IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
November 24, 2015

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, 2015

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

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

Republic of Argentina
(Jurisdiction of incorporation or organization)

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

Form 20-F x Form 40-F o

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

Yes o No x

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

REPORT ON FORM 6-K

Attached is an English translation of the Financial Statements for the three month periods ended on September 30, 2015 and on June 30, 2015 filed by the Company with the *Comisión Nacional de Valores* and the *Bolsa de Comercio de Buenos Aires*:

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2015 and for the three-month periods ended September 30, 2015 and 2014

Legal information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.

Fiscal year N°.: 73, beginning on July 1st, 2015.

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

Company activity: Real estate investment and development.

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

Date of registration of last amendment of the by-laws in the Public Registry of Commerce: March 15, 2013.

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

Registration number with the Superintendence: 213,036.

Capital: 578,676,460 shares.

Common Stock subscribed, issued and paid up (in thousands of Ps.): 578,676.

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

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

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

Interest of the Parent Company on the capital stock: 372,112,411 common shares.

Percentage of votes of the Parent Company on the shareholders' equity: 64.3%.

CAPITAL STATUS

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

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

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Financial Position

as of September 30, 2015 and June 30, 2015

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

	Note	**09.30.2015**	**06.30.2015**
ASSETS			
Non- Current Assets			
Investment properties	10	3,466,949	3,490,077
Property, plant and equipment	11	242,428	243,134
Trading properties	12	122,074	128,104
Intangible assets	13	126,495	127,409
Investments in associates and joint ventures	8,9	2,771,407	3,172,549
Deferred income tax assets	25	52,637	52,810
Income tax and minimum presumed income tax ("MPIT") credit		108,670	108,522
Trade and other receivables	17	140,872	115,141
Investments in financial assets	18	600,221	702,503
Derivative financial instruments	19	323,637	206,407
Total Non-Current Assets		**7,955,390**	**8,346,656**
Current Assets			
Trading properties	12	4,088	3,300
Inventories	14	22,675	22,770
Restricted assets	16	9,771	9,424
Income tax and minimum presumed income tax ("MPIT") credit		16,854	19,009
Trade and other receivables	17	1,194,658	1,142,567
Investments in financial assets	18	712,099	295,409
Derivative financial instruments	19	35,955	29,158
Cash and cash equivalents	20	698,216	375,180
Total Current Assets		**2,694,316**	**1,896,817**
TOTAL ASSETS		**10,649,706**	**10,243,473**
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital		574,874	574,451
Treasury stock		3,802	4,225
Inflation adjustment of share capital and treasury stock		123,329	123,329
Share premium		793,123	793,123

Additional paid-in capital from treasury stock		10,733	7,233
Cost of treasury stock		(30,130)	(33,729)
Changes in non-controlling interest		(14,258)	(5,659)
Reserve for share-based compensation	33	61,055	63,824
Legal reserve		116,840	116,840
Special reserve		3,824	3,824
Cumulative translation adjustment		341,062	305,852
Retained earnings		245,248	520,940
Total capital and reserves attributable to equity holders of the parent		**2,229,502**	**2,474,253**
Non-controlling interest		351,828	396,913
TOTAL SHAREHOLDERS' EQUITY		**2,581,330**	**2,871,166**
LIABILITIES			
Non-Current Liabilities			
Trade and other payables	21	263,138	254,628
Borrowings	24	4,289,470	3,736,028
Derivative financial instruments	19	264,098	263,969
Deferred income tax liabilities	25	98,871	51,440
Salaries and social security liabilities	22	2,215	2,220
Provisions	23	396,967	374,121
Income tax and minimum presumed income tax ("MPIT") liabilities	25	59,896	-
Total Non-Current Liabilities		**5,374,655**	**4,682,406**
Current Liabilities			
Trade and other payables	21	964,287	895,996
Borrowings	24	1,294,246	1,247,796
Derivative financial instruments	19	238,909	236,611
Salaries and social security liabilities	22	73,257	122,606
Provisions	23	51,875	51,512
Income tax and minimum presumed income tax ("MPIT") liabilities	25	71,147	135,380
Total Current Liabilities		**2,693,721**	**2,689,901**
TOTAL LIABILITIES		**8,068,376**	**7,372,307**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**10,649,706**	**10,243,473**

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

Fernando A. Elsztain

Director Acting as President

2

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Income

for the three-month periods ended September 30, 2015 and 2014

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

	Note	**09.30.2015**	**09.30.2014**
Income from sales, rents and services	27	713,549	588,647
Income from expenses and collective promotion fund ("FPC")	27	254,941	201,422
Costs	28	(435,134)	(353,494)
Gross Profit		**533,356**	**436,575**
Gain from disposal of investment properties	10	389,815	317,486
General and administrative expenses	29	(131,086)	(79,389)
Selling expenses	29	(54,963)	(37,422)
Other operating results, net	31	(13,098)	2,818
Profit from operations		**724,024**	**640,068**
Share of loss of associates and joint ventures	8,9	(491,412)	(111,650)
Profit before financial results and income tax		**232,612**	**528,418**
Finance income	32	46,399	23,825
Finance costs	32	(334,312)	(327,126)
Other financial results	32	(148,397)	87,013
Financial results, net	32	**(436,310)**	**(216,288)**
(Loss) / Profit before income tax		**(203,698)**	**312,130**
Income tax	25	(112,269)	(176,331)
(Loss) / Profit for the period		**(315,967)**	**135,799**
Attributable to:			
Equity holders of the parent		(275,692)	3,258
Non-controlling interest		(40,275)	132,541
(Loss) / Profit per share attributable to equity holders of the parent during the period:			
Basic		(0.48)	0.01
Diluted		(0.48)	0.01

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

Fernando A. Elsztain

Director Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Income

for the three-month periods ended September 30, 2015 and 2014

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

	09.30.2015	**09.30.2014**
(Loss) / Profit for the period	(315,967)	135,799
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustment	35,873	45,063
Other comprehensive income for the period (i)	**35,873**	**45,063**
Total comprehensive (loss) / income for the period	**(280,094)**	**180,862**
Attributable to:		
Equity holders of the parent	(240,482)	39,914
Non-controlling interest	(39,612)	140,948

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

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

Fernando A. Elsztain

Director Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

for the three-month periods ended September 30, 2015 and 2014

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

	Attributable to equity holders of the parent							
	Share capital	**Treasury stock**	**Inflation adjustment of share capital and treasury stock (2)**	**Share premium**	**Additional paid-in capital from treasury stock**	**Cost of treasury stock**	**Changes in non-controlling interest**	**Reserve for share-based compensation**
Balance at July 1st, 2015	**574,451**	**4,225**	**123,329**	**793,123**	**7,233**	**(33,729)**	**(5,659)**	**63,824**
Loss for the period	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserve for share-based compensation	-	-	-	-	-	-	-	4,330
Share-based compensation plan cancellations	423	(423)	-	-	3,500	3,599	-	(7,099)
Changes in non-controlling interest	-	-	-	-	-	-	(8,599)	-
Dividends distribution to non-controlling	-	-	-	-	-	-	-	-

interest									
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	
Balance at September 30, 2015	**574,874**	**3,802**	**123,329**	**793,123**	**10,733**	**(30,130)**	**(14,258)**	**61,055**	**1**

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

(1) Related to CNV General Resolution N° 609/12. See Note 26.

(2) Includes Ps. 811 of Inflation adjustment treasury stock. See Note 26.

Fernando A. Elsztain

Director Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

for the three-month periods ended September 30, 2015 and 2014

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

Attributable to equity holders of the parent

nflation ustment f share pital and easury ock (2)	Share premium	Cost of treasury stock	Changes in non-controlling interest	Reserve for share-based compensation	Legal reserve	Special reserve (1)	Reserve for new development	Cumulative translation adjustment	Retained earnings	Sul
123,329	**793,123**	**(37,906)**	**(21,808)**	**53,235**	**116,840**	**375,487**	**413,206**	**398,931**	**(784,869)**	**2,00**
-	-	-	-	-	-	-	-	-	3,258	
-	-	-	-	-	-	-	-	36,656	-	3
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36,656**	**3,258**	**3**
-	-	-	-	10,064	-	-	-	-	-	1
-	-	-	-	-	-	-	-	-	-	
-	-	-	4,904	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	

123,329	**793,123**	**(37,906)**	**(16,904)**	**63,299**	**116,840**	**375,487**	**413,206**	**435,587**	**(781,611)**	**2,0**

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

(3) Related to CNV General Resolution N° 609/12. See Note 26.

(4) Includes Ps. 1,045 of Inflation adjustment treasury stock. See Note 26.

Fernando A. Elsztain

Director Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Cash Flows

for the three-month periods ended September 30, 2015 and 2014

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

	Note	09.30.2015	09.30.2014
Operating activities:			
Cash generated by operations before income tax paid	20	441,137	306,855
Income tax and Minimum Presumed Income tax paid		(66,995)	(54,761)
Net cash generated by operating activities		**374,142**	**252,094**
Investing activities:			
Capital contributions in associates and joint ventures	8.9	(34,329)	(3,280)
Purchases of associates and joint ventures	8.9	-	(268,975)
Purchases of investment properties	10	(46,780)	(228,662)
Proceeds from sale of investment properties		387,557	1,507,060
Purchases of property, plant and equipment	11	(5,723)	(11,685)
Purchases of intangible assets	13	(24)	(383)
Purchase of investments in financial assets		(1,283,245)	(309,178)
Proceeds from sale of investments in financial assets		699,564	361,080
Proceeds from sale of equity interest in associates and joint ventures		-	19,139
Interest received from financial assets		702	3,175
Loans granted to associates and joint ventures		-	49
Dividends received		-	290
Net cash (used in) generated by investing activities		**(282,278)**	**1,068,630**
Financing activities:			
Proceeds from borrowings		531,437	327,819
Payments of borrowings		(226,217)	(684,650)
Payment of non-convertible notes		(95,636)	-
Payment of financial leasing		(800)	(592)
Dividends paid		(42,773)	(48,055)
Acquisition of non-controlling interest in subsidiaries		(8,599)	(1,094)
Capital contribution of non-controlling interest		-	275
Capital distribution to non-controlling interest		-	(3,786)
Dividends paid to non-controlling interest		(5,473)	-
Interest paid		(206,024)	(192,204)
Loans from associates and joint ventures, net		-	13,009
Repurchase of non-convertible notes		(120,803)	-
Payment of seller financing of shares		-	(105,861)

Issuance of non-convertible notes		403,051	-
Payments related to derivative financial instruments		(14,032)	(16,213)
Net cash generated by (used in) financing activities		**214,131**	**(711,352)**
Net Increase in cash and cash equivalents		**305,995**	**609,372**
Cash and cash equivalents at beginning of year	20	375,180	609,907
Foreign exchange gain on cash and cash equivalents		17,041	26,217
Cash and cash equivalents at end of period		**698,216**	**1,245,496**

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

Fernando A. Elsztain

Director Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

1. The Group's business and general information

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

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

As of September 30, 2015, the Group operates in six business segments. See Note 6 to the Consolidated Financial Statements as of June 30, 2015 for a description of such segments.

