company has six reportable segments. These segments are Sale and development of properties, Office and others, Shopping centers, Hotel Operations, Consumer financing segment, and financial operations and others. As mentioned in Note 1, the unaudited Consolidated Statements of income were prepared following the guidelines of Technical Resolution No. 21 of the FACPCE.

A general description of each segment follows:

Sale and development of properties

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 4: (Continued)

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

Office and others

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

Shopping centers

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

Hotel operations

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

Consumer financing

This segment manages the Company s portfolio of credit card and personal loan accounts issued by Tarshop S.A., APSA s subsidiary.

Financial operations and others

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

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

The accounting policies of the segments are the same as those described in Note 1 to the unaudited Basic Financial Statements and in Note 3 to the unaudited Consolidated Financial Statements.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 4:(Continued)

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

As of September 30, 2009

	Development and Sale of Properties	Office and Other (a)	Shopping Centers	Hotel Operations	Consumer Financing	Financial Operations and Others	Total
Revenues	36,339	40,671	113,750	29,233	43,234		263,227
Costs	(11,531)	(7,531)	(36,838)	(22,575)	(27,741)		(106,216)
Gross profit	24,808	33,140	76,912	6,658	15,493		157,011
Gain from recognition of inventories at net realizable value	10,946						10,946
Selling expenses	(1,938)	(2,706)	(7,860)	(3,402)	(27,957)		(43,863)
Administrative expenses	(6,413)	(8,149)	(9,100)	(6,447)	(5,165)	(768)	(36,042)
Net gain from retained interest in securitized receivables					23,509		23,509
Operating income (loss)	27,403	22,285	59,952	(3,191)	5,880	(768)	111,561
Depreciation and amortization (b)	174	6,182	27,643	4,368	1,768		40,135
Acquisition of fixed assets net and intangible assets net	11	1,172	16,648	773	979		19,583
Non-current investments in equity investments	26,187					735,388	761,575
Operating assets	458,899	949,715	1,815,096	218,150	119,131	60,004	3,620,995
Non-operating assets	29,702	56,291	155,688	30,246	21,971	1,107,388	1,401,286
Total assets	488,601	1,006,006	1,970,784	248,396	141,102	1,167,392	5,022,281
Operating liabilities	25,973	137,445	379,009	32,032	124,971		699,430
Non-operating liabilities	280,407	254,326	685,811	177,913	108,486	92,964	1,599,907
Total liabilities	306,380	391,771	1,064,820	209,945	233,457	92,964	2,299,337

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

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 4: (Continued)

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

As of September 30, 2008

	Development and Sale of Properties	Office and Other (a)	Shopping Centers	Hotel Operations	Consumer Financing	Financial Operations and Others	Total
Revenues	2,255	29,967	95,128	42,241	48,792		218,383
Costs	(1,701)	(7,796)	(26,034)	(24,941)	(38,059)		(98,531)
Gross profit	554	22,171	69,094	17,300	10,733		119,852
Gain from recognition of inventories at net realizable value	2,819						2,819
Selling expenses	(524)	(1,513)	(5,155)	(4,498)	(57,425)		(69,115)
Administrative expenses	(4,063)	(5,325)	(10,301)	(7,957)	(3,245)		(30,891)
Net loss from retained interest securitized receivables					(23,749)		(23,749)
Gain from operations and holding of real estate assets	196						196
Operating income (loss)	(1,018)	15,333	53,638	4,845	(73,686)		(888)
Depreciation and amortization (b)	139	6,393	20,162	3,919	451		31,064
Acquisition of fixed assets net and intangible assets net (c)	10,060	15,948	252,646	2,204	3,439		284,297
Non-current investments in equity investments (c)	25,332					544,191	569,523
Operating assets (c)	467,808	940,280	1,831,428	219,158	153,892		3,612,566
Non-operating assets (c)	40,020	74,633	189,244	27,231	20,973	971,320	1,323,421
Total assets (c)	507,828	1,014,913	2,020,672	246,389	174,865	971,320	4,935,987

Operating liabilities (c)	25,379	122,869	413,381	31,236	136,853		729,718
Non-operating liabilities (c)	303,808	304,426	672,794	174,765	106,761	83,672	1,646,226
Total liabilities (c)	329,187	427,295	1,086,175	206,001	243,614	83,672	2,375,944

(a) Includes offices, commercial and residential premises.

(b) Included in operating income.

(c) Information as of June 30, 2009.

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NOTE 5: CASH AND BANKS

The breakdown for this item is as follows:

	September 30, 2009	June 30, 2009
Cash on hand	4,717	3,758
Bank accounts	78,782	61,655
Checks to be deposited	780	1,149
	84,279	66,562

NOTE 6: INVESTMENTS

The breakdown for this item is as follows:

	September 30, 2009	June 30, 2009
Current		
Mutual funds (2)	138,847	141,011
Retained interest in securitized receivables (1)	182,442	136,231
Stock shares (1)		21,603
TDFs (1)	10,467	16,490
Time deposits		15,156
PRE 2009 bonds (1)		10,108
PRO 2012 bonds (1)		3,987
Mortgage bonds issued by BHSA (1)	1,173	798
Other investments (1)	52	48
Allowance for impairment of CPs (1)	(11,444)	(10,198)
	321,537	335,234
Non-current		
Banco Hipotecario S.A. (4)	669,772	539,064
Hersha Hospitality Trust (Note 22 A.3.)	60,004	
Manibil S.A. (Note 14.2 to the Unaudited Basic Financial Statements)	26,187	25,332
Retained interest in securitized receivables	9,413	22,899
Advance payments for the acquisition of shares (Note 22 B.2.)	6,277	6,250
Banco de Crédito y Securitizacion S.A.	5,611	5,127
Allowance for impairment of investments	(645)	(1,891)
Other investments	95	95
	776,714	596,876

Undeveloped parcels of land:		
Santa María del Plata	140,261	139,748
Puerto Retiro (3)	54,458	54,380
Plot of land Beruti (Note 22 B.8.)	52,794	52,715
Plot of land Caballito	36,741	36,741
Patio Olmos (Note 22 B.6.)	32,949	32,949
Pereiraola	21,717	21,717
Torres Rosario plot of land	15,984	15,577
Plot of land Zetol (Note 22 A.6.)	13,286	13,116
Air space Coto (Note 22 B.10.)	13,188	13,188
Other undeveloped parcels of land	10,785	10,765
Canteras Natal Crespo	5,706	5,705
Pilar	3,408	3,408
Torre Jardín IV	3,030	3,030
Plot of land Vista al Muelle (Note 22 A.6.)	1,774	1,739
	406,081	404,778
	1,182,795	1,001,654

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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NOTE 6: (Continued)

(1) Not considered cash equivalent for purposes of presenting the Unaudited Statements of Cash Flows.
(2) As of September 30, 2009 and June 30, 2009 includes; Ps. 39,438 and Ps. 36,787, respectively, corresponding to mutual funds, not considered as cash for the purpose of the Unaudited Statement of Cash Flows.
(3) See Note 21.A.i).
(4) As of September 30, 2009, includes Ps. 36,012 and Ps. 17,462 as goodwill and negative goodwill, respectively, and as of June 30, 2009 includes Ps. 36,023 and Ps. 14,557 as goodwill and negative goodwill, respectively. Represents 360,165,917 shares with a quoted value at closing equivalent to Ps. 1.33 and Ps. 0.85 per share as of September 30, 2009 and June 30, 2009, respectively.

NOTE 7: ACCOUNTS RECEIVABLE, NET

The breakdown for this item is as follows:

	September 30, 2009		June 30, 2009	
	Current	Non-Current	Current	Non-Current
Leases and services receivables	70,776	3,186	75,113	1,413
Notes receivables	8,797	1,121	7,461	1,278
Credits cards receivables	1,375		1,161	
Consumer financing receivables (Tarshop)	93,661	13,842	141,570	6,490
Checks to be deposited	69,572		62,230	
Receivables from the sale of properties	4,662	149	8,713	153
Leases under legal proceedings	37,156		34,583	
Hotel receivables	10,172		7,713	
Receivables with collection agents (Tarshop)	2,098		5,070	
Pass-through expenses receivables	31,376		37,689	
Debtors under legal proceedings	994		1,320	
Related parties (Note 19)	7,869		9,812	
Less:				
Allowance for doubtful accounts	(119,917)	(1,935)	(128,964)	(2,708)
	218,591	16,363	263,471	6,626

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NOTE 8: OTHER RECEIVABLES AND PREPAID EXPENSES

The breakdown for this item is as follows:

	September 30, 2009		June 30, 2009	
	Current	**Non-Current**	**Current**	**Non-Current**
Related parties (Note 19)	9,246	23,189	12,526	22,513
Receivable from the sale of shares (1)	34,971		34,553	
Value Added Tax (VAT)	6,830	71,084	1,821	71,400
Prepaid expenses and services	31,393	3,542	25,413	3,733
Financial operations to liquidate (Note 19)			36,089	
Metropolitan 885 Third Ave. LLC, put option (Note 22 A.4.)	45,909		44,877	
Guarantee deposits re. securitization programs (Note 24 B.4.)	6,565	78	6,782	999
Gross revenue tax prepayment	3,560	2,067	2,789	1,989
MPIT	3,709	32,323	4	40,799
Income tax, net	11,521		13,719	
Guarantee of defaulted credits (Note 21. A.ii))	3,883		4,206	
Miscellaneous debtors	6,761		5,424	
Deferred Income Tax		52,181		71,320
Mortgage receivable		2,208		2,208
Allowance for doubtful mortgage receivable		(2,208)		(2,208)
Present value other receivables		(21,001)		(19,341)
Receivable for third party services offered in Tarshop stores	2,847		2,746	
Others	6,662	3,753	10,754	3,354
	173,857	167,216	201,703	196,766

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

NOTE 9: INVENTORIES

The breakdown for this item is as follows:

	September 30, 2009		June 30, 2009	
	Current	**Non-Current**	**Current**	**Non-Current**
Plot 1 c) Dique III			54	
Credit from barter transaction of Benavidez (3)	1,821	8,174	1,802	8,193
Abril / Baldovinos	2,029	793	2,932	742
Rivadavia 2768	251		251	
Horizons (Note 22 A.2)		128,562		106,391
Credit from barter transaction of Caballito (Cyrsa) (2)		21,232		21,194
Credit from barter transaction of Caballito (Koad) (1)	16,399	12,516	15,828	11,795

Credit from barter transaction of Rosario (Note 22 B.7.)		11,023		11,023
Caballito plot of land		4,429		4,429
Inventories (hotel operations)	2,660		2,676	
Other inventories	1,304	1,256	1,356	1,166
	24,464	187,985	24,899	164,933

(1) See Note 5 (i) to the Unaudited Basic Financial Statements.
(2) See Note 16.3 to the Unaudited Basic Financial Statements.
(3) See Note 5 (ii) to the Unaudited Basic Financial Statements.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 10: FIXED ASSETS, NET

The breakdown for this item is as follows:

	September 30, 2009	June 30, 2009
Hotels		
Llao-Llao	84,480	86,691
Intercontinental	56,341	57,109
Libertador	42,597	43,069
Bariloche plots of land (Note 13)	21,900	21,900
	205,318	208,769
Office buildings		
Edificio República	223,302	224,478
Torre BankBoston	157,219	157,894
Bouchard 551	152,315	152,898
Intercontinental Plaza	85,430	86,517
Dique IV	67,619	66,984
Bouchard 710	66,028	66,283
Maipú 1300	39,323	39,670
Libertador 498	21,150	27,199
Costeros Dique IV	19,552	19,699
Edificios Costeros (Dique II)	17,236	17,373
Dock del Plata	9,854	12,691
Suipacha 652	11,275	11,388
Avda. De Mayo 595	4,664	4,723
Libertador 602	2,608	2,633
Madero 1020	234	269
Sarmiento 517	344	355
Rivadavia 2768	237	243
	878,390	891,297
Commercial real estate		
Museo Renault	4,854	4,877
Abril	2,652	2,686
Constitución 1111	929	940
	8,435	8,503
Other fixed assets		
Santa María del Plata	12,495	12,496
Constitución 1159	5,173	5,173
Thames	3,899	3,899

