

IRSA INVESTMENTS & REPRESENTATIONS INC

Form 6-K

December 06, 2016

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements
as of September 30, 2016 and for the three-month periods
ended September 30, 2016 and 2015

Legal Information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.

Fiscal year N°: 74, beginning on July 1st, 2016.

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 millions of Ps.): 579.

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

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

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

Interest of the Parent Company on the capital stock: 366,788,251 common shares.

Percentage of votes of the Parent Company on the shareholders' equity: 63.38%.

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

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

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Review report on the Unaudited Condensed Consolidated Financial Statements

Glossary

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

| Terms | Definitions |
|-----------------------------|---|
| Adama | Adama Agricultural Solutions Ltd. |
| BACS | Banco de Crédito y Securitización S.A. |
| Baicom | Baicom Networks S.A. |
| Bartan | Bartan Holdings and Investments Ltd. |
| BASE | Buenos Aires Stock Exchange |
| BCRA | Central Bank of the Argentine Republic. |
| BHSA | Banco Hipotecario S.A. |
| BMBY | Buy Me Buy You (Note 3.A.a) |
| BNSA | Boulevard Norte S.A. |
| Cellcom | Cellcom Israel Ltd. |
| Clal | Clal Holdings Insurance Enterprises Ltd. |
| CNV | Securities Exchange Commission |
| Condor | Condor Hospitality Trust Inc. |
| Cresud | Cresud S.A.C.I.F. y A. |
| Cyrsa | Cyrsa S.A. |
| DFL | Dolphin Fund Ltd. |
| DIC | Discount Investment Corporation Ltd. |
| DN B.V. | Dolphin Netherlands B.V. |
| Dolphin | Dolphin Fund Ltd. and Dolphin Netherlands B.V. |
| EHSA | Entertainment Holdings S.A. |
| ENUSA | Entretenimiento Universal S.A. |
| Financial Statements | Unaudited Condensed Interim Consolidated Financial Statements |
| Annual Financial Statements | Consolidated Financial Statements as of June 30, 2016 |
| ETH | C.A.A. Extra Holdings Ltd. |
| CPF | Collective Promotion Funds |
| IDB Tourism | IDB Tourism (2009) Ltd |
| IDBD | IDB Development Corporation Ltd. |
| IDBGI | IDB Group Investment Inc. |
| IFISA | Inversiones Financieras del Sur S.A. |
| IFRS | International Financial Reporting Standards |
| CPI | Consumer Price Index |
| IRSA, “The Company”, “Us” | IRSA Inversiones y Representaciones Sociedad Anónima |
| IRSA CP | IRSA Propiedades Comerciales S.A. |
| Koor | Koor Industries Ltd. |
| Lipstick | Lipstick Management LLC |
| LRSA | La Rural S.A. |
| Metropolitan | Metropolitan 885 Third Avenue Leasehold LLC |
| New Lipstick | New Lipstick LLC |
| IAS | International Accounting Standards |
| IFRS | International Financial Reporting Standards |
| NIS | New Israeli Shekel |
| NFSA | Nuevas Fronteras S.A. |
| NPSF | Nuevo Puerto Santa Fe S.A. |

| | |
|---------------|--------------------------------------|
| NYSE | New York Stock Exchange |
| OASA | OGDEN Argentina S.A. |
| NCN | Non-Convertible Notes |
| PAMSA | Panamerican Mall S.A. |
| PBC | Property & Building Corporation Ltd. |
| PBEL | Real Estate LTD |
| Puerto Retiro | Puerto Retiro S.A. |
| Quality | Quality Invest S.A. |
| Shufersal | Shufersal Ltd. |
| SRA | Sociedad Rural Argentina |
| Tarshop | Tarshop S.A. |

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Financial Position

as of September 30, 2016 and June 30, 2016

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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