The group's real estate business operations are conducted primarily through IRSA and its principally subsidiary, IRSA Propiedades Comerciales S.A. ("IRSA CP"). Through IRSA CP and IRSA, the Group owns, manages and develops shopping centers across Argentina, a portfolio of office and other rental properties in the Autonomous City of Buenos Aires, and it entered the US real estate market in 2009, mainly through the acquisition of non-controlling interests in office buildings and hotels. Through IRSA or IRSA CP, the Group also develops residential properties for sale. The Group, through IRSA, is also involved in the operation of branded hotels. The Group uses the term "real estate" indistinctively in these consolidated financial statements to denote investment, development and/or trading properties activities.

During the fiscal year ended June 30, 2014, the Group made an investment in the Israeli market through Dolphin Fund Ltd. ("DFL") and Dolphin Netherlands B.V. ("DN B.V." and together with DFL "Dolphin"), in IDB Development Corporation Ltd. ("IDBD") (an Israeli Company), of an initial interest of 26.65%. During fiscal year ended June 30, 2015, the Group continued investing in IDBD, increasing its indirect interest as of June 30, 2015, to 49%. During the three-month-period ended on September 30, 2015 the Group did not invest further in the company. IDBD is one of the Israeli largest and most diversified conglomerates, which is involved, through its subsidiaries, in several markets and industry, including real estate, retail, agribusiness, insurance, telecommunications, etc.; controlling or participating in companies as: Clal Insurance (Insurance Company), Cellcom (Mobile phone services), Adama (Agrochemicals), Super-Sol (supermarket), PBC (Real Estate), among others. IDBD is listed in Tel Aviv Stock Exchange (“TASE”) since May, 2014.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

1. The Group's business and general information (Continued)

The activities of the Group's segment "Financial operations and others" is carried out mainly through Banco Hipotecario S.A. ("BHSA"), where we have a 29.99% interest (without considering treasury shares of our own). BHSA is a commercial bank offering a wide variety of banking activities and related financial services to individuals, small and medium-sized companies and large corporations, including the provision of mortgaged loans. BHSA's shares are listed on the Buenos Aires Stock Exchange ("BASE"). Besides that, the Group has a 43.15% interest in Tarshop S.A ("Tarshop"), which main activities are credit card and loan origination transactions.

IRSA's shares are listed and traded on both the BASE and the New York Stock Exchange ("NYSE"). IRSA CP shares are listed and traded on both the BASE and the NASDAQ.

Cresud S.A.C.I.F y A. is our ultimate parent company and is a corporation incorporated and domiciled in Argentina. The address of its registered office is 877 Moreno St., Floor 23, Autonomous City of Buenos Aires, Argentina.

These Unaudited Condensed Interim Consolidated Financial Statements have been approved for issue by the Board of Directors on November 11, 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation of the Unaudited Condensed Interim Consolidated Financial Statements

a) Basis of preparation

The Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Furthermore, some additional issues were included as required by the Business Companies Act and/or regulations of the CNV, including supplementary information provided in the last paragraph of section 1, Chapter III, Title IV of General Ruling 622/13 of the CNV. Such information is included in the Notes to the Unaudited Condensed Consolidated Interim Financial Statements, as admitted by the International Financial Reporting Standard (IFRS).

These Unaudited Condensed Interim Consolidated Financial Statements should be read together with the Annual Consolidated Financial Statements of the Group as of June 30, 2015 prepared in accordance with IFRS in force. These Unaudited Condensed Interim Consolidated Financial Statements are presented in thousands of Argentine Pesos.

These Unaudited Condensed Interim Consolidated Financial Statements corresponding to the three-month periods ended September 30, 2015 and 2014 have not been audited. The management believes they include all necessary adjustments to fairly present the results of each period. The Company’s three-month periods ended September 30, 2015 and 2014 results do not necessarily reflect the proportion of the Group’s full-year results.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

2. Basis of preparation of the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

2.2. Accounting policies

The accounting policies applied in the presentation of these Unaudited Condensed Interim Consolidated Financial Statements are consistent with those applied in the preparation of the information under IFRS as of June 30, 2015. The principal accounting policies are described in Note 2 of the Consolidated Financial Statements for the year ended June 30, 2015.

2.3. Use of estimates

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

In the preparation of these Unaudited Condensed Interim Consolidated Financial Statements, the significant judgments made by Management in applying the Group’s accounting policies and the main sources of uncertainty were the same applied by the Group in the preparation of the Annual Consolidated Financial Statements for the year ended June 30, 2015, save for changes in accrued income tax, provision for legal claims, provision for Directors' fees, allowance for bad debts and accrued supplementary rental.

Additionally, to estimate the market value of its investment in IDBD, in this period the Group chose to stop considering the listed price (Level 1 valuation) and to adopt a valuation model based on unobservable variables (Level 3 valuation), as a result of the circumstances described in Note 15.

2.4. Comparative Information

Balance items as of June 30, 2015 and September 30, 2014 shown in these financial statements for comparative purposes arise from the Consolidated Financial Statements then ended. Certain reclassifications have been made in order to present figures comparatively with those of this period.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

3. Seasonal effects on operations

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

4. Acquisitions, dispositions, transactions and/or authorization pending approval

4.1. Acquisition and disposals

For the three-month period ended September 30, 2015

Sale of investment properties

On July 10, 2015, the Group through IRSA signed the transfer deed for the sale of the 16th floor of Maipú 1300 building. The transaction Price was set at US$ 1.5 million. Such transaction generated a gain before tax of approximately Ps. 12.3 million.

On July 24, 2015, the Group through IRSA signed the transfer deed for the sale of the 4th floor of Maipú 1300 building. The transaction Price was set at Ps. 21.7 million. Such transaction generated a gain before tax of approximately Ps. 20.0 million.

On July 31, 2015, the Group through IRSA signed the transfer deed for the sale of the 18th floor of Maipú 1300 building. The transaction Price was set at US$ 1.6 million. Such transaction generated a gain before tax of approximately Ps. 12.9 million.

On August 24, 2015, the Group through IRSA signed the transfer deed for the sale of the 3rd floor of Maipú 1300 building. The transaction Price was set at US$ 1.5 million. Such transaction generated a gain before tax of approximately Ps. 11.9 million.

On September 3, 2015, the Group, through IRSA sold the lands of “Isla Sirgadero”, located in Santa Fe Province. The transaction Price was set at US$ 4.0 million. Such transaction generated a gain before tax of approximately Ps. 32.6 million.

On September 10, 2015, the Group through IRSA CP, transferred 5,963 square meters corresponding to seven offices floors, 56 parking units and 3 storage units of Intercontinental Plaza Building. The transaction price was set at Ps. 324.5 million, which has already been fully paid. Gross profit of this operation amounted to Ps. 300.0 million.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

4. Acquisitions, dispositions, transactions and/or authorization pending approval (Continued)

All sales mentioned above led to a combined profit for the Group of Ps. 389.8 million, disclosed within the line "Gain from disposal of investment properties" in the statement of income.

Investment in IDBD

On May 7, 2014, a transaction was closed whereby the Group, acting indirectly through Dolphin, acquired, jointly with C.A.A. Extra Holdings Limited, a non-related company incorporated under the laws of the State of Israel, controlled by Mordechay Ben Moshé (hereinafter, "ETH"), an aggregate number of 106.6 million common shares in IDBD representing 53.30% of its stock capital, under the scope of the debt restructuring of IDBD's holding company, IDB Holdings Corporation Ltd. ("IDBH"), with its creditors (the "Arrangement"). Under the terms of the agreement entered into between Dolphin and E.T.H.M.B.M. Extra Holdings Ltd., a company controlled by Mordechay Ben Moshé, to which Dolphin and ETH agreed to (the "Shareholders' Agreement"), Dolphin jointly with other third party investors acquired a 50% interest in this investment, while ETH acquired the remaining 50%. The initial total investment amount was NIS 950 million, equivalent to approximately US$ 272 million at the exchange rate prevailing on that date. During fiscal year 2015 Dolphin continued investing in IDBD and as of June 30, 2015, the IRSA's indirect equity interest in IDBD amounted to approximately 49%.

On August 27, 2015, DIC published a rights offering memorandum according to the Proposal to IDBD and DIC (see on this regard note 9 "Interest in associates" accompanying these financial statements) and on September 6, 2015 issued right for every 1000 shares of DIC, which would be exercised automatically and cost-free on the same day for 224 Series 3 warrants, 204 Series 4 warrants, 204 Series 5 warrants and 204 Series 6 warrants, each. Each DIC warrant is convertible to 1 share of DIC and has the following characteristics:

- Series 3 warrants are exercisable at NIS 6.54 and mature on December 21, 2015;

- Series 4 warrants are exercisable at NIS 7.183 and mature on December 21, 2016;

- Series 5 warrants mature on December 21, 2017. The exercise price is NIS 7.183 until December 20, 2016, and NIS 7.836 thereafter.

- Series 6 warrants mature on December 21, 2018. The exercise price is NIS 7.183 until December 20, 2016, and NIS 8.489 thereafter.

Pursuant to the above said, on September 6, 2015 Dolphin received 91,163 warrants Series 3 and 83,023 warrants Series 4, 5 and 6 from DIC.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

4. Acquisitions, dispositions, transactions and/or authorization pending approval (Continued)

As a result of the transactions described above, as of September 30, 2015, Dolphin held an aggregate number of 324,445,664 shares, 15,998,787 Series 3 warrants, 24,897,859 Series 4 warrants, 109,342,966 Series 5 warrants and 97,833,180 Series 6 warrants, accounting for a 49.0% share interest in IDBD. Additionally, on September 30, 2015, Dolphin held 406,978 shares of DIC, 91,163 Series 3 warrants and 83,023 Series 4, 5 and 6 warrants of DIC, accounting for a direct equity interest of 0.48%.

As of September 30, 2015, IDBD's Board of Directors consists of nine members, three of whom have been designated by Dolphin, Eduardo Sergio Elsztain (President), Roni Bar-On (on July 7 Roni Bar- On replaced Alejandro Gustavo Elsztain) and Saúl Zang.

During February and March 2015 Dolphin and ETH initiate an exchange of letters mainly in relation to claims from ETH in connection with the Rights Offering and ETH's claim demanding a pro rata acquisition of the shares in IDBD owned by Dolphin and subscribed for under the Rights Offering and all the shares acquired thereafter by IFISA asserting in the latter case the rights under the Shareholders' Agreement (*first refusal*).

Based on the foregoing and in accordance with the provisions of the Shareholders' Agreement with respect to dispute resolution, on April 30, 2015 (the "Preliminary Hearing") arbitration proceedings were initiated in English language, in Tel Aviv, and the Israeli law applies thereto.

The arbitration proceedings are intended to settle the issues referred to above, and application and interpretation of certain clauses of the Shareholders' Agreement.