Alto Palermo Park	515	548
Others	4,135	4,082
	26,217	26,198
Shopping Center		
Panamerican Mall	567,279	557,852
Abasto	169,749	172,586
Alto Palermo	151,258	156,665
Patio Bullrich	95,261	96,903
Alto Avellaneda	81,398	84,624
Mendoza Plaza	84,026	85,294
Alto Rosario	78,807	79,436
Paseo Alcorta	72,628	74,020
Córdoba Shopping Villa Cabrera (Notes 22 B.4. and 24 B.1.)	68,109	69,195
Alto Noa	22,642	23,081
Neuquén Project (Note 24 B.2.)	12,190	12,127
Buenos Aires Design	10,681	11,306
Financial advance for fixed assets purchase (Notes 22 B.3.)	30,229	27,252
Other fixed assets	110,993	116,485
Other properties	18,758	18,913
Subtotal Shopping Center	1,574,008	1,585,739
Total	**2,692,368**	**2,720,506**

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NOTE 11: NEGATIVE GOODWILL, NET

The breakdown for this item is as follows:

	September 30, 2009	June 30, 2009
Goodwill:		
Fibesa S.A.	1,883	2,395
Tarshop S.A.	6,743	6,897
Alto Palermo S.A.	20,312	20,670
Torre BankBoston	5,846	5,899
Museo Renault	3,235	3,276
Subtotal goodwill	38,019	39,137
Negative goodwill:		
Emprendimiento Recoleta S.A.	(318)	(336)
Mendoza Plaza Shopping S.A.	(5,906)	(5,987)
Empalme S.A.I.C.F.A. y G.	(8,926)	(9,085)
Alto Palermo S.A.	(45,629)	(46,365)
Palermo Invest S.A.	(41,771)	(42,290)
Subtotal negative goodwill	(102,550)	(104,063)
Total negative goodwill, net	(64,531)	(64,926)

NOTE 12: TRADE ACCOUNTS PAYABLE

The breakdown for this item is as follows:

	September 30, 2009		June 30, 2009	
	Current	Non-Current	Current	Non-Current
Suppliers (1)	122,979	57,128	134,178	58,862
Accruals	73,941		87,237	
Related parties (Note 19)	3,458		7,088	8,438
Loans to shareholders of subsidiaries	2,265			
Other	1,037		1,039	
	203,680	57,128	229,542	67,300

(1) As of September 30, 2009 and June 30, 2009, includes a non-current Ps. 46,451 balance that reflects the liabilities in kind associated to the acquisition of properties in Vicente López (See Note 22 A.2.).

NOTE 13: MORTGAGES PAYABLE

The breakdown for this item is as follows:

	September 30, 2009		June 30, 2009	
	Current	**Non-Current**	**Current**	**Non-Current**
Mortgage payable plot of land Bariloche (1)		985	1,930	
		985	1,930	

(1) In December 2006, Llao Llao Resorts S.A. acquired several plots of land in San Carlos de Bariloche, in the province of Río Negro, for US$ 7,000 paid as follows: US$ 4,200 in cash and the balance with a mortgage over the land acquired, payable in 36 monthly, equal and consecutive installments of US$ 86 each, with the first installment maturing in January 2007. Such installments include the amortization of principal and interest calculated by application of the French system at an annual 7% over balances.

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NOTE 14: CUSTOMER ADVANCES

The breakdown for this item is as follows:

	September 30, 2009		June 30, 2009	
	Current	**Non-Current**	**Current**	**Non-Current**
Customers advances	37,010	64,419	30,601	56,822
Admission rights	47,234	61,463	45,392	60,626
Lease advances (1) (Note 24 B.1.)	21,677	35,953	20,850	32,909
	105,921	161,835	96,843	150,357

(1)

(a) The balance of rents and services advance payments include Ps. 300 and Ps. 3,085 current and non-current, respectively, that represent advance payments provided by Hoyts Cinema for the construction of the movie complexes of the Alto Noa Shopping Centers. These advance payments accrue an interest equivalent to the semiannual Libo rate added 2-2.25 points. As of September 30, 2009 the semiannual Libo rate was 0.632%. Due to an agreement between APSA and Hoyts Cinema, the amount is being applied to the accrual of the rents originated in the place used by Hoyts Cinema.

In addition includes balances owed to NAI INTERNATIONAL II. INC., due to the financing agreement enclosed by Empalme S.A.I.C.F.A. y G. See note 24 B.1.

(b) As of September 30, 2009 and June 30, 2009 includes Ps. 12,221 and 8,122, respectively, from Wal-Mart Argentina S.R.L. in the context of a rent contract entered into with Panamerican Mall S.A.,APSA s subsidiary, for a 30 years term.

NOTE 15: SHORT-TERM AND LONG TERM DEBT

The breakdown for this item is as follows:

	September 30, 2009		June 30, 2009	
	Current	**Non-Current**	**Current**	**Non-Current**
Bank loans (1)	170,985	77,488	178,654	76,611
Bank overdrafts	81,747		90,539	
Seller financings (2)	59,546	8,647	28,895	8,609
Non convertible notes 2017 (3) (Note 19)	7,291	570,838	19,297	563,719
Non convertible notes APSA US$ 120 M (4) (Note 19)	8,419	287,758	2,679	284,171
APSA 2014 Convertible Notes (5) (Note 19)	1,174	59,527	2,610	58,814
Non convertible notes APSA Ps. 154 M (6) (Note 19)	28,830	52,842	26,569	52,801
	357,992	1,057,100	349,243	1,044,725

(1) Balances as of September 30, 2009 includes mainly:
   (a) Ps. 31,051 as a current balance and Ps. 77,379 as a non-current balance related to debt for purchase República building.
   (b) Ps. 19,592 correspond to Hoteles Argentinos S.A. s mortgage loan. (Note 21 A.(ii))
   (c) Ps. 120,342 as a current balance and Ps. 109 as a non-current balance related to loans granted by different financial institutions (mainly Ps. 60,545 granted by Banco Nación and Ps. 30,203 granted by Banco Ciudad)
(2) The balance as of September 30, 2009 includes mainly:
   (a) Ps. 16,312 as a current balance related to the debt for purchase Beruti plot of land (Note 22.B.8.)
   (b) Ps. 11,777 related to the debt for purchase 33.33% ownership interest in Palermo Invest (Note 22 A.1.).
   (c) Ps. 8,647 related to the debt from acquisition of Zetol S.A. (See Note 22 A.6.)
   (d) Ps. 31,367 corresponding to Tyrus debt as result of the purchase of shares of Banco Hipotecario S.A. (Note 22 A.5.)
(3) See Note 17 to the Unaudited Basic Financial Statement.
(4) See Note 23.A.2. Disclosed net of the notes held by the Company for Ps. 156,980 and of issuance debt costs to be accrued for Ps. 2,322.
(5) Corresponds to the outstanding balance of convertible notes into shares (CNB) issued originally by APSA for an outstanding amount of US$ 50,000, as detailed in Note 23 A.1., net of the CNB underwritten by the Company for Ps. 124,376.
(6) See Note 23 A.2. Disclosed net of the notes held by the Company for Ps. 41,197 and issuance debt costs to be accrued debt for Ps. 400.

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NOTE 16.a: TAXES PAYABLES

The breakdown for this item is as follows:

	September 30,2009		June 30, 2009	
	Current	Non-Current	Current	Non-Current
Tax payment facilities plan and tax amnesty plan for Income Tax	13,083	1,492	23,193	20,704
Tax payment facilities plan for VAT	37,428		31,437	
VAT payable, net	45,631		44,139	
MPIT, net	14,166	20,333	17,081	8
Tax retentions to third parties	7,559		3,385	
Deferred Income Tax		28,187		36,971
Gross revenue tax facilities	3,917	2,234	357	2,433
Gross revenue tax payable		1,138	4,397	1,138
Income tax provision, net	6,070		14,042	
Provision for tax on shareholders personal assets	3,485		2,158	
Tax payment facilities plan for MPIT	482	4,083	1,137	
Others	6,482		6,557	
Total	138,303	57,467	147,883	61,254

NOTE 16.b: SALARIES AND SOCIAL SECURITY PAYABLE

The breakdown for this item is as follows:

	September 30, 2009	June 30, 2009
Provision for vacation	18,748	25,986
Salaries payable	529	299
Social Security payable	10,277	8,990
Others	2,024	588
	31,578	35,863

NOTE 17: OTHER LIABILITIES

The breakdown for this item is as follows:

	September 30, 2009		June 30, 2009	
	Current	Non-current	Current	Non-current
Loans with shareholders of related parties		63,315	837	47,388

Payables to National Parks Administration (Note 20)	10,175		10,223	
Guarantee deposits	4,739	4,786	5,228	4,795
Bellow market leases (2)	3,722	378	3,722	1,308
Liabilities for financial operations to liquidate (Note 19)			78,788	
Accrual for directors fees (1) (Note 19)	4,478		2,068	
Contributed leasehold improvements (Note 24 B 3.)	470	9,847	470	9,964
Related parties (Note 19)	136		138	
Present value other liabilities		(156)		(164)
Directors guarantee deposits (Note 19)		20		20
Commitment to provide (Note 22 A.4)	2,298	3,467	2,270	3,425
Hedging operations (Note 25)	1,801		243	
Others	8,406	348	7,005	5,145
Total	36,225	82,005	110,992	71,881

(1) Disclosed net of advances to director s fees for Ps. 13,542 and Ps. 14,521 as of September 30, 2009 and June 30, 2009, respectively.

(2) See Note 1.5.l. to the Unaudited Basic Financial Statements.

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NOTE 18: OTHER EXPENSES, NET

The breakdown for this item is as follows:

	September 30, 2009	September 30, 2008
Other income:		
Recovery of allowances	73	
Recovery of lawsuits contingencies	28	
Others	29	674
Subtotal other income	130	674
Other expenses:		
Tax on shareholder s personal assets	(1,407)	(1,519)
Donations	(1,532)	(124)
Lawsuits contingencies		(31)
Unrecoverable VAT	(130)	(67)
Others	(1,665)	(275)
Subtotal other expenses	(4,734)	(2,016)
Total Other expenses, net	(4,604)	(1,342)

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

Balances as of September 30, 2009, compared to the balances as of June 30, 2009, as well as the Unaudited Statement of Income balances for the three-month period ended September 30, 2009 and 2008, held with related companies, persons and shareholders are as follows:

			Gain (loss) for the period ended		Assets (liabilities) at	
Related Parties	**Relationship**	**Item**	**09.30.09**	**09.30.08**	**09.30.09**	**06.30.08**
Shareholders	Shareholders	Other expenses - tax on Shareholders personal assets	(116)	(141)		
Banco Hipotecario S.A.	Subsidiary (direct or indirect)	Accounts receivables, net current			131	5
Cactus S.A.	Related party	Trade account payable-current			3	3
Cactus S.A.	Related party	Accounts receivables, net current			13	13
Canteras Natal Crespo S.A	Joint control	Accounts receivables, net current			208	193