| | Note | 09.30.16 | 06.30.16 |
|---|---------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment properties | 10 | 50,708 | 49,872 |
| Property, plant and equipment | 11 | 23,794 | 24,055 |
| Trading properties | 12 | 3,529 | 4,471 |
| Intangible assets | 13 | 11,414 | 11,763 |
| Investments in associates and joint ventures ... | 8 and 9 | 5,312 | 16,236 |
| Deferred income tax assets . | 20 | 719 | 638 |
| Income tax and minimum presumed income tax ("MPIT") credit | | 124 | 123 |
| Restricted assets | 14 | 35 | 54 |
| Trade and other receivables | 15 | 3,600 | 3,441 |
| Employee benefits | | 4 | 4 |
| Investments in financial assets | 14 | 2,241 | 2,226 |
| Financial assets held for sale | 14 | 2,615 | 3,346 |
| Derivative financial instruments | 14 | 4 | 8 |
| Total non-current assets | | 104,099 | 116,237 |
| Current assets | | | |
| Trading properties | 12 | 1,219 | 241 |
| Inventories | | 2,748 | 3,246 |
| Restricted assets | 14 | 1,657 | 564 |
| Income tax and minimum presumed income tax ("MPIT") credit | | 365 | 506 |
| Group of assets held for sale | 30 | 11,506 | - |
| Trade and other receivables | 15 | 13,718 | 13,409 |
| Investments in financial assets | 14 | 9,779 | 9,656 |
| Financial assets held for sale | 14 | 2,178 | 1,256 |
| Derivative financial instruments | 14 | 26 | 19 |
| Cash and cash equivalents | 14 | 15,449 | 13,866 |
| Total current assets | | 58,645 | 42,763 |
| TOTAL ASSETS | | 162,744 | 159,000 |
| SHAREHOLDERS' EQUITY | | | |
| Capital and reserves attributable to equity holders of the parent | | | |
| Share capital | | 575 | 575 |
| Treasury shares | | 4 | 4 |
| Inflation adjustment of share capital and treasury shares | | 123 | 123 |
| Share premium | | 793 | 793 |
| Additional paid-in capital from treasury shares | | 16 | 16 |
| Legal reserve | | 117 | 117 |
| Special reserve | | 4 | 4 |
| Other reserves | 21 | 653 | 726 |
| Accumulated deficit | | (1,820) | (1,243) |
| Total capital and reserves attributable to equity holders of the parent | | 465 | 1,115 |
| Non-controlling interest | | 13,022 | 12,386 |
| TOTAL SHAREHOLDERS' EQUITY | | 13,487 | 13,501 |

LIABILITIES

Non-current liabilities

| | | | |
|---|----|--------|---------|
| Trade and other payables | 17 | 2,435 | 1,518 |
| Borrowings | 19 | 86,709 | 90,680 |
| Derivative financial instruments | 14 | 125 | 105 |
| Income tax and minimum presumed income tax ("MPIT") liabilities | | 28 | - |
| Deferred income tax liabilities | 20 | 7,573 | 7,571 |
| Employee benefits | | 708 | 689 |
| Salaries and social security liabilities | | 14 | 11 |
| Provisions | 18 | 1,336 | 1,325 |
| Total non-current liabilities | | 98,928 | 101,899 |

Current liabilities

| | | | |
|---|----|--------|--------|
| Trade and other payables | 17 | 16,591 | 17,874 |
| Group of liabilities held for sale | 30 | 11,369 | - |
| Salaries and social security liabilities | | 1,690 | 1,707 |
| Borrowings | 19 | 19,103 | 22,252 |
| Derivative financial instruments | 14 | 101 | 112 |
| Provisions | 18 | 1,083 | 1,039 |
| Income tax and minimum presumed income tax ("MPIT") liabilities | | 392 | 616 |
| Total current liabilities | | 50,329 | 43,600 |

TOTAL LIABILITIES 149,257 145,499

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES 162,744 159,000

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

Eduardo S. Elsztain
President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Operations
for the three-month periods beginning on July 1, 2016 and 2015
and ended September 30, 2016 and 2015

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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

| | Note | 09.30.16 | 09.30.15 |
|---|---------|----------|----------|
| Revenues | 22 | 18,687 | 968 |
| Costs | 23 | (13,267) | (435) |
| Gross profit | | 5,420 | 533 |
| Gain from disposal of investment properties | 10 | 19 | 390 |
| General and administrative expenses | 24 | (934) | (131) |
| Selling expenses | 24 | (3,296) | (55) |
| Other operating results, net | 25 | (62) | (13) |
| Profit from operations | | 1,147 | 724 |
| Share of loss of joint ventures and associates | 8 and 9 | (43) | (491) |
| Profit before financial results and income tax | | 1,104 | 233 |
| Finance income | 26 | 388 | 46 |
| Finance costs | 26 | (2,124) | (335) |
| Other financial results | 26 | 262 | (148) |
| Financial results, net | 26 | (1,474) | (437) |
| Loss before income tax | | (370) | (204) |
| Income tax expense | 20 | (54) | (112) |
| Loss for the period from continuing operations | | (424) | (316) |
| Loss from discontinued operations after income tax | 31 | (358) | - |
| Loss for the period | | (782) | (316) |
| Attributable to: | | | |
| Equity holders of the parent | | (577) | (276) |
| Non-controlling interest | | (205) | (40) |
| Loss per share attributable to equity holders of the parent during the period: | | | |
| Basic | (1.00) | (0.48) | |
| Diluted | (1.00) | (0.48) | |
| Loss per share from continuing operations attributable to equity holders of the parent during the period: | | | |
| Basic | | (0.68) | (0.48) |
| Diluted | | (0.68) | (0.48) |