In addition, during such Preliminary Hearing, the parties agreed on the rules and procedures that would govern the conduct of the arbitration proceedings and a schedule for such purposes. Appointment of an arbitrator was approved and, as a result, any applicable statutory terms began running thereafter.

On May 28, 2015, before the filing of the arbitration claim, ETH made a preliminary petition to the arbiter that triggered application of the Buy Me Buy You (“BMBY”) clause, which establishes that each party to the Shareholders’ Agreement may offer to the counterparty to acquire (or sell, as the case may be) the shares it holds in IDBD at a fixed price; and within 14 days from delivery of the BMBY notice (the “Notice”) recipient should let it know whether it desires to sell or acquire the other party’s shares pursuant to the terms of the Notice, in accordance with the provisions of the Shareholders’ Agreement. In such petition, ETH further added that the purchaser thereunder would be required to assume all obligations of seller under the Arrangement.

In addition, on June 10 and 11, 2015, Dolphin gave notice to ETH of its intention to buy all the shares in IDBD held by ETH, asserted its defenses and its interpretation about application and construction of the BMBY, establishing that ETH’s interpretation of such mechanism was erroneous.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

4. Acquisitions, dispositions, transactions and/or authorization pending approval (Continued)

As a result, the parties pursued arbitration to settle their disputes and in respect of the correct interpretation of the BMBY clause, in order to determine, first, who is the purchaser under the BMBY clause, and whether such party will be under the obligation to assume all the obligations of seller under the Arrangement.

For such purposes, the arbiter decided to divide the arbitration proceedings into two phases: the first one to deal with the disputes related to application and interpretation of the mechanism under the BMBY clause and the second one in relation to the parties' additional petitions or claims.

Moreover, on June 28 and 30, 2015 ETH filed a motion with the arbiter requesting an injunction preventing changes in IDBD's current Board of Director's composition at IDBD's annual shareholders' meeting held on July 7, 2015.

On July 6, 2015, the arbiter granted such injunction as requested by ETH, for which reason Dolphin appointed only 3 directors for the next meeting and could appoint such number of directors until the arbiter issues a final decision about who is the purchaser under the BMBY process.

On September 24, 2015 the arbitrator issued its award, which provided that: (i) Dolphin and IFISA are entitled to act as buyers in the BMBY process, and ETH should sell IDBD shares held by it (92,665,929 shares) at a NIS price of 1.64 per share; (ii) the buyer must fulfill all of the commitments included in the seller's Arrangement, including the commitment to carry out Tender Offers and the obligation to engage in capital increases; (iii) the buyer must pledge in favor of the Arrangement Trustees the shares that seller had pledged to them; (iii) the parties will have 16 days to complete the BMBY process from the time of notice of this award.

As Dolphin is a subsidiary that qualifies as a VCO in accordance with the IAS 28 exemption referred to in Note 2.3 (d) to the Consolidated Financial Statements for the fiscal year ended June 30, 2015, the Company has recorded its interest in IDBD at fair value with changes in the income statement.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

4. Acquisitions, dispositions, transactions and/or authorization pending approval (Continued)

Changes in non-controlling interest

IRSA CP

During the tree-month period ended September 30, 2015, the Group acquired 115,643 shares of IRSA CP for an amount of Ps. 3.1 million (14,501 were acquired by IRSA and the remaining 101.592 by the subsidiary Tyrus). As a result of this transaction, the non-controlling interest was reduced by Ps. 0.8 million and the interest attributable to the shareholders' of the controlling parents was reduced by Ps. 9.5 million. The equity interest in IRSA CP as of September 30, 2015 amounts to 95.90%. The effect on shareholders' equity of this change in the equity interest in IRSA CP is summarized as follows:

	Ps.
Carrying value of non-controlling interest	879
Price paid for the non-controlling interest	(9,478)
Reserve recognized in the Shareholders' equity	(8,599)

5. Financial risk management and fair value estimates

5.1 Financial risk

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

The Unaudited Condensed Interim Consolidated Financial Statements do not include all the information and disclosures on financial risk management; therefore they should be read along with the annual consolidated financial statements for the year ended June 30, 2015. There have been no changes in the risk management or risk management policies applied by the Group since year end.

5.2 Fair value estimates

Since June 30, 2015 there have been no significant changes in business or economic circumstances affecting the fair value of the Group's assets or liabilities (either measured at fair value or amortized cost). Furthermore, there have been certain transfers between the different hierarchies used to assess the fair value of the Group's financial instruments, which are described in Note 15.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

6. Segment information

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Group's Executive Committee (Chief Operating Decision Maker, "CODM"), without prejudice of the powers and responsibilities of the management body, that is the Board of Directors, in deciding how to allocate resources and in assessing performance. The Executive Committee evaluates the business based on the differences in the nature of its products, operations and risks. The amount reported for each segment item is the measure reported to the Executive Committee and subsequently informed for these purposes to the top management body that is the Group's Board of Directors. In turn, the Board of Directors' management is assessed by the Shareholders' Meeting, which is the governance body.

Operating segments identified are disclosed as reportable segments if they meet any of the following quantitative thresholds:

- The operating segment's reported revenue, including both sales to external customers and inter-segment sales or transfers, is ten per cent or more of the combined revenue, internal and external, of all operating segments;

- The absolute amount of its reported profit or loss is ten percent or more, in absolute amount, of the greater of:

  - the combined reported profit of all operating segments that do not report a loss; and

- the combined reported loss of all operating segments that report a loss.

- Its assets are ten percent or more of the combined assets of all operating segments.

As well as this, the operating segments that do not meet any of the quantitative thresholds may be considered as reportable segments if the management estimates that this information could be useful for the users of the financial statements.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

6. Segment information (Continued)

If, after determining reportable segments in accordance with the preceding quantitative thresholds, the total external revenue attributable to those segments amounts to less than 75% of the total Group's consolidated external revenue, additional segments are identified as reportable segments, even if they do not meet the thresholds described above, until at least 75% of the Group's consolidated external revenue is included in reportable segments. Once the 75% of the Group's consolidated external revenue is included in reportable segments, the remaining operating segments may be aggregated in the "Other segments" column.

Segment information has been prepared and classified according to different types of businesses in which the Group conducts its activities. The Group operates in an area of "Investment and Development Properties business" which comprises the following segments:

- The **"Shopping Centers"** segment includes the operating results of the Group's shopping centers portfolio principally comprised of lease and service revenues related to rental of commercial space and other spaces in the shopping centers of the Group.

- The **"Offices and others"** segment includes the operating results of the Group's lease revenues of office and other rental space and other service revenues related to the office activities.

- The **"Sales and Development"** segment includes the operating results of the sales of Undeveloped parcels of land and/or trading properties, as the results related with its development and maintenance. Also included in this segment are the results of the sale of real property intended for rent, sales of hotels and other properties included in the international segment.

- The **"Hotel"** segment includes the operating results of the Group’s hotels mainly comprised of room, catering and restaurant revenues.

- The **“International”** segment includes profit or loss on investments in subsidiaries and/or associates that mainly operate in the United States in relation to the lease of office buildings and hotels in that country, and the results arising from investment in IDBD at fair value.

- The **“Financial operations and others”** segment primarily includes the financial activities carried out by the associates Banco Hipotecario S.A. and Tarshop S.A., and consumer finance residual financial operations of Apsamedia S.A. (currently merged with IRSA CP). Furthermore, the e-commerce activities conducted through the associate Avenida Inc. were also included until the first quarter of the fiscal year ended June 30, 2015. This investment began to be considered a financial asset as from the second quarter of the mentioned year.

6. Segment information (Continued)

The Group's Executive Board periodically reviews the results and certain asset categories corresponding to these segments. The valuation criteria used in preparing this information are consistent with IFRS standards used for the preparation of the consolidated financial statements, except for the investments in joint ventures: Cyrsa S.A., Nuevo Puerto Santa Fe S.A., Puerto Retiro S.A., Baicom Networks S.A. and Quality Invest S.A., which are reported to the Group's Executive Board, applying proportional consolidation method. Under this method the income/loss generated and assets, are reported in the income statement line-by-line rather than in a single item as required by IFRS. Under this method, each reported asset contains the Group's proportionate share in the same asset class in these joint ventures. As an example, the amount of investment properties reported to the Executive Board includes (i) the balance of investment properties as stated in the statement of financial position, plus (ii) the Group's share in the balances of investment properties of joint ventures. Management believes that the proportional consolidation method provides more useful information to understand the business return. Moreover, operating results of Entertainment Holding S.A. ("EHSA") joint venture is accounted for under the equity method. Management believes that, in this case, this method provides more adequate information for this type of investment, given its low materiality and considering it is a company without direct trade operations, where the main asset consists of an indirect interest of 25% of La Rural S.A..

The following asset categories are reviewed by the Group's Executive Board: investment properties, property, plant and equipment; trading properties, goodwill, rights to receive future units through barter agreements, inventories, investment in associates and investment in EHSA joint venture. The sum of these assets, classified by business segment, is reported under "assets by segment". Assets are allocated to each segment based on the operations and/or their physical location.

Goods and services exchanged between segments are calculated on the basis of market prices. Intercompany transactions between segments, if any, are eliminated.

The shopping center properties of the Group are all located in Argentina, the country of domicile of the Group. Mainly, the Group's offices and other rental properties are also located in Argentina. Properties of the Group located in United States, are disclosed in column "International". The Group's hotels are located in Argentina and United States. The Group's trading properties are located in Argentina and Uruguay.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

6. Segment information (Continued)

In the last quarter of the fiscal year ended June 30, 2015, the Group has changed the presentation of the Statements of income which is reviewed by the CODM for purposes of assigning resources and assessing performance for the fiscal year for a better alignment with the current business vision and the metrics used to such end. These amendments affected the shopping centers and office segments. The information examined by the CODM does not include the amounts pertaining to building administration expenses and collective promotion funds ("FPC", as per its Spanish acronym) from the Statements of income, and so does it exclude total recovered costs, as they are not analyzed to assess the operating performance of the segment. The CODM examines the net amount from these items (total surplus or deficit between building administration expenses and collective promotion funds and recoverable expenses). These costs and income are presented now for reconciliation of all segments and their respective consolidating operating income. The amounts corresponding to prior fiscal years have been retroactively adjusted to reflect these changes in segment information.