Canteras Natal Crespo S.A	Joint control	Other receivable and prepaid expenses			939	864
Canteras Natal Crespo S.A	Joint control	Sale and fees for services	12	12		
Canteras Natal Crespo S.A.	Joint control	Interest	25	18		
Consorcio Libertador	Related party	Sale and fees for services	6	20		
Consorcio Libertador	Related party	Leases	3	2		
Consorcio Libertador	Related party	Accounts receivables, net current			452	528
Consorcio Libertador	Related party	Trade account payable-current			90	122
Consorcio Libertador	Related party	Other receivable and prepaid expenses-current			17	4
Consorcio Dock del Plata	Related party	Sale and fees for services	156			
Consorcio Dock del Plata	Related party	Accounts receivables, net current			514	344
Consorcio Dock del Plata	Related party	Other receivable and prepaid expenses-current			50	26
Consorcio Dock del Plata	Related party	Trade account payable-current				46
Consultores Assets Management S.A.	Related party	Accounts receivables, net current			596	539
Consultores Assets Management S.A.	Related party	Other receivable and prepaid expenses - current			3	5
Consultores Assets Management S.A.	Related party	Trade account payable-current			10	7
Cresud S.A.C.I.F. y A.	Shareholders	Share services-payroll		192		
Cresud S.A.C.I.F. y A.	Shareholders	Interest and Exchange differences	(614)			
Cresud S.A.C.I.F. y A.	Shareholders	Sale and fees for services	238			
Cresud S.A.C.I.F. y A.	Shareholders	Leases	462			
Cresud S.A.C.I.F. y A.	Shareholders	Interest	(3)			
Cresud S.A.C.I.F. y A.	Shareholders	Costs		(14)		
Cresud S.A.C.I.F. y A.	Shareholders	Interest and Exchange differences		1		
Cresud S.A.C.I.F. y A.	Shareholders	Accounts receivables, net current			3,183	5,777
Cresud S.A.C.I.F. y A.	Shareholders	Other receivable and prepaid expenses - current			282	7,594
Cresud S.A.C.I.F. y A.	Shareholders	Trade account payable-current			1,787	5,565
Cresud S.A.C.I.F. y A.	Shareholders	Short-term debt			1,805	
Cresud S.A.C.I.F. y A.	Shareholders	Long-term debt			64,117	
Cresud S.A.C.I.F. y A.	Shareholders	Other liabilities-current			133	135

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 19: (Continued)

Related Parties	Relationship	Item	Gain (loss) for the period ended 09.30.09	09.30.08	Assets (liabilities) at 09.30.09	09.30.08
Cyrsa S.A.	Joint control	Leases	39	67		
Cyrsa S.A.	Joint control	Interest and Exchange differences		1		
Cyrsa S.A.	Joint control	Accounts receivables, net current			1,615	1,530
Cyrsa S.A.	Joint control	Trade account payable-current			968	540
Cyrsa S.A.	Joint control	Other receivable and prepaid expenses			19	20
Directors	Related party	Administrative expenses directors fees	(3,041)	(4,054)		
Directors	Related party	Interest and Exchange differences	(2)	(2)		
Directors	Related party	Other receivable and prepaid expenses			4,613	191
Directors	Related party	Trade account payable-current				29
Directors	Related party	Provision for Directors fees			4,478	2,068
Directors	Related party	Directors guarantee deposits			20	20
Directors of Banco Hipotecario S.A.	Related party	Interest and Exchange differences		(1)		
Dolphin	Related party	Other receivable and prepaid expenses-current				36,089
Dolphin	Related party	Other liabilities-current (Note 22 5)				53,288
Estudio Zang, Bergel y Viñes	Shareholder s of law firm are director of the company	Cost of legal services	(689)	(731)		
Estudio Zang, Bergel y Viñes	Shareholder s of law firm are director of the company	Trade account payable-current			550	431
Estudio Zang, Bergel y Viñes	Shareholder s of law firm are director of the company	Other receivable and prepaid expenses-current			29	20
Estudio Zang, Bergel y Viñes	Shareholder s of law firm are director of the company	Other liabilities-current			3	3
Fundación IRSA	Related party	Accounts receivables, net current			25	22
Fundación IRSA	Related party	Other expenses-donations	(137)	(40)		
Fundación IRSA	Related party	Other receivable and prepaid expenses-current			2	3

Fundación IRSA	Related party	Trade account payable-current				259
Futuros y Opciones.com S.A.	Related party	Accounts receivables, net current			5	5
Futuros y Opciones.com S.A.	Related party	Trade account payable-current			6	6
IFISA	Related party	Other liabilities-current (Note 22 5)				25,500
Inversiones Ganaderas S.A.	Related party	Trade account payable-current				1
Metropolitan	Related party	Accounts receivables, net current			67	
Metroshop S.A.	Joint control by Tarshop S.A.	Trade account payable-non current				8,438
Metroshop S.A.	Joint control by Tarshop S.A.	Other receivable and prepaid expenses-current			2,265	2,265
Metroshop S.A.	Joint control by Tarshop S.A	Other receivable and prepaid expenses-non current			23,185	22,509
Museo de los Niños	Related party	Accounts receivables, net current			981	811
Museo de los Niños	Related party	Trade account payable-current			5	5
Parque Arauco S.A.	Shareholders of Alto Palermo S.A. (APSA)	Accrued Interest	(2,215)	(2,900)		
Advance to personel	Related party	Accounts receivables, net current			6	6
Advance to personel	Related party	Trade accounts payable-current			26	52
Advance to personel	Related party	Other receivable and prepaid expenses-current			1,013	1,521
Advance to personel	Related party	Other receivable and prepaid expenses-non current			4	4
Puerto Retiro S.A.	Subsidiary (direct or indirect)	Accounts receivables, net current			39	39
Puerto Retiro S.A.	Subsidiary (direct or indirect)	Other receivable and prepaid expenses-current			13	13
Rummaala S.A.	Joint control	Trade account payable-current			13	22
Rummaala S.A.	Joint control	Accounts receivables, net current			101	
Rummaala S.A.	Joint control	Other receivable and prepaid expenses-current			1	

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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NOTE 20: LAWSUITS AND CLAIMS IN COURSE

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

The Company Llao Llao Holding S.A. (LLH) (in liquidation process following the merger with and into IRSA), predecessor of Llao Llao Resorts S.A. (LLR) as operator of the Llao Llao Hotel, was sued in 1997 by the National Parks Administration seeking collection of the unpaid balance of the additional sale price, in Argentine External Debt bond (EDB) amounting to US$ 2.9 million. A ruling of the court of original jurisdiction sustained the claim. That ruling was appealed, and the Court of Appeals confirmed the judgment of the court of original jurisdiction, demanding payment from the company of US$ 3.8 million, plus interest accrued through payment, penalties and attorney s fees. In March 2004, LLH paid Ps. 9,156 in cash and EDB.

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

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

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

In accordance with the information provided by the attorneys in respect of this lawsuit, the amount to be recorded by virtue of the Court sentence amounts to Ps.10,175 as of September 30, 2009, such amount being recorded in Other current liabilities - Payables to National Parks Administration.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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NOTE 21: RESTRICTED ASSETS

A. IRSA Inversiones y Representaciones Sociedad Anónima

i) Puerto Retiro S.A.

On April 18, 2000, Puerto Retiro S.A (indirect subsidiary of IRSA) was notified of a filing made by the National Government, through the Ministry of Defense, to extend the petition in bankruptcy of Inversora Dársena Norte S.A. (Indarsa) to Puerto Retiro S.A. Concurrently with the complaint, at the request of plaintiff, the bankruptcy court granted an order restraining the ability of Puerto Retiro S.A. to sell or dispose in any manner the acquired real estate property from Tandanor S.A. in June 1993.

Indarsa had acquired 90% of the capital stock of Tandanor S.A. to a formerly estate owned company privatized in 1991, engaged in the shipyard industry.

Indarsa did not comply with the payment of the outstanding price for the acquisition of the stock of Tandanor, and therefore the Ministry of Defense requested the bankruptcy of Indarsa, pursuing to extend the bankruptcy to Puerto Retiro S.A.

The evidence steps of the legal procedures have been completed. Puerto Retiro S.A. appealed the precautionary measure, being the same confirmed by the Court on December 14, 2000. The parties have submitted their claims in due time. The file was passed for the judge to issue a pronouncement, this being a decree adjourning the summoning of decisions to pronouncement in the understanding that there exists pre-judgment in respect of the penal cause filed against ex-officers of the Ministry of Defense and ex-directors of the Company. Consequently, the matter will not be solved until there is final judgment in penal jurisdiction.

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

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 21: (Continued)

ii) Mortgage guaranteed loan Hoteles Argentinos S.A.

In March 2005, Credit Suisse First Boston (CSFB) acquired the debt for US$ 11.1 million of Hoteles Argentinos (HASA), which had been in non-compliance since January 2002. In April 2006 HASA reduced the capital amount payable to US$ 6.0 million. The balance will accrue LIBO interest rate 6 months plus 7.0% and will be paid off in installments, being the last of US$ 5.07 million due in March, 2010.

In addition, two credit default swaps were subscribed. One between IRSA and CSFB for 80% of the restructured debt value, and the other one is between Starwood Hotels and Resorts Worldwide Inc. (Starwood) and CSFB for 20% of the restructured debt value. Under these contracts, both companies (IRSA and Starwood) are able to protect CSFB in case of non-compliance with HASA s obligations. For valuable consideration, IRSA and Starwood will be paid a coupon on a periodical basis. To support the obligations assumed, the Company deposited as guarantee the amount of US$ 1.2 million.

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

Properties	Book value as of September 30, 2009
Edificio República	223,302
Hotel Libertador	42,597
Plot of land Bariloche	21,900
Suipacha 652	11,275
Caballito plot of land	4,429

iv) The Company has furnished pledge on shares of Rummaala S.A.

B. Alto Palermo S.A (APSA)

The property and equipment account includes the multiplex cinema building in the Córdoba Shopping Villa Cabrera, which is encumbered by an antichresis to secure the financial payable carried by Empalme S.A.I.C.F.A. y G. (merged into Shopping Alto Palermo S.A. as from January 1st, 2009) with NAI INTERNATIONAL II Inc. (See Note 24 B.1).

The accounts receivable financial trusts include the contingency and expenses funds of financial trust as credit protection for investors that as of September 30, 2009 amounted to Ps. 5,277. They are restricted availability credits until settlement in accordance with the respective prospectus.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 21: (Continued)

As of September 30, 2009, under other current receivables and prepaid expenses, APSA has deposits that are restricted in accordance with the following amounts:

i) Ps. 26, concerning the case Derviche Hernán Andrés with Alto Palermo S.A. and others about dismissal ;

ii) Ps. 53, concerning the case Palma Claudio with Alto Palermo S.A. about dismissal ;

iii) Ps. 18, concerning the case Rivas Franco Emilio with Mendoza Plaza Shopping about damages ;

iv) Ps. 19, concerning the case Chavez Andrés Ramiro with Alto Palermo S.A about dismissal. ;

As regards the case Alto Palermo S.A. with Dirección General Impositiva in re: Appeal , Case file No. 25.030-I, currently heard by Room A, Office of the 3rd Nomination, the property located at Av. Olegario Andrade 367, Caballito, Buenos Aires City has been encumbered, and its value as of September 30, 2009 amounts to Ps. 36,741 (disclosed in the Non-current investments- Undeveloped plots of land).

In the current investments account BONTE 2006 bonds for Ps. 34, which are deposited as rental guarantee.

As of September 30, 2009, Tarshop S.A. has granted a pledge over Certificates of Participation related to the Fideicomisos Financieros Tarjeta Shopping according to the following detail:

To Standard Bank Argentina S.A. Certificates of Participation related to Fideicomisos Financieros Tarjeta Shopping Series XLII; XLIV; XLVI and XLVIII for FV Ps. 12,435.

To Banco CMF S.A. Certificates of Participation related to the Fideicomisos Financieros Tarjeta Shopping Series XXIX, XXX and XXXIII for FV Ps. 753.

To Banco Itaú Buen Ayre S.A. Certificates of Participation related to Fideicomisos Financieros Tarjeta Shopping Series XXXIX and XL, for FV Ps. 4,000.

As of September 30, 2009, the plot of land located at Beruti 3351/59, Buenos Aires City, is encumbered by a first mortgage in favor of Dowler Company S.A., in security of the unpaid balance of the purchase date of price for US$ 4.5 million (See Note 22 B.8.).

As regards the case styled Case File N° 88.390/03 with María del Socorro Pedano; for Tres Ce S.A. o Alto Palermo S.A. , the building located at Av. Virrey Toledo 702, Salta has been encumbered for an amount of Ps. 180 (disclosed in fixed assets, net).

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 21: (Continued)

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

As regards the barter commitment described in Note 22.B.10, the delivery and title deed of Air Space Coto is compromised.