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

Eduardo S. Elsztain
President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Comprehensive Operations
for the three-month periods beginning on July 1, 2016 and 2015
and ended September 30, 2016 and 2015

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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

| | 09.30.16 | 09.30.15 |
|---|----------|----------|
| Loss for the period | (782) | (316) |
| Other comprehensive income: | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Currency translation adjustment | 464 | 36 |
| Change in the fair value of hedging instruments net of income taxes | 56 | - |
| Items that may not be reclassified subsequently to profit or loss, net of income tax: | | |
| Actuarial loss from defined benefit plans | (22) | - |
| Others | (3) | - |
| Other comprehensive income for the period | 495 | 36 |
| Total comprehensive loss for the period | (287) | (280) |
| Attributable to: | | |
| Equity holders of the parent | (365) | (241) |
| Non-controlling interest..... | 78 | (39) |
| Attributable to equity holders of the parent from continuing operations: | (178) | (241) |
| Attributable to equity holders of the parent from discontinued operations: | (187) | - |
| Total attributable to equity holders of the parent | (365) | (241) |

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

Eduardo S. Elsztain
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, 2016 and 2015

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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

| | Attributable to equity holders of the parent | | | | | | | | | Subtotal | Non-controlling interest |
|--|--|-----------------|---|---------------|---|---------------|---------------------|--------------------------|---------------------|----------|--------------------------|
| | Share capital | Treasury shares | Inflation adjustment of share capital and treasury shares (1) | Share premium | Additional paid-in capital from treasury shares | Legal reserve | Special reserve (2) | Other reserves (Note 21) | Accumulated deficit | | |
| Balance at July 1, 2016 | 575 | 4 | 123 | 793 | 16 | 117 | 4 | 726 | (1,243) | 1,115 | 12,386 |
| Loss for the period | - | - | - | - | - | - | - | - | (577) | (577) | (205) |
| Other comprehensive income for the period | - | - | - | - | - | - | - | 212 | - | 212 | 283 |
| Total comprehensive income / (loss) for the period | - | - | - | - | - | - | - | 212 | (577) | (365) | 78 |
| Incorporated by business combination (Note 4) | - | - | - | - | - | - | - | - | - | - | 19 |
| Reserve for share-based compensation | - | - | - | - | - | - | - | 3 | - | 3 | 22 |
| Capital reduction | - | - | - | - | - | - | - | - | - | - | (1) |
| Transactions with non-controlling interest | - | - | - | - | - | - | - | (288) | - | (288) | 518 |
| Balance at September 30, 2016 | 575 | 4 | 123 | 793 | 16 | 117 | 4 | 653 | (1,820) | 465 | 13,022 |

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

(1)
Includes Ps. 1 of Inflation adjustment of treasury shares. See Note 24 to the Annual Financial Statements.

(2)

Related to CNV General Resolution N° 609/12. See Note 24 to the Annual Financial Statements.

Eduardo S. Elsztain
President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
for the three-month periods ended September 30, 2016 and 2015

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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| | Attributable to equity holders of the parent | | | | | | | | | Subtotal | Non-controlling interest |
|--|--|-----------------|---|---------------|---|---------------|---------------------|--------------------------|---------------------|----------|--------------------------|
| | Share capital | Treasury shares | Inflation adjustment of share capital and treasury shares (1) | Share premium | Additional paid-in capital from treasury shares | Legal reserve | Special reserve (2) | Other reserves (Note 21) | Accumulated deficit | | |
| Balance at July 1, 2015 | 574 | 5 | 123 | 793 | 7 | 117 | 4 | 330 | 521 | 2,474 | 396 |
| Loss for the period | - | - | - | - | - | - | - | - | (276) | (276) | (40) |
| Other comprehensive income for the period | - | - | - | - | - | - | - | 35 | - | 35 | 1 |
| Total comprehensive income / (loss) for the period | - | - | - | - | - | - | - | 35 | (276) | (241) | (39) |
| Reserve for share-based compensation | - | - | - | - | 4 | - | - | 1 | - | 5 | - |
| Transactions with non-controlling interest | - | - | - | - | - | - | - | (9) | - | (9) | (1) |
| Dividends distribution to non-controlling interest | - | - | - | - | - | - | - | - | - | - | (4) |
| Balance at September 30, 2015 | 574 | 5 | 123 | 793 | 11 | 117 | 4 | 357 | 245 | 2,229 | 352 |

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

(1) Includes Ps. 1 of Inflation adjustment of treasury shares. See Note 24 to the Annual Financial Statements.