In addition, in the last quarter of the fiscal year ended June 30, 2015, the Group has modified how it presents the gain/loss on the sale of investment property in segment information, which is revised by CODM. The information revised by CODM includes the gain/loss on the sale of investment properties within sales and development segment, regardless of the segment where the property would have been originally located. These modifications affected the segments of sales and developments and international.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

6. Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the period ended September 30, 2015:

	September 30, 2015						
	Shopping Center	**Offices and others**	**Sales and developments**	**Hotels**	**International**	**Financial operations and others**	**Total Urban Properties and Investment**
Revenues (i)	532,779	75,149	2,526	110,769	-	28	721,251
Costs	(79,119)	(13,616)	(5,406)	(81,563)	-	(32)	(179,736)
Gross Profit / (Loss)	**453,660**	**61,533**	**(2,880)**	**29,206**	**-**	**(4)**	**541,515**
Gain from disposal of investment properties	-	-	389,815	-	-	-	389,815
General and administrative expenses	(37,399)	(12,000)	(28,503)	(21,603)	(32,849)	-	(132,354)
Selling expenses	(31,813)	(4,542)	(4,855)	(14,106)	-	(123)	(55,439)
Other operating results, net	(6,554)	(1,275)	(3,581)	(358)	(644)	(520)	(12,932)
Profit / (Loss) from operations	**377,894**	**43,716**	**349,996**	**(6,861)**	**(33,493)**	**(647)**	**730,605**
Share of profit / (loss) of associates and joint ventures	-	(1,395)	3,126	-	(562,760)	67,820	(493,209)
Segment Profit / (Loss)	**377,894**	**42,321**	**353,122**	**(6,861)**	**(596,253)**	**67,173**	**237,396**

Investment properties	2,332,514	921,952	335,723	-	-	-	3,590,189
Property, plant and equipment	48,570	18,489	1,384	163,831	1,267	-	233,541
Trading properties	-	-	128,662	-	-	-	128,662
Goodwill	6,804	3,911	-	-	-	-	10,715
Right to receive future units under barter agreements	-	-	90,486	-	-	-	90,486
Inventories	15,537	-	493	7,011	-	-	23,041
Investments in associates and joint ventures	-	19,353	59,680	-	1,038,502	1,482,660	2,600,195
Operating assets	**2,403,425**	**963,705**	**616,428**	**170,842**	**1,039,769**	**1,482,660**	**6,676,829**

(i) The Group's revenues are entirely originated in Argentina.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

6. Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the period ended September 30, 2014:

	September 30, 2014						
	Shopping centers	**Offices and others**	**Sales and developments**	**Hotels**	**International**	**Financial operations and others**	**Total Urban Properties and Investment**
Revenues (i)	387,675	81,024	4,804	96,827	25,873	55	596,258
Costs	(66,107)	(10,168)	(3,335)	(66,291)	(7,121)	(74)	(153,096)
Gross Profit	**321,568**	**70,856**	**1,469**	**30,536**	**18,752**	**(19)**	**443,162**
Gain from disposal of investment properties	-	-	317,486	-	-	-	317,486
General and administrative expenses	(25,938)	(11,289)	(10,070)	(17,289)	(15,701)	-	(80,287)
Selling expenses	(18,939)	(3,981)	(1,922)	(13,092)	-	(118)	(38,052)
Other operating results, net	(2,874)	(1,397)	(756)	(335)	(249)	8,559	2,948
Profit / (Loss) from operations	**273,817**	**54,189**	**306,207**	**(180)**	**2,802**	**8,422**	**645,257**
Share of profit / (loss) of associates and joint ventures	-	4,619	1,296	345	(183,674)	59,706	(117,708)
Segment profit / (loss) before Financing and	**273,817**	**58,808**	**307,503**	**165**	**(180,872)**	**68,128**	**527,549**

Taxation							
Investment properties	2,249,256	798,099	584,374	-	-	-	3,631,729
Property, plant and equipment	26,836	30,041	3,840	163,987	1,453	-	226,157
Trading properties	-	-	135,619	-	-	-	135,619
Goodwill	1,667	9,392	-	-	-	-	11,059
Right to receive future units under barter agreements	9,264	-	75,813	-	-	-	85,077
Inventories	12,100	-	618	5,711	-	-	18,429
Investments in associates and joint ventures	-	27,868	39,585	22,474	763,443	1,314,317	2,167,687
Operating assets	**2,299,123**	**865,400**	**839,849**	**192,172**	**764,896**	**1,314,317**	**6,275,757**

(i) From all of the Group's revenues, Ps. 570 millions are originated in Argentina and Ps. 26 million in United States.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

6. Segment information (Continued)

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

	September 30, 2015				
	Total as per segment information	**Adjustment for share of profit / (loss) of joint ventures**	**Expenses and FPC**	**Adjustment to income for elimination of inter-segment transactions**	**Total as per Statement of income**
Revenues from sales, rents and services	721,251	(7,178)	-	(524)	713,549
Income from expenses and FPC	-	-	255,174	(233)	254,941
Costs	(179,736)	3,694	(259,107)	15	(435,134)
Gross profit	**541,515**	**(3,484)**	**(3,933)**	**(742)**	**533,356**
Gain from disposal of investment properties	389,815	-	-	-	389,815
General and administrative expenses	(132,354)	291	-	977	(131,086)
Selling expenses	(55,439)	363	-	113	(54,963)
Other operating results, net	(12,932)	182	-	(348)	(13,098)
Profit from operations	**730,605**	**(2,648)**	**(3,933)**	**-**	**724,024**
	(493,209)	1,797	-	-	(491,412)

Share of (loss) / profit of associates and joint ventures					
Net segment profit / (loss) before financing and taxation	**237,396**	**(851)**	**(3,933)**	**-**	**232,612**

	September 30, 2014				
	Total as per segment information	Adjustment for share of profit / (loss) of joint ventures	Expenses and FPC	Adjustment to income for elimination of inter-segment transactions	Total as per Statement of income
Revenues from sales, rents and services	596,258	(5,804)	-	(1,807)	588,647
Income from expenses and FPC	-	-	201,422	-	201,422
Costs	(153,096)	2,533	(204,300)	1,369	(353,494)
Gross profit	**443,162**	**(3,271)**	**(2,878)**	**(438)**	**436,575**
Gain from disposal of investment properties	317,486	-	-	-	317,486
General and administrative expenses	(80,287)	228	-	670	(79,389)
Selling expenses	(38,052)	522	-	108	(37,422)
Other operating results, net	2,948	210	-	(340)	2,818
Profit from operations	**645,257**	**(2,311)**	**(2,878)**	**-**	**640,068**
Share of (loss) / profit of associates	(117,708)	6,058	-	-	(111,650)
Net segment profit / (loss) before financing and taxation	**527,549**	**3,747**	**(2,878)**	**-**	**528,418**

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

6. Segment information (Continued)

The following tables present a reconciliation between total segment assets as per segment information and total assets as per the statement of financial position.

	September 30, 2015	**September 30, 2014**
Total Assets per segment based on segment information	**6,686,355**	**6,275,757**
Less:		
Proportionate share in assets per segment of joint ventures (2)	(131,979)	(136,094)
Plus:		
Investment in joint ventures (1)	171,211	185,982
Other non-reportable assets	3,924,119	-
Total Consolidated Assets as per Statement of financial position	**10,649,706**	**6,325,645**

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

(2) Below is a detail of the proportionate share in assets by segment of joint ventures, included in the information reported by segment:

	September 30, 2015	**September 30, 2014**

Investment properties	123,240	124,509
Property, plant and equipment	639	165
Trading properties	2,500	5,889
Goodwill	5,234	5,235
Inventories	366	296
Total proportionate share in assets per segment of joint ventures	**131,979**	**136,094**

23

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

7. Information about subsidiaries

The Group conducts its business through several operating and holding subsidiaries. The Group considers that the subsidiaries below are the ones with non-controlling interests material to the Group.

Summarized statements of financial position

	Panamerican Mall S.A. ("PAMSA")		**Dolphin Fund Ltd.**	
	September 30, 2015	**June 30, 2015**	**September 30, 2015**	**June 30, 2015**
ASSETS				
Total Non-current assets	515,743	517,465	1,341,053	1,728,669
Total Current assets	333,208	487,492	330,265	329,563
TOTAL ASSETS	**848,951**	**1,004,957**	**1,671,318**	**2,058,232**
LIABILITIES				
Total non-current liabilities	39,947	20,791	264,098	263,969
Total Current liabilities	99,876	309,978	298,993	294,735
TOTAL LIABILITIES	**139,823**	**330,769**	**563,091**	**558,704**
NET ASSETS	**709,128**	**674,188**	**1,108,227**	**1,499,528**

Summarized statements of income and statements of comprehensive income

	PAMSA		Dolphin Fund Ltd.	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Revenues	97,128	74,316	-	-
Profit / (Loss) before income tax	54,389	45,614	(439,003)	(161,643)
Income tax expense	(19,449)	(15,965)	-	-
Profit / (Loss) for the period	**34,940**	**29,649**	**(439,003)**	**(161,643)**
Other comprehensive (loss) / income	-	**-**	(14,318)	16,994
Total comprehensive income / (loss) for the period	**34,940**	**29,649**	**(453,321)**	**(144,649)**
Profit / (Loss) attributable to non-controlling interest	6,988	5,930	(18,068)	32,135

Summarized statement of cash flows

	PAMSA	
	September 30, 2015	September 30, 2014
Net cash generated by operating activities	56,445	64,059
Net cash used in investing activities	(18,513)	(30,624)
Net cash (used in) / generated from financing activities:	(42,864)	4,823
Net (decrease) / increase in cash and cash equivalents	(4,932)	38,258
Foreign exchange gain on cash and cash equivalents	10,553	2,674
Cash and cash equivalents at beginning of period	74	44,387
Cash and cash equivalents at end of period	5,695	85,319

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

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

8. Interests in joint ventures

As of September 30, 2015 and June 30, 2015, the joint ventures of the Group were Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A., NPSF, Entretenimiento Universal S.A. and EHSA. The shares in these joint ventures are not publicly traded.

Evolution of investments in joint ventures for the three-month period ended September 30, 2015 and for the year ended June 30, 2015 were as follows:

	September 30, 2015	**June 30, 2015**
Beginning of the period /year	**190,161**	**316,658**
Capital contribution	-	8,369
Cash dividends (i)	-	(33,614)
Share of profit	403	9,608
Capital reduction (ii)	-	(110,860)
End of the period / year	**190,564**	**190,161**

(i) During the year ended June 30, 2015, the Group cashed dividends from Cyrsa and Nuevo Puerto Santa Fe S.A. in the amount of Ps. 31.0 million and Ps. 2.6 million, respectively.

(ii) During the year ended June 30, 2015, Cyrsa S.A. distributed to IRSA due to capital reduction in the amount of Ps. 110.9 million.

Restrictions, commitments and other matters in respect of joint ventures

According to the Argentine laws, 5% of the profit of the year is separated to constitute legal reserve until they reach legal capped amounts (20% of total capital). This legal reserve is not available for the dividend distribution and can only be released to absorb losses. The Group's joint ventures have not reached the legal capped amounts.

There are no contingent liabilities relating to the Group's interest in joint ventures, and there are no contingent liabilities of the joint ventures themselves.

Quality Invest S.A.