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

A. IRSA Inversiones y Representaciones Sociedad Anónima

1. Acquisition for the Palermo Invest S.A (Palermo Invest)

In October 2006, IRSA acquired the remaining 33.33% of Palermo Invest S.A. from GSEM/AP Holdings, L.P., for an aggregate purchase price of US$ 18 million, at the date of the contract paying US$ 9 million. The remaining balance will be paid in three equal and consecutive installments of US$ 3 million the first due in October 2007, which will accrue 9% annual interest to be paid quarterly. As of the date of these unaudited financial statements such debt was paid.

2. Creation of Cyrsa-Horizons Project.

In January 2007, the Company acquired the total share of the company named Rummaala S.A. (Rummaala), the main asset of which was a plot of land located in Vicente López, Province of Buenos Aires. The purchase price was US$ 21.2 million, payable as follows: (i) US$ 4.3 million in cash and (ii) by delivering certain units of the building to be constructed in the plot of land owned by Rummaala in the amount of US$ 16.9 million, within a 4-year term as from the approval date of the plans by the related authorities or when the facilities be vacated, whichever last occurs. As security for compliance with, the shares acquired were pledged.

Simultaneously with the above transaction, Rummaala acquired a plot of land adjacent to its own in the amount of US$ 15 million, payable as follows: (i) US$ 0.5 million in cash; (ii) by delivering certain units of buildings Cruceros I and II owned by the Company in the amount of US$ 1.2 million and (iii) by delivering certain units of the building to be constructed in the land acquired in the amount of US$ 13.3 million, within a 40-month term considered as from the approval date of the plans by the related authorities or when

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 22: (Continued)

the facilities be vacated, whichever last occurs. As security for compliance the Company s property located at Suipacha 652 was mortgaged. In April, 2007, the Company constituted CYRSA S.A., to have a legal entity that allows developing a specific project together with one or more investors having the required knowledge and expertise. In August 2007, CYRELA is incorporated with the ownership of 50% of CYRSA capital stock.

In the same act, the Company contributed 100% of the shareholding of Rummaala and the liability in kind related to the acquisition of a plot of land to CYRSA in the amount of Ps. 21.495 and CYRELA contributed Ps. 21.495 (amount equivalent to the net value of the shares contributed by the Company).

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

From May 2008, Rummaala continued the marketing process of the building units to be constructed on the plot referred to above. Certain clients have made advances by means of signing preliminary sales contracts for 99% of the units to be marketed, which are disclosed in Customer advances .

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

The buyer can choose from the following purchase plan:

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

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

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

As of September 30, the percentage of completion of the Horizons project was 54.78%.

3. Acquisition of Hersha Hospitality Trust (Hersha)

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

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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Together with the acquisition of this shareholding, REIG shall be entitled to an option for a five-year term over a further 5,700,000 additionally ordinary shares at a price of US$ 3 per share. The total price paid by REIG for such shares was US$ 14,250. Also contemplated in the investment agreements was the appointment of our Chairman and CEO, Mr. Eduardo S. Elsztain, to the position of member of Hersha s Board of Directors. As a result of this acquisition, IRSA s total direct and indirect interest in Hersha is 7.36% as of September 30, 2009.

Besides, in the event of exercising the options, IRSA s direct and indirect interest in Hersha would amount to 11.01%.

Hersha is a Real Estate Investment Trust (REIT) listed in the New York Stock Exchange (NYSE) under the HT symbol that holds majority interests in 73 hotels throughout the United States of America totaling approximately 9,294 rooms. These hotels are rated as select service and upscale hotels and they are mainly located in the Northeast coast of the US, including New York, New Jersey, Boston, Washington D.C. and Philadelphia, whilst a few are located in northern California and some others in Arizona. These properties are operated under franchises that are leaders and enjoy widespread recognition in their markets, such as Marriot International, Intercontinental Hotel Group, Starwood Hotels, Hilton Hotels Corporation, Global Hyatt Corporation and Choice Hotels International.

4. Acquisition of Metropolitan

In July 2008, IRSA (through its subsidiaries) acquired a 30% interest in Metropolitan 885 Third Ave. LLC (or Metropolitan) whose equity is composed of an office building known as Lipstick Building and debt related to that asset. The transaction included the acquisition of (i) a put right excercible until July 2011 to sell a 50% of the interest acquired at the same value paid plus interest at 4.5% per annum and (ii) a right of first offering to acquire a 60% portion of the 5% interest currently held by another shareholder. The price paid in this transaction was US$ 22.6 million.

At June 30, 2009, Metropolitan had incurred losses in excess of the book value at which IRSA carried this investment arising mainly from the allowance for impairment booked in connection with the Lipstick Building. IRSA s share in these losses exceeds value of the investment booked by IRSA. Therefore, the investment was valued at zero and a liability was recognized and recorded under Other liabilities for US$ 1.5 million (equivalent to the maximum amount that IRSA has agreed to contribute in the event of being required to fund Metropolitan s operations). The put right was revalued accordingly and adjusted to its value at year-end, estimated at US$ 11.9 and disclosed under Other receivables.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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NOTE 22: (Continued)

5. Acquisition of shares in Banco Hipotecario

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

In September 2009, Tyrus S.A. (an entity 100% controlled by the Company) acquired 4,012,778 ADRs in Banco Hipotecario S.A., representative of 10 Class D shares, with par value Ps. 1 per share, for a total value of US$ 10 million. This total amount shall be paid in 12 equal and consecutive monthly installments of US$ 833. The Company acted as guarantor for this transaction.

The above transaction was recorded by application of the acquisition method (See Note 1.5.I. to the unaudited basic financial statements). Following this purchase, as of September 30, 2009 IRSA owns a 24.01% interest in Banco Hipotecario s capital stock.

In addition, during the fiscal year ended as of June 30, 2009 and owing to the expiration of the Total Return Swap executed on January 29, 2004, Banco Hipotecario received treasury shares totaling 71.1 million which are available for the term and in the conditions prescribed by Section 221 of the Argentine Companies Law.

Given the repurchase mentioned, IRSA s interest in Banco Hipotecario S.A. amount to 25,21% as of September 30, 2009.

6. Acquisition of companies in the Oriental Republic of Uruguay

In the course of the fiscal year ended as of June 30, 2009, the Company acquired a 100% interest in Liveck S.A. (a company organized in the Oriental Republic of Uruguay). In June 2009, Liveck acquired a 90% interest in the equity of the companies Vista al Muelle S.A. and Zetol S.A., both of which own real estate located in the Canelones Department in the Oriental Republic of Uruguay for a total amount of US$ 6.6 million. US$ 2.1 million of the preceding amount have already been paid. The balance will be paid in five US$ 0.9 million installments plus an annual 3.5% interest rate on the outstanding balance. Upon conducting the above transaction, an option was granted to the sellers for them to collect the outstanding balance in the form of 12% of the constructed square meters. To secure compliance with the obligations assumed by Liveck S.A., Ritelco S.A. tendered a surety bond that covers 45% of the outstanding balance plus interest and the seller s option right. On June 30, 2009, the Company sold to Cyrela Brazil Realty S.A. a 50% portion of its ownership interest in Liveck S.A. for US$ 1.3 million, with the surety bond decreasing to 50% of the originally tendered amount.

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NOTE 22: (Continued)

B. Alto Palermo S.A.

1. Increase In Equity Interest in Mendoza Plaza Shopping S.A.

On September 29, 2004, upon executing the agreement to purchase the capital stock of Mendoza Plaza Shopping S.A., APSA signed an agreement with Inversiones Falabella Argentina S.A. by which this company had an irrevocable right to sell its stock interests in Mendoza Plaza Shopping S.A. (put) to APSA, which may be exercised until the last working day of October 2008, for US$ 3.0 million as expressly established in the agreement.

On June 30, 2008, Inversiones Falabella Argentina S.A. formally notified the put exercise previously granted by which this company sold to Alto Palermo S.A. (APSA) 2,062,883 nonendorsable, registered shares of common stock, Class A, with face value of Ps. 1 each and with 5 voting rights per share and 2,062,883 nonendorsable, registered shares of common stock, Class B, with face value of Ps. 1 each and with 1 voting rights per share, thus acquiring 5% of the share on behalf of Shopping Alto Palermo S.A.

Total shares acquired represented 14.6% of the capital stock of Mendoza Plaza Shopping S.A. at the price of US$ 3 million established in the respective option agreement (equivalent to Ps. 9,090). Such price was full paid in by APSA on July 2, 2008, when the respective deed to close between both companies was executed.

The shares acquired on behalf of Shopping Alto Palermo S.A. were transferred to such company on July 2, 2008 by means of a Shares Assignment Agreement and the amount paid of US$ 1 million was returned to APSA on October 2, 2008. As from January 1st, 2009 Mendoza Plaza Shopping merged into Shopping Alto Palermo S.A. (See Note 22 B.12), latter, as from July 1st, 2009 Shopping Alto Palermo S.A. merged into APSA.

2. Exercise of option

During August 2007, APSA exercised an option for the subscription of new shares representing 75% of the capital stock and votes of a company which purpose is the development of a cultural and recreational complex in the Palermo district of the Autonomous City of Buenos Aires.

This option is subject to the fulfillment of certain essential conditions such as the approval of the project by the pertinent authorities and the authorization of this operation by the National Anty-Trust Commission, among other, which to the date of issuance of these unaudited financial statements have not yet been complied with.

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NOTE 22: (Continued)

The price of the option was fixed in US$ 0.6 million and it has been fully cancelled.

Should the previously mentioned conditions are to occur APSA shall make a total investment of US$ 24.4 million. Due to the various interpretations between APSA and the subscribers of such option as to whether the conditions precedent have taken place, parties have exchanged letters and drawn minutes disclosing their respective positions.

As of the closing date of these Unaudited Financial Statements, APSA granted loans for amount of US$ 1.1 million, which are disclosed in Other receivables and prepaid expenses - loans granted.

This option has been accounted for in Non-Current Investments advances for purchase of share.

3. Acquisition of a commercial center goodwill

On December 28, 2007, Alto Palermo S.A. (APSA) signed an Agreement for Partial Transfer of Goodwill with INCSA for acquiring one of the parts of the goodwill established by a commercial center where Soleil Factory currently develops activities, the transaction being subject to certain conditions. The total price of the operation is US$ 20.7 million of which US$ 8.1 million were paid at the time the preliminary purchase contract was entered into. Such disbursement was recorded as an advance for the purchase of fixed assets.

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

Furthermore, APSA signed an offering letter for acquiring, building and running a commercial center in a real estate owned by INCSA, located in the City of San Miguel de Tucumán, Province of Tucumán. This transaction is subject to certain conditions, one of these being that APSA partially acquires from INCSA the goodwill established by the commercial center that develops activities in Soleil Factory . The price of this transaction is US$ 1.3 million, of which US$ 0.05 million were paid on January 2, 2008. Such disbursement was recorded as an advance for purchase of fixed assets.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 22: (Continued)

4. Acquisition of Córdoba Shopping

On July 7, 2006, Alto Palermo S.A. (APSA) and Shopping Alto Palermo S.A. entered into a share purchase agreement to acquire the shares of Empalme S.A.I.C.F.A. y G. (Empalme), owner of Córdoba Shopping Villa Cabrera. Such transaction was subject to certain events of default, among which, the approval by the National Anti-Trust Commission, which was formally granted and notified on December 20, 2006.

The price agreed upon for such transaction was set a gross amount of US$ 12 million plus a variable amount resulting from the adjustment after the year-end (originally provided in the agreement) which was determined for Ps. 3,961. The Company was included in APSA s financial statements as from December 31, 2006. During December 2008, APSA and Shopping Alto Palermo S.A. have paid US$ 2.1 million related to the fourth and last installment of capital and interest. To secure the unpaid purchase price, it had been pledged in favor of the sellers 100% of Empalme s shares. With such installment cancellation, the encumbrance was lifted.

Córdoba Shopping Villa Cabrera is a shopping center covering 35,000 square meters of surface area, including 106 commercial stores, 12 cinemas and parking lot for 1,500 vehicles, located in Villa Cabrera, city of Córdoba. This investment represents a growing opportunity in the commercial centers segment in line with the expansion strategy and presence in the principal markets inside the country.

As from January 1st, 2009 Empalme merged into Shopping Alto Palermo S.A. (See Note 22 B.12), latter, as from July 1, 2009 Shopping Alto Palermo S.A. merged into APSA.

5. Capital increase and capital contributions to Tarshop S.A.

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

To meet the growing volatility in the international financial context and provide Tarshop S.A. with a capital base according to the current market conditions, during the first quarter of fiscal year 2009, Alto Palermo S.A. decided to participate in the capital increase of Tarshop S.A. for up to the amount of Ps. 60 million, increasing its equity interest in Tarshop S.A. from 80% to 93.4%.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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NOTE 22: (Continued)

Some of the measures implemented during fiscal year 2009 were:

(i) Readapting the operating structures under the new business context

(ii) Adapting cash and financing plans for consumption at stores

(iii) Amendment to the credit origination policies

(iv) Strengthening collection management

(v) Analyze and implement new funding tools

During the second quarter of fiscal year 2009, Alto Palermo S.A. has provided financial assistance to Tarshop S.A. for Ps. 105 million, then accepted as irrevocable capital contributions. This measure was adopted to strengthen its financial position, meet operating expenses and reposition Tarshop S.A. on the market, considering the complex situation that presented the securitized receivables market, its historical source of financing. The capitalization of such irrevocable capital contribution was decided by Tarshop S.A. s Extraordinary Shareholder s Meeting held on October 30, 2009. After this capitalization, the interest in such company stands at 98,59%.

As from the increase in origination requirements and the measures seeking to control the defaulting portfolio, the receivable portfolio including securitized coupons as of September 30, 2009, decreased by 34% as compared to the portfolio as of September 30, 2008 and the percentage of receivables past due from 90 to 180 days shows an improvement as from December 2008.

During the first quarter of fiscal year 2010, Tarshop S.A. s results have started to show some gains due to the measures taken and better capitalization combined with a relative stabilization of local financial markets, a drop in uncollectibility charges and a decrease in operating expenses, thus confirming the previous diagnosis and the fairness of measures that have been implemented.

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

In November 2006, APSA participated in a public bidding organized by the Corporación Inmobiliaria Córdoba S.A. for the sale of the building known as Ex Escuela Gobernador Vicente de Olmos, located in the city of Córdoba. The building covers 5,147 square meters and part of the commercial center known as Patio Olmos is currently operating in the building, developed in four commercial plants and two parking basements. The commercial center also includes two neighbour buildings with cinemas and a commercial annex connected to the bidding sector and legally related through easement agreements.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 22: (Continued)

6. (Continued)

The building is under a concession agreement, which APSA was assigned, effective for 40 years, falling due in February 2032, which grants the concession holder the commercial exploitation of the property. Such agreement provides for paying a staggered fee in favor of the concession principal which shall be increased by Ps. 2.5 every 47 months. As of the issuance date of these unaudited financial statements, the concession is at the 211 month, with a current monthly fee of Ps. 12.6 while the next increase is scheduled for the 234 month.

The offer made by APSA to purchase such property was Ps. 32,522, payable as follows: 30%, or Ps. 9,772 upon being awarded and the remaining balance of Ps. 22,750 upon signing the ownership title deed.

On November 20, 2006 APSA was notified that the bid had been awarded, having paid in due course 30% of the price offered according to the terms provided in the bidding terms and conditions.

Likewise, on January 15, 2007, APSA was notified by the National Anti-Trust Commission of two claims made with such agency by an individual and by the commercial center concession agent as regards this transaction. On February 1, 2007, such claims were responded.

On June 26, 2007, APSA was notified of a resolution issued by such agency by which it was resolved to open the summary proceedings under case file No. 501:0491102/2006 of the Registry to the Ministry of Economy and Production styled Grupo IRSA et al in re. infringement to Law No. 25,156 (C 1163) under section 30 Law No. 25,156.

On September 25, 2007, the transfer deed was signed with the Government of the Province of Córdoba for the building in which Patio Olmos Commercial Center is currently operating. The transference of the respective concession contract was also entered into. In such operation, the balance of the price agreed for Ps. 22,750 was cancelled. As of September 30, 2009 APSA has recorded this transaction as non - current investments.

On January 24, 2008 APSA received a note of the National Anti-Trust Commission, record Nº S01/0477593/2007 (DP Nº 38) by which it is requested to report and deliver the pertinent documentation on the matter related to such operation.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 22: (Continued)

6. (Continued)

On November 8, 2007, Law No. 9,430 declared that two (2) rehearsal halls of about 400 square meters and 531 square meters each were of public usefulness and subject to expropriation. These two areas are located in the property acquired by the tender, but are not part of the leased areas and, consequently, were acquired with such property, establishing also that the real property to be subdivided to proceed to the partial expropriation provided.

On August 21, 2008, APSA challenged the valuation for Ps. 533 carried out by Consejo General de Tasaciones de la Provincia de Córdoba (General Valuation Office for the Province of Córdoba) under the previously mentioned expropriation. To date, APSA is waiting that the Province of Córdoba initiates the respective expropriation trial.

It should be noted that the agreed upon covenants by the Province and APSA upon the acquisition established that the use of the portion of the expropriated property was reserved for the Province of Córdoba through the year 2032 for the use of such rehearsal halls.

7. Barter with Condominios del Alto S.A.

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

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

The parties have determined the value of each undertaking in the amount of US$ 1.1 million. The previously mentioned operation is disclosed in inventory - units under construction.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 22: (Continued)

7. (continued)

As a complementary consideration in favor of APSA, Condominios del Alto S.A. paid APSA US$ 0.015. Also and in guarantee for the obligations assumed: (i) Condominios del Alto S.A. charged a first degree mortgage and degree of privilege in favor of APSA on Plot 2 G in the amount of US$ 1.1 million; (ii) established a security insurance of which APSA will be assigner of the insured amount of US$ 1.6 million; and (iii) the shareholders of Condominios del Alto S.A. are the guarantors of the obligations of the latter up to the amount of US$ 0.8 million.

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

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

8. Acquisition of Beruti plot of land

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

The transaction was executed for a total price of US$ 17.8 million out of which, as of the closing date of these unaudited financial statements US$ 13.3 million had been paid and the remaining unpaid balance will be paid off in one installment of US$ 4.5 million, which will due on February, 2010 and do not accrue interest. To secure compliance with the settlement of the unpaid balance, the plot of land has been encumbered with a first mortgage in favor of Dowler Company S.A. Such plot of land is disclosed in the account non-current investments .

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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NOTE 22: (Continued)

9. Acquisition of Anchorena street building

On August 7, 2008 Alto Palermo S.A. signed an agreement by which acquired functional units number one and two with an area of 2,267.5 square meters and 608.37 square meters located at Dr. Tomas Manuel de Anchorena street No. 665, 667, 669 and 671, between Tucumán and Zelaya streets. The total agreed-upon price amounts to US$ 2 million which has been paid on January 15, 2009 when the title deed was signed.

On August 7, 2008 APSA signed an agreement by which acquired functional unit number three with an area of 988 square meters, located at Dr. Tomas Manuel de Anchorena street No. 665, 667, 669 and 671, between Tucumán and Zelaya streets. The total agreed-upon price amounts to US$ 1.3 million which has been paid on January 15, 2009 when the title deed was signed.

The total amount paid for the acquired functional units above mentioned was US$ 3.3 million.

10. Barter with CYRSA S.A.

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

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

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

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Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 22: (Continued)

10. (continued)

Additionally and in the case of the conditions which the transaction is subject to are considered to have been met, CYRSA would pay APSA the amount of US$ 0.1 million and would carry out the works at the parking slots that APSA would receive from COTO. This amount would be paid within 30 running days as from the execution of the barter deed.

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

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

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

11. Letter of Intent Plot of land Parana.

On June 30, 2009, Alto Palermo S.A. subscribed a Letter of Intent by which it states its intention to acquire the plot of land of about 10,022 square meters located in Paraná, Province of Entre Ríos, to be used to build, develop and exploit a shopping center or mall. The price established for the purchase stands at US$ 0.5 million, out of which by early July, the amount of US$ 0.05 million was paid as down payment and as consideration of the commitment of not selling the property until November 27, 2009, the date on which the Letter of Intent expires.

12. Merger between Shopping Alto Palermo S.A., Mendoza Plaza Shopping S.A. and Empalme S.A.I.C.F.A. y G.

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

Thus, there was a capital increase in Shopping Alto Palermo S.A. of Ps. 122,485. The exchange value of shares of Mendoza Plaza Shopping S.A. and Empalme S.A.I.C.F.A. y G. was established at 91,368,699 and 31,116,055 shares of Shopping Alto Palermo S.A., respectively, for 26,844,027 shares of Mendoza Plaza Shopping S.A. and 7,860,300 shares of Empalme S.A.I.C.F.A. y G.

As of July 1st, 2009 Shopping Alto Palermo S.A. was merged into APSA.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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NOTE 22: (Continued)

13. Agreement to offer the acquisition of shares

On September 10, 2009, APSA and Ritelco S.A. executed an agreement by which it offered to acquired Ritelco S.A. one registered non-endorsable share of common stock, with a face value of 1 and entitled to one vote of Shopping Alto Palermo S.A. for Ps 1.

14. Merger between Alto Palermo S.A. (APSA) and Shopping Alto Palermo S.A.

The previous merger agreement executed between APSA and Shopping Alto Palermo S.A., dated September 25, 2009, resolved the merger of Shopping Alto Palermo S.A. into APSA.

According to the previous merger agreement and under the agreement executed with Ritelco S.A. mentioned in point (c) of this note, APSA holds a direct interest in 100% of the capital stock of Shopping Alto Palermo S.A. whereupon the merger did not generate any capital increase whatsoever.

15. Purchase of Fibesa s shares

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

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

NOTE 23: CONVERTIBLE AND NON CONVERTIBLE NOTES PROGRAM

Alto Palermo S.A.

1. Issuance of convertible notes.

On July 19, 2002, APSA issued Series I of Convertible Notes (ONC) for up to US$ 50 million with a face value of Ps. 0.1 each. That Series was fully subscribed and paid-up.

This issuance was resolved at the Ordinary and Extraordinary Meeting of Shareholders held on December 4, 2001, approved by the National Securities Commission Resolution No. 14,196 dated March 15, 2002 and authorized to list for trading on the Buenos Aires Stock Exchange on July 8, 2002.

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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NOTE 23: (Continued)

The main issue terms and conditions of the Convertible Notes are as follows:

Issue currency: US dollars.

Due date: On May 2, 2006, the Meeting of Obligees decided to postpone the original due date to July 19, 2014 and, for this reason, the Convertible Notes have been classified as non-current in these unaudited financial statements. As the subscription terms have not been significantly modified, this postponement of the maturity term has had no an impact on the unaudited financial statements.

Interest: at a fixed nominal rate of 10% per annum. Interest is payable semi-annually.

Payment currency: US dollars or its equivalent in pesos.

Conversion right: the notes can be converted at any time at the option of each holder into ordinary shares at a conversion price equivalent to the higher of the result from dividing the nominal value of the Company s shares (Ps. 0.1) by the exchange rate and US$ 0.0324, which means that each Note is potentially exchangeable for 30,864 shares of Ps. 0.1 par value each.

Right to collect dividends: the shares underlying the conversion of the notes will be entitled to the same right to collect any dividends to be declared after the conversion as the shares outstanding at the time of the conversion.

As of September 30, 2009, the holders of Convertible Notes in APSA ordinary shares, have exercised their right to convert them for a total of US$ 2.8 million, leading to the issuing of ordinary shares of Ps. 0.1 face value each. As of September 30, 2009 Convertible Notes amounted to US$ 47.2 million.

2. Issuance of notes

On May 11, 2007, Alto Palermo S.A. issued two new series of Notes for a total amount of US$ 170 million.

Series I relates to the issuance of US$ 120 million maturing on May 11, 2017, which accrue interest at a fixed interest rate of 7.875% paid semiannually on May 11 and November 11 of each year as from November 11, 2007.