In March 2011, Quality subscribed an agreement of purchase for the property of an industrial plant owned by Nobleza Piccardo S.A.I.C. y F. (hereinafter "Nobleza") located in San Martin, Province of Buenos Aires. The facilities have the necessary features and scales for multiple uses. The purchase price was agreed on US$ 33.0 million. At the same time, Quality subscribed a lease agreement with Nobleza, by means of which Nobleza will rent the property for a maximum term of 3 years. On March 2, 2015, an Agreement Letter has been signed for the completion of lease agreement and restitution of San Martín plant. On April 2011, Quality requested the CNDC´s to issue an advisory opinion on the obligation to notify the operation or not. Later, the Court of Appeals confirmed the CNDC's decision regarding the obligation to serve notice and consequently, therefore, on February 23, 2012 local Form F1 was filed, which as of the date of these consolidated financial statements is still in process.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

8. Interests in joint ventures (Continued)

As authorized by the relevant Ordinance, on January 20, 2015 Quality Invest S.A. entered into an Urbanization Agreement with the Municipality of San Martín which governs several regulatory aspects and sets forth a binding assignment of meters in exchange for cash contributions subject to formalization of certain administrative milestones included in the rezoning process. The Agreement contemplates a monetary compensation to the City Council totaling Ps. 40.0 million, payable in two installments of Ps. 20.0 million each. The first of such installments was paid on June 30, 2015.

Entertainment Holdings S.A.

During November 2012, IRSA CP acquired shares of common stock, representing 50% of Entertainment Holdings S.A. ("EHSA")'s capital stock and votes and as a consequence IRSA CP holds a jointly indirect interest in LRSA of 25% which operates the Exhibition Center "Predio Ferial de Buenos Aires".

In connection with the Exhibition Center, in December 2012 the Executive Branch issued Executive Order 2552/12 that annulled an executive order dated 1991 which approved the sale of the Exhibition Center to the SRA; the effect of this new order was to revoke the sale transaction. Subsequent to December 21, 2012, the Executive Branch notified the SRA of said executive order and further ordered that the property be returned to the Federal Government within 30 subsequent days. Then, the SRA issued a press release publicly disclosing the initiation of legal actions. Furthermore, as it has become publicly known, on August 21, 2013, the Supreme Court of Justice rejected the appeal filed by the National State against the injunction timely requested by the SRA.

Neither has IRSA CP been served notice formally nor is it a party involved in the legal actions brought by the SRA.

Given the potential dimension of the dispute, as it has been known to the public, we estimate that if Executive Order 2552/2012 was found to be unconstitutional, such order shall have no legal effects either in EHSA or in the acquisition by IRSA CP of an equity interest in EHSA. However, if the opposite happen, that is, a court order declaring the nullity of Executive Order 2699/91 could have a real impact on acquired assets. In this scenario, the judicial decision may render the purchase of the Plot of Land by SRA null and void , and all acts executed by SRA in relation to the Plot of Land, including the right of use currently held by the entity where EHSA has an indirect equity interest, through vehicle entities, would also become null and void.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

8. Interests in joint ventures (Continued)

On June 1, 2015, a ruling was issued in case 4573/2012 Sociedad Rural Argentina vs. National State – Executive Power on Declaratory Action, whereby the injunction staying the effects of Executive Order 2552/12 was lifted.

On June 2, 2015 the Sociedad Rural Argentina filed a writ of appeals against the ruling indicated above and on that same date the appeal was admitted with staying effects. While a decision on the appeal filed with the Court is pending, the motion to lift the injunction filed by the National State will have no effect.

On September 17, 2015 the Second Chamber decided to reject the lifting of the injunction. Against this resolution the National Government appealed Extraordinary.

Notwithstanding the above, to the date we are not aware of any judicial measure petitioned by the owner of the Plot of Land and/or the National Government, or the corresponding appeals or rulings, may have affected the actual use of the Plot of Land.

There are no contingent liabilities relating to the Group’s interest in joint ventures, and there are no contingent liabilities of the joint ventures themselves, different to the mentioned above.

Puerto Retiro S.A. (“Puerto Retiro”)

On April 18, 2000, Puerto Retiro S.A. 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. At the request of plaintiff, the bankruptcy court for the Buenos Aires District issued an order restraining the ability of Puerto Retiro to sell or dispose in any manner the land.

Indarsa had acquired 90% of the capital stock of Tandanor to a formerly estate owned company in 1991. Tandanor is mainly engaged in ship repairs, which activity was carried out in premises with a surface of 19 hectares located near La Boca and where Syncrolift is currently installed.

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.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

8. Interests in joint ventures (Continued)

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

Notice has been served upon the commercial court that the criminal cause of action was declared extinguished by operation of the statutes of limitation and that the accused were acquitted. However, this ruling was revoked by the Criminal Cassation Court; an extraordinary remedy was filed, which was denied. Then a grievance remedy was filed with the Argentine Supreme Court, which has not yet decided on the dispute.

The Management and legal advisors of Puerto Retiro estimate that there are legal and technical issues to consider that the request for bankruptcy will be denied by the court. However, given the current status of the case, we cannot predict its outcome.

In addition, Tandanor filed a civil action against Puerto Retiro and other accused parties in the criminal case for violation of section 174 subsection 5, under section 173 subsection 7 of Criminal Code. The claim expects that upon invalidation of executive order that approved the bid of Dársena Norte plot of land, Tandanor be reimbursed any other sum of money that it claims to have lost due to the alleged fraudulent purchase-sale transaction of the real property disputed in the case.

Puerto Retiro filed an answer to the complaint in due course in relation to the civil action, and filed some affirmative defenses. Tandanor requested the intervention of the National State as third party in the proceedings, which was admitted by the Court. In March 2015 both the National State and the plaintiffs answered the motion for affirmative defenses filed by the defendant. To date, no decision has been made regarding such defenses. Until the court rules on the admissibility of such affirmative defenses, we cannot predict the outcome; yet, there are some technical legal arguments that support the company’s position.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

9. Interests in associates

As of September 30, 2015 and June 30, 2015, the associates of the Group were New Lipstick LLC, BHSA, IDBD, Tarshop S.A., Manibil S.A., Lipstick Management LLC, Banco de Crédito y Securitización S.A. (“BACS”) and Avenida Inc.

Changes in the Group’s investments in associates for the three-month period ended September 30, 2015 and for the year ended June 30, 2015 were as follows:

	September 30, 2015	**June 30, 2015**
Beginning of the period /year	**2,619,457**	**1,767,165**
Acquisition / Increase in equity interest in associates (see Note 4)	-	1,254,306
Capital contributions	34,329	30,938
Share of profit / (loss)	66,108	(31,469)
Currency translation adjustment	34,790	87,359
Cash dividends (ii)	-	(12,873)
Sale of equity interest (see Note 4)	-	(33,768)
Reclassification to financial instruments (see Note 4)	-	(30,089)
Net loss on investments at fair value	(557,923)	(412,112)
End of the period / year (i)	**2,196,761**	**2,619,457**

(i) Includes Ps. (384,082) and Ps. (362,931) reflecting interests in companies with negative equity as of September 30, 2015 and June 30, 2015, respectively, which are disclosed in “Provisions” (see Note 23).

(ii) During the year ended June 30, 2015, the Group cashed dividends from BHSA in the amount of Ps. 12.9 million.

Restrictions, commitments and other matters in respect of associates

According to the Argentine laws, 5% of the profit of the year is separated to constitute legal reserve until they reach legal capped amounts (20% of total capital). This legal reserve is not available for the dividend distribution and can only be released to absorb losses. The Group's associates under these laws have not reached the legal capped amounts.

There are no contingent liabilities relating to the Group's interest in associates, and there are no contingent liabilities of the associates themselves.

Tarshop S.A.

Over the past two fiscal years, the BCRA modified certain aspects of the regulatory framework of the activities carried out by Tarshop S.A. Based on these changes, our Associate is going through a business reformulation process.

In addition, during October 2014 Banco Hipotecario S.A and IRSA CP approved a gradual capitalization plan to be carried out by shareholders pro rata their holdings; the first tranche of such capitalization has already been made for a total amount of Ps. 110.0 million.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

9. Interests in associates (Continued)

No-competition agreement for the sale of the equity interest

Due to the sale assignment and transfer of the 80% of the equity interest in Tarshop to BHSA, made during the fiscal year ended June 30, 2011, the Group committed itself to not competing for 5 years in the credit card and/or consumer loan business in which Tarshop has a presence.

New Lipstick

New Lipstick has a pledge over the shares of its operating subsidiary Metropolitan 885 Third Avenue Leasehold LLC ("Metropolitan"). Metropolitan owns the building known as Lipstick Building in Manhattan.

Rigby 183 LLC

During fiscal year 2015, Rigby has received a statement of proposed audit changes from New York State relating to New York State Real Property Transfer Tax concerning a transfer of shareholdings between shareholders in November 2012 in the amount of US$ 0.5 million. In September 2015, the State of New York notified the ruling in favor of Rigby, thereby dismissing the claim made.

IDBD

Under the Agreement, Dolphin and ETH promised to participate on a joint and several basis in the capital increases resolved by IDBD's Board of Directors in order to carry out its business plan for 2014 and 2015, for at least NIS 300 million in 2014 and NIS 500 million in 2015. As of September 30, 2015, Dolphin has contributed NIS 668.6 million in aggregate (NIS 400 million of which are creditable against its commitment) and ETH has contributed NIS 203.5 million in IDBD. In this way, Dolphin has completed its committed contributions, while IDBD is claiming from ETH, and Dolphin, under its joint and several liability, to pay the balance committed by ETH for an aggregate of NIS 196.5 million (equivalent to approximately US$ 50.1 million at the exchange rate prevailing as of September 30, 2015).

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

9. Interests in associates (Continued)

Moreover, as part of the Arrangement, Dolphin and ETH promised jointly and severally to make Tender Offers for the purchase of IDBD's shares for a total amount of NIS 512.09 million (equivalent to approximately US$ 128 million at the exchange rate prevailing as of September 30, 2015), as follows: (i) by December 31, 2015 at least NIS 249.8 million for a price per share of NIS7.798 (value as of September 30, 2015, subject to adjustment) and (ii) by December 31, 2016, for at least NIS 512.09 million, less the offer made in 2015, for a price per share of NIS 8.188 (value as of September 30, 2015, subject to adjustment). As security for the performance of the tender offers, a total of 34,130,119 shares in IDBD were pledged as of September 30, 2015. In addition, as of September 30, 2015, 49,695,135 shares, 23,950,072 Series 4 warrants, 22,752,569 Series 5 warrants and 20,357,561 Series 6 warrants of IDBD held by Dolphin were deposited in escrow as pledge collateral, and are expected to be soon transferred to an account not subject to pledge. As of the date, of issuance of these financial statements, the Tender Offer has not been consummated.

On May 12, 2014, IDBD's shares became listed on the TASE. Consequently, all the shares acquired to date (including the pledged shares) were deposited in escrow with Bank Leumi Le-Israel as security in compliance with the lock-up provisions set forth in Chapter D of the TASE Regulations, which provide that initially listed shares may not be disposed of for a term of 18 months and allow the release of 2.5% per month beginning on the fourth month since the initial listing date. In this way, pursuant to the TASE's regulations as of September 30, 2015 5,240,822 shares and 335,715 Series 3 warrants remained deposited as set forth above. The lock-up provisions will be effective up to November 12, 2015.