Series II relates to the issuance of Ps. 154,020 (equivalent to US$ 50 million). Principal will be settled in seven, equal and consecutive semiannual installments as from June 11, 2009, and accrues interest at 11% per annum, maturing on June 11, and

December 11 of each year as from December 11, 2007.

As of September 30, 2009, IRSA Inversiones y Representaciones Sociedad Anónima holds Series I Notes for US$ 39.6 million in nominal value and Series II Notes for Ps. 46.5 million in nominal value. Additionally, Cresud S.A.C.I.F. y A. holds Series I Notes for US$ 5.0 million in nominal value.

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NOTE 23: (Continued)

These issuances constitute Series I and II within the Global issuance Program of Notes, for a face value of up to US$ 200 million (the Program) authorized by the National Securities Commission (CNV) by means of Resolution No. 15,614 dated April 19, 2007.

NOTE 24: SIGNIFICANT EVENTS

A. IRSA Inversiones y Representaciones Sociedad Anónima

1. Investment in Banco Hipotecario

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

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

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

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

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

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

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

In the period beginning in September 2005 and ended in January 2006, subscriptions were made for BODEN 2012 hedging bonds equivalent to US$ 773,531. A supplementary subscription of hedging bonds and detached coupons took place on June 26, 2009,

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

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NOTE 24: (Continued)

subscribing an original par value of US$ 59,294 in exchange for a payment in cash of Ps. 211,947 as subscription price. In addition, US$ 40,207 were received as matured coupons.

Exposure to the non-financial public sector

Banco Hipotecario S.A. keeps recorded in its financial statements assets with the Non-Financial Public Sector amounting to Ps. 2,502,993 as of September 30, 2009.

As from January 1 st, 2006, the dispositions of point 12 of Communication A 3911 (Communication A 4455) became effective, as regards that the assistance to the Public Sector (average measured) cannot exceed 40% of total Assets of the last day of the previous month. Through Communication A 4546 of July 9, 2006, it was established that as from July 1, 2007, such limit was modified to 35%. The exposure of Banco Hipotecario S.A. to the Public Sector originated in compensations granted by the National Government as a result of year 2002 crisis, principally related to the asymmetric pesification of assets and liabilities.

To such extent and considering that assets to the Public Sector exceeded the mentioned limit. On January 19, 2006, Banco Hipotecario S.A. reported to the Argentine Central Bank that it will gradually decrease the proportion of assets subject to the exposure to the Public Sector, in line with the amortization and cancellation made by the Government of the bonds received for asymmetric compensation in the currency of issuance. To date, no objections to this issue have been received.

As of September 30, 2009 and 2008 the assistance to the Public Sector arises 21.4% and 25.7%, from total Assets, respectively.

Aspects pending of resolution

As mentioned in the notes to the financial statements of Banco Hipotecario S.A (Banco Hipotecario) there are certain aspects that had been objected to by the Financial Institutions Oversight Department of the Central Bank of Argentina (BCRA) and for which Banco Hipotecario is preparing its corresponding response. These matters are related mainly to:

(a) The accounting treatment for certain transactions involving derivative financial instruments, which, according to the requirements of BCRA, are to be booked in accordance with the criteria laid down by the professional accounting standards, would entail a reduction in Shareholders equity as of September 30, 2009;

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

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NOTE 24: (Continued)

(b) Regulatory treatment and prudential relations resulting from the negotiation and consummation of certain transactions involving derivative financial instruments. It is to be noted that, in response to certain objections raised by the Argentine Central Bank, the Entity decided to compute the counterparty and fractioning risk associated to its exposure to the Non-financial Public Sector as well as the ensuing impact on the minimum capital requirements for thousand Ps. 2,047,289 for a five-month period and maturing on November 30, 2009. It followed from this situation that the amounts that the Entity was compelled to maintain as minimum capital requirements as of September 30, 2009 had been understated by thousand Ps. 562,052.

For purposes of recording its investment in Banco Hipotecario, the Company applies this entity s Shareholders equity determined according to the professional accounting standards. Therefore, the aspects described in a) above do not have a significant impact on the Company s financial statements because they have been already contemplated in the values considered by the Company.

At the date of issuance of its financial statements as of September 30, 2009, Banco Hipotecario S.A. was in the process of drafting a response to the Argentine Central Bank concerning the re-assertion of the valuation criteria applied to the derivative financial instruments already mentioned.

2. Compensation plan for executive management

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

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

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

Proceeds from the contributions made by participants are transferred to an independent financial vehicle, especially organized and located in Argentina as Investment Fund approved by the National Securities Commission (CNV). Such funds are freely redeemable at the participant s request.

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NOTE 24: (continued)

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

Regular retirement under applicable labor regulations

Full or permanent disability or incapacity

Demise

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

As of September 30, 2009, security charges of the Company amount to Ps. 2,046.

B. Alto Palermo S.A.

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

On August 12, 1996 Empalme S.A.I.C.F.A. y G. (merged into Shopping Alto Palermo S.A. as from January 1 st, 2009, see Note 22 B.11.) executed an agreement with NAI INTERNATIONAL II, INC. by means of which the latter granted a loan for an original principal of up to US$ 8.2 million for the construction of a multiplex cinema and part of the parking lot located in the premises of Córdoba Shopping, which are disclosed in fixed assets, net. Such loan initially accrued interest on the unpaid balance at LIBOR plus 1.5% interest started to accrue as from April 1999, based on exercising the waiver stipulated in contractual covenants.

Related to the loan agreement, Empalme S.A.I.C.F.A. y G. executed an agreement to occupy the building and the area known as cinema in favor of NAI INTERNATIONAL II, INC. (hereinafter the Agreement). The occupation was established for a 10-year period counted as from the starting date and it is automatically extended for four additional five-year periods each. Starting date shall mean the date on which the tenant starts showing to the general public the movies in the cinema building (October 1997).

As agreed, the amounts due for the loan granted to Empalme S.A.I.C.F.A. y G. are set off against payments for the possession generated by the occupation held by NAI INTERNATIONAL II, INC. of the building and the area known as cinema. The agreement provides that if after the last term mentioned in the preceding paragraph, there still is an unpaid balance of the loan plus respective interest thereon, the agreement will be extended for a final term established as the shorter of:

The term required to fully repay the unpaid loan amount, or

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 24: (continued)

10 (ten) years.

If once the last term has elapsed and there still is an unpaid balance, APSA will be released from any and all obligation to pay the outstanding loan balance plus respective interest thereon.

On July 1, 2002 NAI INTERNATIONAL II, INC. assigned all the rights and obligations resulting from the agreement to NAI INTERNATIONAL II, INC. SUCURSAL ARGENTINA; likewise, a new amendment to the agreement was established, whose most important resolutions are as follows:

The outstanding debt was de-dollarized (Ps. 1 = US$ 1) under Law No. 25,561 and Executive Decree No. 214/02, and under sections 4 and 8 of the above Decree and supplementing regulations, the benchmark stabilization coefficient should be applied as from February 3, 2002.

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

The extension agreed was formalized effective January 1, 2002 to suspend the occupation payments due by lessee to owner and the payments on account of principal and interest the owner makes to the creditor for the six-month period as from that date. Payments of those items were reassumed as from July, 2002.

Principal owed as of September 30, 2009 and interest accrued through that date, due to the original loan agreement and respective amendments are disclosed in Customers advances - Lease advances for Ps. 18,162.

2. Neuquén Project

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

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 24: (continued)

On December 13, 2006, Shopping Neuquén S.A. entered into an agreement with the Municipality of Neuquén and with the Province of Neuquén by which, mainly, the terms to carry out the commercial and residential venture were rescheduled and authorized Shopping Neuquén S.A. to transfer to third parties the title to the plots of land into which the property is divided, provided that it is not that one on which the shopping center will be built. Such agreement was subject to two conditions, both already complied with, consisting in the ratification of the agreement by means of an ordinance of the legislative body of the Municipality of Neuquén, and that the new architectonic project and the extension of the environmental impact research submitted were approved by such Municipality.

Such agreement concluded the case styled Shopping Neuquén S.A. vs. Municipality of Neuquén in re.: administrative procedural action pending before the High Court of Neuquén where only Municipality lawyers fees are pending payment, which will be borne by Shopping Neuquén S.A. Such fees are booked in the provisions account.

After having obtained the approval, the Company had a 150 days term to submit the drafts of the architectonic project, such term maturing on February 17, 2008. However, such drafts presentation took place prior to the referred date. As regards filing thereof, the Municipality of Neuquén made some comments as to feasible solution to the project. Considering these comments an additional term was formally requested to file the new project.

On June 12, 2009, Shopping Neuquén S.A. and the Municipality of Neuquén executed a new agreement by which Shopping Neuquén S.A. undertook to amend the road project previously submitted and to submit a new one and to make such amendments to the general project, which were required for the new road project to adapt to the general project. The new road project and the amendments to the general project had to be submitted within a term of 90 running days as from executing the agreement. On October 19, 2009 such presentation were completed. After having submitted it, the 30-day term started to run, when the Municipality should issue its opinion. The term established to start the work is 90 straight days as from registering the architectural project, which will include a new road project and the amendments to the general project.

The first work stage (that contemplates the construction of a shopping mall and a hypermarket) should be completed at a maximum 22 month terms starting upon beginning construction. In the case of failing to comply the conditions established in the agreement, the Municipality of Neuquén is entitled to terminate the agreement and carry out the actions that may be considered necessary for such respect.

On June 18, 2009, Shopping Neuquén received from the company G&D Developers US$ 119 for the sale price of a plot of land of about 4,332 square meters located in the whereabouts but which is not a part of the plot of land where the Shopping Center will be built, under the negotiations held with the Municipality of Neuquén

IRSA Inversiones y Representaciones Sociedad Anónima and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 24: (continued)

3. Contributed leasehold improvements - other liabilities

La Operadora de Estaciones de Servicios S.A. (O.P.E.S.S.A.) made leasehold improvements, which were capitalized as fixed assets by Mendoza Plaza Shopping S.A. (merged into Shopping Alto Palermo S.A. as from January 1 st, 2009, see Note 22 B.11.), APSA s subsidiary, recognizing the related gain over 15 year, the term of contract. At period-end, the amount of Ps. 74 was pending of accrual.

In March 1996 Village Cinema S.A. inaugurated ten multiplex system cinema theatres, with an approximate surface of 4,100 square meters. This improvement of a building of Mendoza Plaza Shopping S.A. was capitalized with a balancing entry as a fixed asset, recognizing the depreciation charges and the profits over a 50-year period. At period-end the amount of Ps. 9,903 was pending of accrual. The lease is for a time limit of 10 years to be renewed every four equivalent and consecutive periods, at the option of Village Cinema S.A.

4. Tarshop S.A. credit card receivables securitization program

Tarshop S.A. has ongoing revolving year securitization programs through which Tarshop S.A. transfers a portion of its customer credit card receivable balances to trusts that issues certificates to public and private investors.

Under the securitization programs, Trusts may issue two types of certificates representing undivided interests in the Trusts - Títulos de Deuda Fiduciaria (TDF) and Certificates of Participation (CP), which represent debt and equity certificates, respectively. Interest and principal services are paid periodically to the TDF holders throughout the life of the security. CPs are subordinated securities which entitle the CP holders to share pro rata in the cash flows of the securitized credit card receivables, after principal and interest on the TDFs and other fees and expenses have been paid. During the revolving period no payments are made to TDF and CP holders. Principal collections of the underlying financial assets are used by the Trust to acquire additional credit card receivables throughout the revolving period. Once the revolving period ends, a period of liquidation occurs during which: (i) no further assets are purchased, (ii) all cash collections are used to fulfill the TDF service requirements and (iii) the remaining proceeds are used to fulfill the CPs service requirements.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 24: (continued)

In consideration of the credits transferred to the Trusts, which have been eliminated from Tarshop balance sheet, Tarshop S.A. receives cash (arising from the placement of the debt securities by the Trusts) and the participation certificates issued by the Trusts. The latter are recorded at their values calculated by the equity method of accounting at the closing of the period/ year, net of the corresponding allowances for impairment, if applicable, on the basis of the financial statements issued by the Trusts.

Tarshop S.A. agreed to a Consumer Portfolio Securitization Program to secure its long term financing, thus having direct access to the capital market.

Under this Securitization Program Tarshop S.A. transferred to The Financial Trusts the total amount of Ps. 124,099 during the period ended September 30, 2009 of credits receivable originated in the use of its clients´ credits cards and personal loans carrying promissory notes. Consequently, T.D.F. coupon zero were issued for Ps. 13,500, T.D.F. Series A for Ps.45,939, T.D.F. Series B for Ps.42,215, C.P. Series C for Ps. 22,445.

Tarshop S.A. acquired all the C.P. Series C in an amount equal to its nominal value, and all the remaining T.D.F. and C.P. were placed to investors through a public offering in Argentina, except for the T.D.F. Series B corresponding to Financial Trust Series XXXIX, XL, XLVII, XLVIII, XLIX and L, and T.D.F. Serie C of the Series XLVII, part of which Tarshop S.A. has maintained in its portfolio. Cash reserves for losses in the amount of Ps. 5,277 have been made as credit protection for investors.

5. New commercial development

Panamerican Mall S.A. (PAMSA), a company organized in November 2006 between Alto Palermo S.A. (APSA) and Centro Comercial Panamericano S.A. (CCP), with 80% and 20% interests, respectively, is currently developing a new commercial venture in the Saavedra neighbourhood in Buenos Aires City. During May 2009, the shopping mall Dot Baires and the hypermarket were opened while multiplex cinema opened in early July, 2009. The office building is still at the construction stage. The project is being carried out by Constructora San José Argentina S.A., a company related to Centro Comercial Panamericano S.A. The progress percentage of the shopping mall stood at 96% by the period-end. Additionally the progress percentage of the work of the office building stood at 81%.

Dot Baires Shopping has 4 levels and 3 basements, a covered area of 173,000 m2, out of which 49,731 are square meter for the gross leasable area and includes 153 stores, a hypermarket, a 10 theater multiplex cinema and parking space for 2,200 automobiles. It is the shopping mall with the largest amount of square meters in Buenos Aires City.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 24: (continued)

As of September 30, 2009, the interest of Alto Palermo S.A. (APSA) in Panamerican Mall S.A. stands at 80%.

Total income from leases for the period ended September 30, 2009, stands at Ps. 14,764.

As of September 30, 2009, the occupation rate was 100%

Total contributions made by shareholders as regards this project amount to Ps. 555,989 as of the closing date of these unaudited financial statements.

6. Negative working capital

At the end of the year, the company carried a working capital deficit of Ps. 53,405, this amount relates mainly of APSA working capital deficit, which amounts to Ps. 96,406, which treatment is being considered by the Board of Directors and the respective Management.

NOTE 25: HEDGE OPERATIONS

As of September 30, 2009, open operations are the following ones:

Forward contracts	**Amount**	**Maturity**	**Accumulated Loss**
Open operations			
Purchase	4,500,000	12.31.09	(931)
Purchase	4,500,000	12.31.09	(870)
Total	(*)9,000,000		(1,801)

(*) Subscribed with Cresud S.A.I.C.F. y A.
As of September 30, 2009, the accumulated losses from open transactions amount to Ps. 1,801, which are recorded in financial gain (loss) generated by liabilities and Retained earnings for amounts of Ps. 1,558 and Ps. 243, respectively.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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NOTE 26: EARNINGS PER SHARE

Below is a reconciliation between the weighted-average number of common shares outstanding and the diluted weighted-average number of common shares.

In thousands:

	September 30, 2009	September 30, 2008
Weighted - average outstanding shares	578,676	578,676
Dilute effect		
Weighted - average diluted common shares	578,676	578,676

Below is a reconciliation between net (loss) income of the period and net (loss) income used as a basis for the calculation of the diluted earnings per share:

	September 30, 2009	September 30, 2008
Net income for calculation of basic earnings per share	131,445	(70,265)
Dilute effect		
Net income for calculation of diluted earnings per share	131,445	(70,265)
Net basic income per share	0.227	(0.121)
Net diluted income per share	0.227	(0.121)

NOTE 27: SUBSEQUENT EVENTS

A. IRSA Inversiones y Representaciones S.A.

Llao- Llao s Capitalization:

Llao Llao s shareholders meeting held on October 31, 2009 resolved to capitalize the financial loans it had been granted by its shareholders up to a total of US$ 7,600 thereby increasing its capital stock (and regularizing the situation for purposes of compliance with the Argentine Companies Law No. 19,550 Section 94, Sub-section 5 and Section 206).

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 27: (continued)

B. Alto Palermo S.A. (APSA)

Meeting of Shareholders

The Ordinary and Extraordinary Shareholders Meeting of APSA held on October 29, 2009, has decided to approve the following:

1. The management of the Board of Directors for the year in question.

2. The management of the Audit Committee for the year in question.

3. Absorbing the result for the year ended June 30, 2009, through the reserve to free availability account and the distribution of a dividend exclusively in cash for up to the amount of Ps. 56,000, empowering the Board of Directors to make it available within 30 days after holding the Shareholders Meeting.

4. Paying directors fees for Ps. 1,395 for the year ended June 30, 2009.

5. Absorbing Ps. 501 paid for Tax on personal assets of Shareholders.

6. Establishing the number and election of directors and alternate directors due to expiration of their terms.

7. Extending the amount of the current Global Issuance Program of Notes for up to a further US$ 200,000 (the Program). Delegating on the Board of Directors and authorizations.

8. Creating the Global Program for the issuance of securities representing short-term debt (VCP) in the form of simple corporate bonds not convertible into shares, denominated in pesos, US dollars or any other currency with unsecured, special, floating and/or any other guarantee, including third party guarantee, either subordinated or not, for a maximum outstanding amount at any time that may not exceed the equivalent in Argentine Pesos of US$ 50,000 (or equivalent amount in other currencies) (the Program), Delegating on to the Board of Directors the broadest powers so that, within the maximum amount established by the Shareholders Meeting, establishes the remaining conditions of the Program and the opportunity to issue and other terms and conditions of each class and/or series of corporate bonds to be issued under the Program. Considering the request for registration by the Company with the Special Registry of VCP Issuers.

9. Paying a bonus for the Company s management of up to 1% of the outstanding capital stated in cash or in kind. Delegating on to the Board of Directors the implementation, percentage allocation, time and form of execution.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousands of pesos

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

NOTE 27: (continued)

10. Adjourning the Meeting to November 27, 2009, to consider the approval of all documentation related to the merger with Shopping Alto Palermo S.A.

Global Issuance Program of Notes. Issuance of Class III and Class IV by APSA.

Under the Global Issuance Program of Notes for a face value of up to US$ 200 million, on November 10, 2009, the placement of the Second Series of Notes for Ps. 80.8 million was concluded. Such Notes will be issued on November 13, 2009, in two classes:

Class III for Ps. 55.8 million, falling due 18 months after the issuance date, accruing interest at Private Badla rate plus a 3% margin, payable quarterly when due. Class III Notes are payable in one single installment 18 months after issuance.

Class IV for a face value of US$ 6.6 million equivalent to Ps. 25 million, falling due 18 months after issuance date and accruing interest at a fixed rate of 6.75% on the US dollar denominated principal, which will be payable on a quarterly basis when due. Class IV Notes are payable in one single installment 18 months after issuance.

Purchase of Conil S.A. s shares

On October 21, 2009, a share purchase agreement was executed by which Alto Palermo S.A. (APSA) and Fibesa S.A. acquired 45% and 5% of Conil S.A. s shares, respectively. The agreed-upon prices stood at US$ 287, out of which, as of the execution date of such agreement US$ 137 has been paid, and the remainder, that is to say, US$ 150 will be paid in six months.

As a result of the previously mentioned agreement, Alto Palermo S.A. (APSA) becomes the owner of 95% of the company s shares, while Fibesa becomes the owner of the remaining 5%.

IRSA Inversiones y Representaciones

Sociedad Anónima

Free translation of the Unaudited Financial Statements

For the three-month periods

Beginning on July 1, 2009 and 2008 and

ended September 30, 2009 and 2008

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Balance Sheets as of September 30, 2009 and June 30, 2009

In thousands of pesos (Note 1)

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

	September 30, 2009	June 30, 2009
ASSETS		
CURRENT ASSETS		
Cash and banks (Note 2 and Exhibit G)	8,900	14,887
Investments (Exhibits C, D and G)	76,761	120,754
Accounts receivable, net (Note 3 and Exhibit G)	38,417	46,161
Other receivables and prepaid expenses (Note 4 and Exhibit E and G)	56,717	96,822
Inventories (Note 5)	21,147	17,557
Total Current Assets	201,942	296,181
NON-CURRENT ASSETS		
Accounts receivable, net (Note 3 and Exhibit G)	2,634	1,373
Other receivables and prepaid expenses (Note 4 and Exhibit G)	69,780	107,020
Inventories (Note 5)	59,443	49,964
Investments (Exhibits C, D and G)	1,969,741	1,694,853
Fixed assets, net (Exhibit A)	908,151	827,621
Intangible Assets, net (Exhibit B)	2,258	2,663
Subtotal Non-Current Assets	3,012,007	2,683,494
Negative goodwill	(41,771)	
Total Non-Current Assets	2,970,236	2,683,494
Total Assets	3,172,178	2,979,675

	September 30, 2009	June 30, 2009
LIABILITIES		
CURRENT LIABILITIES		
Trade accounts payable (Note 6 and Exhibit G)	16,811	20,187
Customer advances (Note 7 and Exhibit G)	19,304	13,953
Short-term debt (Note 8 and Exhibit G)	147,685	111,620
Salaries and social security payable	3,536	4,991
Taxes payable (Note 9)	20,471	12,824
Other liabilities (Note 10 and Exhibit G)	47,367	51,562
Subtotal Current Liabilities	255,174	215,137
Allowances (Exhibit E)	655	63
Total Current Liabilities	255,829	215,200

NON-CURRENT LIABILITIES		
Customer advances (Note 7)	56	7
Long-term debt (Note 8 and Exhibit G)	648,217	640,172
Taxes payable (Note 9)	12,897	1,555
Other liabilities (Note 10 and Exhibit G)	26,788	27,079
Total Non-Current Liabilities	687,958	668,813
Total Liabilities	943,787	884,013
SHAREHOLDERS EQUITY (according to the corresponding statement)	2,228,391	2,095,662
Total Liabilities and Shareholders Equity	3,172,178	2,979,675

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

Alejandro G. Elsztain

Vice-President II

Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Income

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

and ended September 30, 2009 and 2008

In thousands of pesos (Note 1)

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

	September 30, 2009	September 30, 2008
Revenues	77,498	27,782
Costs (Exhibit F)	(18,843)	(7,494)
Gross profit	58,655	20,288
Gain from recognition of inventories at net realizable value	1,675	2,733
Administrative expenses (Exhibit H)	(12,215)	(6,929)
Selling expenses (Exhibit H)	(4,453)	(1,344)
Subtotal	(14,993)	(5,540)
Gain from operations and holdings of real estate assets, net		196
Operating income	43,662	14,944
Amortization of negative goodwill	519	
Financial results generated by assets:		
Interest income	9,908	5,827
Foreign exchange gain	4,705	6,706
Interest income from non convertible notes APSA	3,562	
Gain on financial operations	603	179
Interest on discounting assets	23	5
Subtotal	18,801	12,717
Financial results generated by liabilities:		
Financing expenses (Exhibit H)	(20,227)	(16,219)
Foreign exchange loss	(9,049)	(23,940)
Interest on discounting liabilities	(8)	(54)
Subtotal	(29,284)	(40,213)
Financial results, net	(10,483)	(27,496)
Gain (loss) on equity investees (Note 12.c.)	110,985	(58,127)
Other expenses, net (Note 11)	(2,943)	(1,437)
Net income (loss) before tax	141,740	(72,116)