Additionally, Dolphin promised to inject funds in IDBD, directly or through an affiliated company, for at least NIS 256 million and up to NIS 400 million, as follows: (i) NIS 256 million through the exercise of the New Rights arising from the Rights Offering by Dolphin; (ii) an additional investment (the "Additional Investment") for an amount equivalent to (a) the Maximum Immediate Payment (as such term is defined in Note 3 to the Consolidated Financial Statements for the fiscal year ended June 30, 2015), less (b) the amount received by IDBD under the Rights Offering, excluding the exercise of the new warrants, but in no case for an amount higher than NIS 144 million. The Additional Investment will be made by Dolphin or a vehicle controlled by Eduardo Sergio Elsztain exercising additional rights to be acquired by them or, if such rights are not acquired, by participating in another rights offering to be made by IDBD. On February 10, 2015, Dolphin subscribed a total of NIS 391.5 million, with a remaining contribution commitment of NIS 8.5 million.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

9. Interests in associates (Continued)

In addition, as set forth in Note 3 to the Consolidated Financial Statements as of June 30, 2015, Dolphin promised to (i) exercise the Series 4 warrants for a total amount of NIS 150 million if so requested by IDBD's Board of Directors within 6 to 12 months of the Rights Offering date; and (ii) exercise the remaining Series 4, 5 and 6 warrants received under the Rights Offering, subject to the satisfaction of two conditions simultaneously: (a) that IDBD and its lenders reach an agreement to amend certain covenants; and (b) that a control permit over Clal is given by the Capital Markets, Insurance and Savings Commissioner of Israel.

On May 6, 2015, Dolphin submitted to IDBD's Board of Directors the following binding and irrevocable proposal, which provided, among others, that Dolphin (directly or through any vehicle controlled by Eduardo Sergio Elsztain), promises to make a capital injection for up to NIS 100 million in IDBD, subject to the following conditions, among others:

(a) That IDBD make a public offering of its shares, under terms acceptable to the market and approved by IDBD's Board of Directors, for an amount of at least NIS 100 million and not to exceed NIS 125 million, and that the offering is made between October 1, 2015 and November 15, 2015.

(b) The commitment assumed by Dolphin would automatically expire upon the occurrence of any of the following events before the day of the public auction under the public offering: (i) if any of IDBD's creditors or any of the representatives of IDBD's bondholders files legal actions against IDBD, including a complaint seeking the early or immediate repayment or acceleration of any portion of IDBD's debt; (ii) if a meeting of any of IDBD's bondholders is called including in its agenda any of the matters set forth in paragraph (ii); (iii) if IDBD receives capital contributions for a total amount of NIS 100 million in any manner, whether through a rights offering, the exercise of warrants, a private or public placement, and if such contributions are made by Dolphin directly or through any vehicle controlled by Eduardo Sergio Elsztain (apart from the capital contributions creditable against the NIS 158.5 million obligation under Dolphin's irrevocable proposal dated December 29, 2014), or by any other individual or legal entity, or the investor public, and at any event when the aggregate amount of such capital contributions under paragraph 5 (d) (iii) of the proposal so submitted is lower than NIS 100 million, Dolphin's commitment under Section 5 (c) above would be reduced accordingly; or (iv) if an adverse event or change occurs in IDBD or its control structure or in any of its material affiliates.

On May 7, IDBD's Board of Directors approved the proposal.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

9. Interests in associates (Continued)

On June 29, 2015, Dolphin submitted an irrevocable proposal to IDBD and DIC (the “Proposal Sent to IDBD and DIC”) which offered that, subject to its approval by the Boards of Directors of both companies, DIC would start as soon as possible a rights offering for up to approximately NIS 500 million (“DIC’s Rights Offering”) (equivalent to US$ 127.4 million at the exchange rate prevailing as of September 30, 2015). Under DIC’s Rights Offering, each shareholder of the company would receive, for no consideration, DIC’s right units consisting of 4 series of warrants issued by DIC (which would be registered for trading in the TASE), each of which would be exercisable for one common share of DIC (“DIC’s Warrants”), with the following features:

- DIC’s Warrants would be divided into 4 series, and the exercise price of each of such series would be approximately NIS 125 million, as follows:

o The first series of warrants would be exercisable until December 21, 2015, for a price to be determined based on acceptable market conditions and after consultation with capital market experts, but in no case for a higher price than NIS 6.53 (“DIC’s 1 Warrants”).

o The second series of warrants would be exercisable until December 21, 2016, for an exercise price equivalent to 110% of DIC’s 1 Warrants’ exercise price.

o The third series of warrants would be exercisable until December 21, 2017, for an exercise price of: (i) 110% of DIC’s 1 Warrants’ exercise price, in the event they are exercised before December 21, 2016; or (ii) 120 % of DIC’s 1 Warrants’ exercise price if they are exercised between December 21, 2016 and December 21, 2017.

o The fourth series of warrants would be exercisable until December 21, 2018, for an exercise price of: (i) 110 % of DIC’s 1 Warrants’ exercise price, in the event they are exercised before December 21, 2016; or (ii)

130 % of DIC's 1 Warrants' exercise price if they are exercised between December 21, 2016 and December 21, 2018.

- As part of DIC's Rights Offering, IDBD would promise to exercise all DIC's 1 Warrants issued in favor of IDBD, for a total amount of approximately NIS 92.5 million ("IDBD's Investment Amount") by December 21, 2015, provided that the following conditions have been satisfied as of such date:

  - IDBD should have the written consent of IDBD's main lenders for IDBD to exercise DIC's 1 Warrants issued in its favor under DIC's Rights Offering.

  - IDBD should have conducted and completed a Rights Public Offering (as such term is defined below), under which it should have raised an amount of at least NIS 200 million.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

9. Interests in associates (Continued)

- IDBD should have received the written consent of its main lenders in order for any amount injected as capital in IDBD after the date of such proposal in excess of NIS 100 million and up to NIS 350 million, to be used at any time for injection from IDBD into DIC, through any capital injection method.

- In turn, Dolphin proposes the following to IDBD:

  - IDBD's public offering amount under Dolphin's proposal dated May 6 would be increased by at least NIS 100 million and up to NIS 125 million (the "Rights Public Offering under the Proposal to IDBD and DIC"). In other words, the total amount would be increased from a minimum of NIS 100 million to a maximum of NIS 200 million, and the maximum amount would be increased from a maximum of NIS 125 million to a maximum of NIS 250 million (the "Total Increased Amount").

  - Therefore, Dolphin's obligation to participate in the Rights Public Offering under the Proposal to IDBD and DIC would be increased (compared to the proposal dated May 6, 2015) by an amount equal to the difference between the Total Increased Amount and the total amount of commitments received, always provided that such amount were not higher than NIS 200 million (the "Capital Contribution Amount").

  - The approval of this proposal would constitute IDBD's confirmation and approval that all of Dolphin's commitments under this proposal would imply the full and complete settlement of its remaining obligations to inject NIS 8.5 million in IDBD, pursuant to Dolphin's irrevocable proposal dated December 29, 2014.

  - Dolphin's commitment would automatically expire upon the occurrence of any of the following events: (i) if any of DIC's creditors or any of the trustees of DIC's bonds filed any legal action against DIC, including a complaint seeking the early repayment or acceleration of any portion of DIC's debt; and/or (ii) if any meeting of DIC's bondholders included in its agenda any one or more of the following matters: (a) appointment of advisers (financial, legal or otherwise); (b) appointment of a committee of representatives of DIC's bondholders; (c) filing of any legal action against DIC; and/or (d) complaints for early or immediate repayment of any portion of DIC's debt, or any similar discussion.

- The Proposal to IDBD and DIC was binding and irrevocable, and it was valid up to July 13, 2015 and expired on such date if the Boards of Directors of IDBD and DIC did not accept it and approve it unconditionally. The Proposal to IDBD and DIC was approved by IDBD's Board of Directors on July 16, 2015.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

9. Interests in associates (Continued)

On July 9 and 16, 2015, Dolphin submitted explanations on the Proposal to IDBD and DIC. On July 9, 2015, the main explanations were as follows:

- The termination or expiration of the Proposal to IDBD and DIC would not repeal the commitments undertaken by Dolphin under the proposal submitted by Dolphin to IDBD on May 6, 2015, always provided that such commitments continued in full force and effect subject to the proposed terms, or Dolphin's remaining commitment to inject NIS 8.5 million in IDBD pursuant to its irrevocable proposal dated December 29, 2014.

- A further condition would be added to the Proposal to IDBD and DIC whereby if Dolphin's interest in the rights public offering were lower than NIS 8.5 million, Dolphin would remain obliged vis-à-vis IDBD to inject the remaining amount arising from subtracting NIS 8.5 million and the amount effectively injected at this instance by Dolphin.

- IDBD would replace its commitment to exercise DIC's Series 1 warrants for NIS 92.5 million with the commitment to exercise the Series 1 warrants for at least the amount that results from subtracting (a) the Capital Contribution Amount; and (b) NIS 100 million, always provided that such amount does not exceed NIS 92.5 million.

On July 13, 2015, Dolphin extended the maturity of the Proposal to IDBD and DIC until July 16, 2015.

In addition, on July 16, 2015, Dolphin submitted additional explanations on the Proposal to IDBD and DIC dated June 29, 2015 and July 9, 2015, which provided as follows:

- Dolphin agrees that the new shares to be acquired by Dolphin or any entity controlled by Eduardo Sergio Elsztain under the public offering of shares to be made by IDBD during October 2015 would not grant to it the right to participate in the Tender Offer (as such term is defined in Note 3 to the Consolidated Financial Statements as of June 30, 2015) always provided that such new shares are still held by Dolphin or an entity controlled by Eduardo Sergio Elsztain. Notwithstanding, nothing will prevent Dolphin and/or the entity controlled by Eduardo Sergio Elsztain that holds such new shares to be acquired under the public offering to be made in October 2015 by IDBD from freely disposing of them.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

9. Interests in associates (Continued)

On July 16, 2015, IDBD's Board of Directors approved a capital increase by means of a public offering pursuant to the terms proposed by Dolphin in the Proposal to IDBD and DIC, and to exercise DIC's warrants, all based on Dolphin's irrevocable commitment to participate in the referred capital increase. IDBD plans to carry out the public offering between October and November 2015, subject to the company's corporate approvals, other statutory consents required and the fact that the exercise of DIC's warrants can be made pursuant to the terms and conditions set forth in Dolphin's proposal. Additionally, on July 16, 2015, DIC's Board of Directors accepted the Proposal to IDBD and DIC and instructed its management to take such steps as necessary in order to make a rights offering pursuant to Dolphin's proposal. On August 27, 2015 DIC published the rights offering prospectus and on September 6, 2014 DIC issued 4 series of warrants to its shareholders. As of the date of submittal of these financial statements, IDBD had not completed the capital injection in DIC.