Income tax and MPIT (Note 15)	(10,295)	1,851
Net income (loss) for the period	131,445	(70,265)

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

Alejandro G. Elsztain

Vice-President II

Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Changes in Shareholders Equity

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

and ended September 30, 2009 and 2008

In thousands of pesos (Note 1)

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

	Shareholders contributions				Reserved earnings					
Caption	Common stock (Note 13)	Inflation adjustment of common stock	Additional paid-in capital	Total	Legal reserve (Note 13)	Reserve for new developments	Retained earnings	Cumulative translation adjustment	Total as of September 30, 2009	Total as of September 30, 2008
Balances as of beginning of year	578,676	274,387	793,123	1,646,186	32,374	193,486	210,767	12,849	2,095,662	1,924,178
Cumulative translation adjustment								1,284	1,284	
Net gain (loss) for the year							131,445		131,445	(70,265)
Balances as of September 30, 2009	578,676	274,387	793,123	1,646,186	32,374	193,486	342,212	14,133	2,228,391	
Balances as of September 30, 2008	578,676	274,387	793,123	1,646,186	29,631	193,486	(15,390)			1,853,913

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

Alejandro G. Elsztain

Vice-President II

Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Cash Flows (1)

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

and ended September 30, 2009 and 2008

In thousands of pesos (Note 1)

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

	September 30, 2009	September 30, 2008
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of the beginning of the year	99,408	87,568
Cash and cash equivalents as of the end of the period	61,380	20,180
Net decrease in cash and cash equivalents	(38,028)	(67,388)
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) for the period	131,445	(70,265)
Plus income tax and MPIT accrued for the period	10,295	(1,851)
Adjustments to reconcile net (income) loss to cash flows from operating activities:		
(Gain) loss on equity investees	(110,985)	58,127
Gain from recognition of inventories at net realizable value	(1,675)	(2,733)
Gain from operations and holdings of real estate assets		(196)
Allowances and provision	7,933	6,140
Amortization and depreciation	6,433	5,535
Financial results, net	(8,847)	11,154
Amortization of Goodwill	(519)	
Changes in certain assets and liabilities net of non cash transaction:		
Decrease in current investments	6,059	5,715
Decrease in accounts receivables, net	4,828	353
Decrease (Increase) in other receivables and prepaid expenses	18,646	(3,422)
Decrease in inventory	9,918	608
Decrease in trade accounts payable	(3,739)	(3,940)
Increase in customer advances	4,175	3,205
Decrease in accrued interest	(8,742)	(6,130)
Decrease in taxes payable and social security payable	(10,126)	(5,386)
Increase (decrease) in other liabilities	532	(1,778)
Net cash provided by (used in) operating activities	55,631	(4,864)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase equity in subsidiary companies	(20)	(68,349)
Increase irrevocable contributions in subsidiary companies	(161,850)	(50)
Cash collected by merger, spin off-merger and acquisition of related companies	5,038	
Loans granted to related parties	(2,465)	(2,218)
Cash collected from loans granted to related parties	4,964	3,425
Decrease (increase) of undeveloped parcels of lands and other investments	17,943	(77)
Purchase and improvements of fixed assets	(1,176)	(8,747)
Expenses for advances in purchase of shares		(984)

Net cash used in investing activities	(137,566)	(77,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Overdrafts	44,150	15,659
Increase of loans with related companies	15	
Payments of loans with related companies	(258)	(1,183)
Net cash provided by financing activities	43,907	14,476
NET DECREASE IN CASH AND CASH EQUIVALENT	(38,028)	(67,388)

(1) Includes cash and banks and investments with a realization term not exceeding three months.

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

Alejandro G. Elsztain

Vice-President II

Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Cash Flows (Continued)

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

and ended September 30, 2009 and 2008

In thousands of pesos (Note 1)

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

	September 30, 2009	September 30, 2008
Supplemental cash flow information		
Interest paid	27,960	19,726
Income tax paid	430	3,135
Non-cash activities:		
Increase in inventories through a decrease in fixed assets, net	8,644	
Cumulative translation differences	1,284	
Decrease in long-term investments through an increase in others receivables and prepaid expenses.	109	
Transfer of undeveloped plot of land to inventories		101
Merger, spin off-merger and acquisition of inventories		
Current investments	13	
Accounts receivables	953	
Other receivables and prepaid expenses	(51,187)	
Inventories	12,666	
Fixed assets	93,678	
Intangible assets	128	
Undeveloped parcels of land and other investments	18,123	
Investments	277,117	
Trade Accounts Payables	1,244	
Customer Advances	(1,105)	
Salaries and social security payable	(1,261)	
Taxes payable	(14,372)	
Other liabilities	(1,876)	
Net value of assets of non cash transaction	334,121	
Cash collected	5,038	
Net value of assets	339,159	
Increase value of assets	6,575	
Proportional equity of merged and acquired companies	(303,254)	
Goodwill	(42,290)	
Purchase value of acquired companies	190	
Cash collected	5,038	
Amount financed by sellers	(190)	

5,038

Alejandro G. Elsztain

Vice-President II

Acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

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

and ended September 30, 2009 and 2008

In thousands of pesos

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

NOTE 1: ACCOUNTING STANDARDS

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

1.1. Preparation and presentation of financial statements

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

The Company s results for the three-month periods ended September 30, 2009 and 2008 have not been audited. The Company s management estimates that they include all the adjustments necessary to present fairly the results for each period.

The Company s quarterly results do not necessarily reflect the proportion of the Company s full-year results.

1.2. Use of estimates

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

1.3. Recognition of the effects of inflation

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

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.3. (Continued)

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

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

1.4. Comparative information

Balances items as of June 30, 2009 shown in these unaudited financial statements for comparative purposes arise from audited annual financial statements for the year then ended.

Balances of the three-month period ended 30 September, 2009 of the unaudited income, shareholder s equity and cash flow statements are shown for comparative purpose with the same period of the previous fiscal year.

The financial statements as of June 30, 2009 and as of September 30, 2008 originally issued have been subject to certain reclassifications required in order to present these figures comparatively with those stated as of September 30, 2009.

1.5. Valuation criteria

a. Cash and banks

Cash on hand has been valued at face value.

b. Foreign currency assets and liabilities

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

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

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

c. Current investments

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

d. Accounts receivables, net and trade accounts payable

Mortgages, lease receivables and services and trade accounts payable have been valued at the price applicable to spot operations at the time of the transaction plus interest and implicit financial components accrued at the internal rate of return determined at that moment.

e. Financial receivables and payables

Financial receivables and payables have been valued at the amount deposited and collected, respectively, net of the cost of the transaction, plus financial results accrued based on the internal rate of return estimated at that time.

f. Other receivables and prepaid expenses and liabilities

Other current receivables and other current liabilities have been valued at face value plus the financial results accrued at the closing of the corresponding year.

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

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

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

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

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

h. Inventories

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

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

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

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

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

Credits in kind:

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

i. Non-current investments

Investments in debt securities:

Investments in debt securities were valued based on the best estimate of the discounted amount receivable, applying the corresponding internal rate of return estimated at the time of incorporation to assets, as the Company will hold them to maturity.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

i. (Continued)

Investments in subsidiaries and equity investments:

Long term investments in subsidiaries and equity investments detailed in Exhibit C, have been valued by using the equity method of accounting based on the financial statements at September 30, 2009 issued by them. The accounting standards used by the subsidiaries to prepare their financial statements are the same as those used by the Company. The accounting standards used by the related companies to prepare their financial statements are those currently in effect.

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

Banco Hipotecario S.A. and Banco de Securitizacion S.A.:

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

In accordance with the regulations of the BCRA and the contracts signed as a result of Banco Hipotecario S.A. s financial debt restructuring process, there are certain restrictions on the distribution of profits by Banco Hipotecario S.A. to the Company.

Tyrus S.A.:

Uruguay-based Tyrus S.A. has been classified as not integrated into the Company s operations in relation to its holding of shares Metropolitan (See Note 22 A.4. to the consolidated unaudited financial statements) whose operations are carried out fully abroad. The Company does not control foreign operations, which are conducted with autonomy with respect to the Company s own operations. Besides, such operations are mainly financed with funds originating in its own transactions or in local loans.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

i. (Continued)

The Tyrus s assets and liabilities were converted into Pesos at the exchange rate in force at the close of the year. The Statement of Income accounts have been converted into Pesos at the exchange rates in force at the time of each transaction. Foreign exchange gains/losses arising from the conversion have been charged to the Shareholders equity caption, in the line cumulative translation adjustment and they amounted to Ps. 14,133 as of September 30, 2009.

Undeveloped parcels of lands:

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

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

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

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

j. Fixed assets, net

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

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

Rental properties:

Rental properties are carried at acquisition and/or construction cost, restated as mentioned in Note 1.3., less accumulated depreciation and allowance for impairment at the end of the period/year. The Company capitalizes the financial accrued costs associated with long-term construction projects. During the year ended June 30, 2009 financial costs were capitalized in the building known as DIQUE IV for Ps. 7,561.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

j. (Continued)

Accumulated depreciation is computed under the straight-line method over the estimated useful lives of each asset. Expenditures for ordinary maintenance and repairs are charged to results in the period incurred.

The Company has allowances for impairment of certain rental properties as disclosed in Exhibit A. Increases and decreases of such allowances are disclosed in Exhibit E. The amount charged to the Statement of Income to reflect the allowance for impairment and its reversal has been disclosed in the Results from transactions and holdings of real estate assets line of the Statement of Income.

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

Other properties and equipment:

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

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

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

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

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

k. Intangible assets, net

Intangible assets correspond to expenses that the Company avoids incurring as a result of acquiring effective rent contracts and the estimated costs of entering into rent contracts acquired (see Note 1.5.I.). These are shown net of their accumulated amortization.

Intangible assets are amortized during the average initial remaining useful life of the rent contracts acquired.

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

l. Business combinations

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

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

The Company uses the information contained in valuations estimated by independent appraisers as primary base for assigning the price paid for the land, the building and shopping centers. The amounts assigned to all the other assets and liabilities are based on independent valuations or on the Company s own analysis on comparable assets and liabilities. The current value of tangible assets acquired considers the property value as if it was empty.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

l. (Continued)

In accordance with the terms of Technical Resolution N° 21, if the value of identified tangible and intangible assets and liabilities exceeds the price paid, the intangible assets acquired are not recognized as they would cause an increase of the negative goodwill generated by these acquisitions at the time of the purchase. Furthermore, as regards the negative goodwill generated, the portion concerning the investees expectations of future expenses or losses will be recognized in the statements of income for the same periods in which such expenses or losses are accrued and expensed. The portion that is not concerned with the investees expectations of future expenses or losses will be treated as follows: (i) the amount that does not exceed the investor s interest over the current values of the investees identifiable non-monetary assets will be consistently recognized in the statement of income throughout a period equivalent to a weighted average of the remaining useful lives of the investees identifiable assets subject to depreciation; (ii) the amount that exceeds the current values of the investees identifiable non-monetary assets will be recognized in the statement of income at the time of the acquisition.

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

m. Debt issuance costs

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

Amortization has been recorded under Financial results, net in the unaudited statements of income as a greater financing expense.

n. Customer advances

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

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

o. Income tax

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

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

p. MPIT

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

q. Allowances and Provisions

Allowance for doubtful accounts: the allowance for losses is recognized when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the terms of the agreements. The allowance is determined on a one-by-one basis considering the present value of expected future cash flows. While Management uses the information available to make assessments, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the assessments. Management has considered all events and/or transactions that are subject to reasonable and normal methods of estimations, and the financial statements reflect that consideration.

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

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements (Continued)

In thousands of pesos

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

NOTE 1: (Continued)

1.5. (Continued)

q. (Continued)

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

Increases and decreases of allowances for impairment of assets during the period ended as of September 30, 2009 and the year ended as of June 30, 2009 are detailed in Exhibit E. The amount charged to the Statement of Income to reflect the allowance for impairment and its reversal has been disclosed in the Results from transactions and holdings of real estate assets line of the Statement of Income.

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

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

At the date of issuance of these unaudite