On August 16, 2015 and amended on September 9, 2015, the Arrangement Trustees submitted a petition to the competent court (the "Petition of the Arrangement Trustees"), including Dolphin and IFISA among other stakeholders, for it to determine whether: (a) IFISA would be subject to the commitments related to the Tender Offer under identical terms as Dolphin; (b) the shares held by any other company controlled by Eduardo Sergio Elsztain (including Dolphin) would not be eligible to take part in the Tender Offer; and (c) the shares held by any company controlled by Eduardo Sergio Elsztain (including Dolphin) and transferred to other entities would not be eligible to take part in the Tender Offer.

On September 29, 2015 the Arrangement Trustees submitted a petition to the competent court for it to issue a temporary order prohibiting Dolphin, IFISA and others to carry out any transactions with IDBD's shares until the court decided on the petition made by the Arrangement Trustees. See Note 39 for further information.

36

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

10. Investment properties

Changes in the Group's investment properties for the three-month period ended September 30, 2015 and for the year ended June 30, 2015 were as follows:

	Shopping Center	Office buildings and other rental properties	Undeveloped parcel of lands	Properties under development	Total
At June 30, 2014:					
Costs	3,135,470	1,022,389	367,871	363,001	4,888,731
Accumulated depreciation	(1,370,225)	(248,911)	-	-	(1,619,136)
Residual value	**1,765,245**	**773,478**	**367,871**	**363,001**	**3,269,595**
Year ended June 30, 2015					
Opening residual value	1,765,245	773,478	367,871	363,001	3,269,595
Additions	60,361	220,152	1,569	186,457	468,539
Transfers	490,191	23,080	25,331	(538,602)	-
Transfers to property, plant and equipment	(140)	10,404	-	(8,779)	1,485
Transfers to trading property	(3,107)	-	-	-	(3,107)
Disposals	(114)	(93,566)	(3,251)	(2,077)	(99,008)
Depreciation (i)	(123,387)	(24,040)	-	-	(147,427)
Residual value at the year end	**2,189,049**	**909,508**	**391,520**	**-**	**3,490,077**
At June 30, 2015					
Costs	3,682,661	1,182,459	391,520	-	5,256,640
Accumulated depreciation	(1,493,612)	(272,951)	-	-	(1,766,563)
Residual value	**2,189,049**	**909,508**	**391,520**	**-**	**3,490,077**

Period ended September 30, 2015					
Opening residual value	2,189,049	909,508	391,520	-	3,490,077
Additions	45,969	811	-	-	46,780
Disposals	-	(20,873)	(2,895)	-	(23,768)
Depreciation (i)	(36,359)	(9,781)	-	-	(46,140)
Closing residual value	**2,198,659**	**879,665**	**388,625**	**-**	**3,466,949**
At September 30, 2015					
Costs	3,728,630	1,162,397	388,625	-	5,279,652
Accumulated depreciation	(1,529,971)	(282,732)	-	-	(1,812,703)
Residual value	**2,198,659**	**879,665**	**388,625**	**-**	**3,466,949**

(i) Depreciation charges of investment property were included in "Costs" in the statement of income (Note 29).

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

	September 30, 2015	**September 30, 2014**
Rental and service income	601,668	487,017
Income from expenses adjustment and FPC	254,941	201,422
Direct operating expenses	(430,575)	(350,828)
Development expenditures	(4,559)	(2,666)
Gain from disposal of investment property	389,815	317,486

Borrowing costs incurred during the period ended September 30, 2014 of Ps. 2,034, were capitalized at the rate of the Company's general borrowings, which amounts to 15%. Those costs correspond to Alto Comahue. Capitalization of financial costs has ceased since the completion of the shopping mall, therefore, financial costs have not been capitalized as of September 30, 2015.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

10. Investment properties (Continued)

Arcos del Gourmet

Injunction order:

In December 2013, the Judicial Branch confirmed an injunction that suspended the opening of the shopping center on the grounds that it did not have certain governmental permits in the context of two judicial processes, where a final decision has been rendered for the company.

The plaintiff filed a petition for the continuation of the preliminary injunction by means of an extraordinary appeal of unconstitutionality which was by the lower and appellate courts; consequently, it filed an appeal with the Autonomous City of Buenos Aires Higher Court of Justice, which so far has not rendered a decision.

Nowadays, the Shopping Center Distrito Arcos is open to the public and operating normally.

Concession Status:

The National State issued Executive Order 1723/2012 whereby several plots of land located in prior rail yards of Palermo, Liniers and Caballito rail stations ceased to be used for rail purposes, in order to be used for development of integral urbanization projects.

In this respect and as part of several measures related to other licensed persons and/or concessionaires, we have notified in the file of proceedings of the corresponding Resolution 170/2014 revoking the Contract for Reformulation of the Concession of Rights of use and Development number AF000261 issued by the Agencia de Administración de Bienes del Estado (State Assets Administration Office, or AABE in Spanish).

It should further be pointed out that such measure:

(i) has not been adopted due to non-compliance of our controlled company;

(ii) to date has not involved the interruption of the commercial development or operation of the shopping center, which continues to operate under normal conditions;

Notwithstanding the foregoing, Arcos del Gourmet S.A. has filed the relevant administrative remedies (appeal) and has also filed a judicial action requesting that the revocation of such concession be overruled.

Furthermore, it has started a so-called “juicio de consignación”, that is an action where the plaintiff deposits with the court sums of money that the defendant refuses to accept. Under this legal action, the company has deposited in due time and form all rental payments under the Contract for Reformulation of the Concession of Rights of Use and Development, which the Company considers to have been unduly revoked.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

10. Investment properties (Continued)

The following is a detailed summary of the Group's investment properties by type at September 30, 2015 and June 30, 2015:

Name	Net book amount September 30, 2015	June 30, 2015
Shopping centers:		
Abasto de Buenos Aires	255,183	255,335
Alto Palermo Shopping	218,892	221,792
Alto Avellaneda	130,820	131,140
Paseo Alcorta	105,940	106,091
Alto Noa	30,570	29,708
Buenos Aires Design	11,475	12,860
Patio Bullrich	111,272	112,426
Alto Rosario	113,731	115,014
Mendoza Plaza	99,800	101,657
Dot Baires Shopping	373,971	377,260
Córdoba Shopping	63,221	61,111
Patio Olmos	26,514	27,050
Soleil Factory	83,303	84,301
Ocampo parking space	14,164	14,401
Alto Comahue	316,605	309,103
Distrito Arcos	243,198	229,800
Total Shopping Centers	**2,198,659**	**2,189,049**
Office building and other rental properties portfolio:		
Bouchard 551	7,585	7,698

Bouchard 710	60,791	60,923
Dique IV	51,043	51,835
Intercontinental Plaza	21,769	41,106
Libertador 498	3,972	3,938
Maipú 1300	9,914	14,713
Suipacha 652	8,272	8,255
Torre BankBoston	137,523	138,432
República building	193,459	194,971
Dot building	125,506	126,365
La Adela	214,594	214,594
Santa María del Plata	12,510	12,510
Abasto Office	10,309	11,084
Building annexed to Alto Palermo Shopping	31,740	32,542
Others	15,873	15,973
Total Office and Other rental properties portfolio (i)	**904,860**	**934,939**
Undeveloped parcels of lands:		
Santa María del Plata	158,951	158,951
Catalinas Norte	109,496	109,496
Pilar	1,550	1,550
Luján plot of land	41,972	41,972
Caballito - Ferro	45,812	45,812
Building annexed to DOT	25,336	25,336
Others	5,508	8,403
Total undeveloped parcels of land	**388,625**	**391,520**
Total	**3,492,144**	**3,515,508**

(i) As of September 30, 2015 and June 30, 2015 includes property, plant and equipment in the amount of Ps. 25,195 and Ps. 25,431, respectively, that reflect offices used by the Group.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

11. Property, plant and equipment

Changes in the Group's property, plant and equipment for the three-month period ended September 30, 2015 and for the year ended June 30, 2015 were as follows:

	Hotel buildings and facilities	Buildings and facilities	Furniture and fixtures	Machinery and equipment	Vehicles	Total
At June 30, 2014:						
Costs	390,499	76,600	17,246	97,291	512	582,148
Accumulated depreciation	(226,113)	(44,296)	(11,202)	(80,012)	(512)	(362,135)
Residual value	**164,386**	**32,304**	**6,044**	**17,279**	**-**	**220,013**
Year ended June 30, 2015						
Opening residual value	164,386	32,304	6,044	17,279	-	220,013
Additions	14,737	6,233	2,693	23,248	2,863	49,774
Currency translation adjustment	-	-	102	-	-	102
Disposals	-	-	(46)	-	-	(46)
Transfers to investment properties	-	(10,404)	3,618	5,301	-	(1,485)
Depreciation (i)	(14,309)	(398)	(1,513)	(8,527)	(477)	(25,224)
Residual value at the year end	**164,814**	**27,735**	**10,898**	**37,301**	**2,386**	**243,134**
At June 30, 2015:						
Costs	405,236	72,429	23,613	125,840	3,375	630,493
Accumulated depreciation	(240,422)	(44,694)	(12,715)	(88,539)	(989)	(387,359)

Residual value	**164,814**	**27,735**	**10,898**	**37,301**	**2,386**	**243,134**
Period ended September 30, 2015						
Opening residual value	164,814	27,735	10,898	37,301	2,386	243,134
Additions	2,456	-	507	3,786	-	6,749
Currency translation adjustment	-	-	34	-	-	34
Depreciation (i)	(3,439)	(233)	(464)	(3,210)	(143)	(7,489)
Closing residual value	**163,831**	**27,502**	**10,975**	**37,877**	**2,243**	**242,428**
At September 30, 2015:						
Costs	407,692	72,429	24,154	129,626	3,375	637,276
Accumulated depreciation	(243,861)	(44,927)	(13,179)	(91,749)	(1,132)	(394,848)
Residual value	**163,831**	**27,502**	**10,975**	**37,877**	**2,243**	**242,428**

(i) Depreciation charges of property, plant and equipment were included in “General and administrative expenses and Costs” in the statement of income (Note 29).

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

11. Property, plant and equipment (Continued)

The following is a detailed summary of hotels and facilities included in property, plant and equipment of the Group by type at September 30, 2015 and June 30, 2015:

Name	Net book amount September 30, 2015	June 30, 2015
Hotels:		
Llao Llao	80,280	81,539
Hotel Intercontinental	52,861	51,875
Sheraton Libertador	30,690	31,400
Total Hotels	**163,831**	**164,814**

12. Trading properties

Changes in the Group's trading properties for the three-month period ended September 30, 2015 and for the year ended June 30, 2015 were as follows:

	Completed properties	Properties under development	Undeveloped sites	Total
At June 30, 2014	**6,317**	**119,188**	**9,748**	**135,253**

Additions	-	1,066	-	1,066
Currency translation adjustment	-	(6,125)	-	(6,125)
Transfers of investment properties	-	-	3,107	3,107
Disposals	(1,897)	-	-	(1,897)
At June 30, 2015	**4,420**	**114,129**	**12,855**	**131,404**
Additions	-	103	-	103
Currency translation adjustment	-	(3,945)	-	(3,945)
Disposals	(1,400)	-	-	(1,400)
At September 30, 2015	**3,020**	**110,287**	**12,855**	**126,162**

	September 30, 2015	**June 30, 2015**
Non-current	122,074	128,104
Current	4,088	3,300
Total	**126,162**	**131,404**

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

12. Trading properties (Continued)

The following is a detailed summary of the Group´s trading properties by type as of September 30, 2015 and June 30, 2015:

	Net book Amount	
Description	**September 30, 2015**	**June 30, 2015**
Undeveloped sites:		
Air space Coto	8,945	8,945
Córdoba plot of land	3,107	3,107
Neuquén Project	803	803
Total undeveloped sites	**12,855**	**12,855**
Properties under development:		
Vista al Muelle	41,792	43,362
Zetol	60,295	62,567
Pereiraola	8,200	8,200
Total properties under development	**110,287**	**114,129**
Completed properties:		
Abril	2,357	2,357
San Martín de Tours	124	124
Entre Rios 465/9 apartment	-	1,400
Condominio I	21	21
Condominio II	518	518
Total completed properties	**3,020**	**4,420**
Total	**126,162**	**131,404**

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

13. Intangible assets

Changes in the Group's intangible assets for the three-month period ended September 30, 2015 and for the year ended June 30, 2015 were as follows:

	Goodwill	Computer software	Rights of use (ii)	Right to receive future units under barter agreements (iii)	Others	Total
At June 30, 2014						
Cost	5,824	18,324	20,873	85,077	11,861	141,959
Accumulated depreciation	-	(17,020)	-	-	(854)	(17,874)
Residual value	**5,824**	**1,304**	**20,873**	**85,077**	**11,007**	**124,085**
Year ended June 30, 2015						
Opening residual value	5,824	1,304	20,873	85,077	11,007	124,085
Additions	-	925	-	5,409	-	6,334
Disposals	(343)	(37)	-	-	-	(380)
Depreciation (i)	-	(1,011)	(471)	-	(1,148)	(2,630)
Residual value at the year end	**5,481**	**1,181**	**20,402**	**90,486**	**9,859**	**127,409**
At June 30, 2015						
Cost	5,481	19,212	20,873	90,486	11,861	147,913
Accumulated depreciation	-	(18,031)	(471)	-	(2,002)	(20,504)
Residual value	**5,481**	**1,181**	**20,402**	**90,486**	**9,859**	**127,409**
Period ended September 30, 2015:						
Opening residual value	5,481	1,181	20,402	90,486	9,859	127,409
Additions	-	24	-	-	-	24
Depreciation (i)	-	(155)	(235)	-	(548)	(938)
Closing residual value	**5,481**	**1,050**	**20,167**	**90,486**	**9,311**	**126,495**

Period ended September 30, 2015:						
Cost	5,481	19,236	20,873	90,486	11,861	147,937
Accumulated depreciation	-	(18,186)	(706)	-	(2,550)	(21,442)
Residual value	**5,481**	**1,050**	**20,167**	**90,486**	**9,311**	**126,495**

(i) Amortization charges of intangible assets are included in "General and administrative expenses" in the statement of income (Note 29). There are no impairment charges for any of the years / period presented.

(ii) Correspond to Distrito Arcos Depreciation began in January, 2015, upon delivery of the shopping center.

(iii) Correspond to receivables in kind representing the right to receive residential apartments in the future by way of barter agreements.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

14. Inventories

Breakdown of Group's inventories as of September 30, 2015 and June 30, 2015 were as follows:

	September 30, 2015	**June 30, 2015**
Current		
Hotel supplies	7,011	6,926
Materials and others items of inventories	15,664	15,844
Current inventories	**22,675**	**22,770**
Total inventories	**22,675**	**22,770**

15. Financial instruments by category

Determination of fair values

IFRS 9 defines the fair value of a financial instrument as the amount for which an asset could be exchanged, or a financial liability settled, between knowledgeable, willing parties in an arm's length transaction. All financial instruments recognized at fair value are allocated to one of the valuation hierarchy levels of IFRS 7. This valuation hierarchy provides for three levels.

In the case of Level 1, valuation is based on quoted prices (unadjusted) in active markets for identical assets and liabilities that the Company can refer to at the date of valuation. A market is deemed active if transactions of assets and liabilities take place with frequency and in sufficient quantity. Since a quoted price in an active market is the most reliable indicator of fair value, this should always be used if available. The financial instruments the Group has allocated to this level mainly comprise equity investments, mutual funds, derivatives, securities and non-convertible notes for which quoted prices in active markets are available. In the case of securities, the Group allocates them to this level when either a stock market price is available or prices are provided by a price quotation on the basis of actual market transactions.

In the case of Level 2, fair value is determined by using valuation methods based on inputs directly or indirectly observable in the market. If the financial instrument concerned has a fixed contract period, the inputs used for valuation must be observable for the whole of this period. The financial instruments the Group has allocated to this level mainly comprise interest rate swaps and foreign currency future contracts.

15. Financial instruments by category (Continued)

In the case of Level 3, the Group uses valuation techniques not based on inputs observable in the market. This is only permissible insofar as no market data are available. The inputs used reflect the Group's assumptions regarding the factors which market players would consider in their pricing. The Group uses the best available information for this, including internal company data. The Group has allocated to this level preferred shares and warrants of Condor, the commitment to tender offer of shares in IDBD, the investment in the associate IDBD and other borrowings.

The Group's Finance Division has a team in place in charge of estimating valuation of financial assets required to be reported in the financial statements, including the fair value of Level 3 instruments. The team directly reports to the Chief Financial Officer ("CFO").

The CFO and the valuation team discuss the valuation methods and results upon the acquisition of an asset and, if necessary, on a quarterly basis, in line with the Group's quarterly reports.

According to the Group's policy, transfers among the several categories of valuation tiers are recognized when occurred, or when there are changes in the prevailing circumstances requiring the transfer.

As described in Note 3 to the Annual Consolidated Financial Statements as of June 30, 2015, the Group has priced its investment in IDBD at market value using the exception provided in IAS 28 (see Note 2 for further details). The investment in IDBD consists of 324 million of common stocks representing 49% of IDBD's share capital, and 248 million warrants to purchase common stocks.

Until June 30, 2015 the Group considered that the listing value of IDBD's share in the Tel Aviv Stock Exchange was representative of the market value of its investment and, therefore, priced its holdings in accordance with such value, and categorized it as Level 1.

As mentioned in Note 9 to these Financial Consolidated Statements as part of the Arrangement, Dolphin promised to make one or more Tender Offers for the purchase of IDBD's shares at a fixed price for a total amount of NIS 512.09 million.

On October 20, 2015, a first instance judge of the Tel Aviv-Jaffo Court approved a petition made by the representatives of the Creditors subject to the Arrangement and resolved that the shares held by Dolphin or any company controlled by Eduardo S. Elsztain could not be offered in the Tender Offers committed for December 2015 and December 2016. Dolphin decided to challenge the ruling by filing an appeal with Israel's Supreme Court of Justice.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

15. Financial instruments by category (Continued)

Even though IDBD's capital is composed of only one class of common shares holding the same rights, the cited ruling could be construed as creating "de facto" two classes of stocks with different rights, one that may be included in the Tender Offers and another class – which belongs to any company controlled by Eduardo S. Elsztain – which may not. This would imply that the stock's listed price (which has an embedded value component for the commitment of future Tender Offers) is not representative as such for pricing Dolphin's holding of stocks.

According to the Company's policy, transfers to and from different levels of category of market value of IFRS 13 as of the date of the event or change in the circumstances that lead to the transfer. Based on the above described circumstances, the Company believes that it should cease to consider the listed price (Level 1 valuation) and make use of a valuation model with unobservable variables (Level 3 valuation) to estimate the market value of its investment in IDBD.

To that end, the Company has developed an in-house pricing model based on a Black-Scholes model, which fixes the Tender Offer component value embedded in the share's listed price, and subtracts it to determine a market value for the investment. Furthermore, the model weights occurrence probabilities for different scenarios. The pricing of its investment in IDBD has been categorized as Level 3 because it uses significant unobservable variables, including, but not limited to, probability, interest rate and volatility, to determine the market value.

Based upon its legal advisors' opinion, Dolphin believes it has chances to revert the first instance ruling at the Supreme Court of Justice. Dolphin has assigned equal probabilities of success or failure in the appeal. Should Dolphin fails in the appeal, the company believes the Supreme Court's ruling could open up a range of possibilities as to the amounts that stocks could be offered in the Tender Offers.

Thus, the pricing model used to determine the investment market value considers the following scenarios:

Scenario 1:

The company has a 50% chance of a favorable outcome in the appeal filed with the Supreme Court of Justice and, therefore, all the shares held by Dolphin and any other company controlled by Eduardo S. Elsztain can be included in the Tender Offers. This implies a status quo with regard to the pricing methodology as of June 30, 2015 and, hence, the listing value of IDBD's stocks would only be affected for the pricing of the Company's holding regarding the valuation difference between June 30, 2015 and September 30, 2015.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

15. Financial instruments by category (Continued)

Scenario 2:

The company has a 50% chance of an unfavorable ruling by the Supreme Court of Justice. This scenario is in turn divided into secondary scenarios in accordance with the amounts of the stocks held by Dolphin or other companies controlled by Eduardo S. Elsztain, which could be included in the Tender Offers. The ruling could prohibit all of the stocks in the hands of Dolphin or any other company controlled by Eduardo S. Elsztain from being included in the Tender Offers or and could set different amounts of eligible shares to be part in the Tender Offer. Therefore, the Company has assigned different probabilities of occurrence to the secondary scenarios under scenario 2, according to the number of IDBD shares in its hands that could be included in the Tender Offers.

The relevant variables used in calculating the market value of the investment in IDBD are as follows:

Rate in NIS	8.09 %
IDBD Spot Price	NIS 2.16
Exchange rate US$ NIS	3.92
Exchange rate US$ Ps	9.42
Share price volatility	70.6 %
Risk free rate in ILS as of 12/31/2015	0.02 %
Risk free rate in ILS as of 12/31/2016	0.10 %

The probability scenarios of secondary scenario 2 are sensitive to the amount of the stocks that may be included in the Tender Offers and, therefore, influence on the calculation of the stock’s market value.

The warrants for purchasing IDBD's common shares have been priced at their listing value upon considering it representative of their market value.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

15. Financial instruments by category (Continued)

The following tables present the Group's financial assets and financial liabilities that are measured at fair value as of September 30, 2015 and June 30, 2015 and their allocation to the fair value hierarchy:

		September 30, 2015
	Level 1	