(2) Related to CNV General Resolution N° 609/12. See Note 24 to the Annual Financial Statements.

Eduardo S. Elsztain
President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Cash Flows

for the three-month periods ended September 30, 2016 and 2015

(All amounts in millions 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 | 09.30.16 | 09.30.15 |
|--|------|----------|----------|
| Operating activities: | | | |
| Cash generated from operations | 16 | 2,772 | 441 |
| Income tax and Minimum Presumed Income tax paid | | (197) | (67) |
| Net cash generated by operating activities | | 2,575 | 374 |
| Investing activities: | | | |
| Capital contributions to joint ventures and associates | | (312) | (34) |
| Purchases of investment properties | | (658) | (47) |
| Proceeds from sale of investment properties | | 41 | 388 |
| Payment for subsidiary acquired, net of cash acquired | | (30) | - |
| Purchases of property, plant and equipment | | (624) | (6) |
| Purchases of intangible assets | | (106) | - |
| Increase in investments in financial assets | | (2,213) | (1,283) |
| Proceeds from sale of investments in financial assets | | 2,433 | 700 |
| Loans granted | | (34) | - |
| Cash included in the group of assets classified as held for sale | | (12) | - |
| Proceeds from sale of property, plant and equipment | | 212 | - |
| Interest received of financial assets | | 47 | 1 |
| Loans granted to related parties | | (22) | - |
| Dividends received | | 26 | - |
| Net cash used in investing activities | | (1,252) | (281) |
| Financing activities: | | | |
| Borrowings | | 160 | 531 |
| Payments of borrowings | | (3,200) | (226) |
| Dividends paid | | (362) | (48) |
| Issuance of non-convertible notes | | 8,790 | 403 |
| Acquisition of non-controlling interest in subsidiaries | | (580) | (10) |
| Proceeds from sale of non-controlling interest in subsidiaries | | 810 | - |
| Interest paid | | (1,434) | (205) |
| Loans from joint ventures and associates | | 4 | - |
| Payment of borrowings from joint ventures and associates..... | | (2) | - |
| Payment related to derivative financial instruments | | (4) | (14) |
| Payment of financial leasing | | - | (1) |
| Repurchase of non-convertible notes | | - | (121) |
| Proceeds from derivative financial instruments | | 13 | - |
| Payment of non-convertible notes | | (3,957) | (96) |

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| | | |
|--|-----------|-----|
| Net cash generated by financing activities | 238 | 213 |
| Net Increase in cash and cash equivalents | 1,561 | 306 |
| Cash and cash equivalents at beginning of year | 14 13,866 | 375 |
| Foreign exchange gain on cash and cash equivalents | 22 | 17 |
| Cash and cash equivalents at end of period..... | 14 15,449 | 698 |

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

Eduardo S. Elsztain
President

IRSA Inversiones y Representaciones Sociedad Anónima

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

1.
The Group's business and general information

IRSA 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".

Cresud is our parent company and IFIS Limited our ultimate parent company.

These Financial Statements have been approved for issue by the Board of Directors on November 11, 2016.

The Group has established two Operations Centers to manage its global business, mainly through the following companies:

- (i)
Remains in current and non-current assets, as financial asset held for sale.
- (ii)
Corresponds to Group's associates, which are hence excluded from consolidation. Adama is included in assets held for sale (see Note 30).

IRSA Inversiones y Representaciones Sociedad Anónima

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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1.

The Group's business and general information (Continued)

IDBD has diverse debts containing certain covenants which have been successively negotiated, resulting in several waivers actually in force. IDBD estimates that if the original covenants of such loans were to become effective again, it would not be able to honor them. Non-compliance could have the effect of creditors requiring immediate repayment of the debt. Yet, there are restrictions as to the payment of dividends based on the indebtedness level in some subsidiaries. IDBD has projected future cash flows and expects to have the required liquidity to meet its commitments by issuing new debt in Israel, selling financial assets such as Clal and from dividend payouts by Clal. IDBD could also secure additional financing through the private issuance of equity securities.

On December, 2013, it was published in the Official Gazette of Israel the Promotion of Competition and Reduction of Concentration Law, 5,774-13 ('the Concentration Law') which has material implications for IDBD and its investments, including the disposal of the controlling interest in Clal, a potential delisting of IDBD or DIC so as to no longer trade its shares publicly, or a merger between IDBD and DIC.

All factors mentioned above, mainly (i) IDBD's current financial position and need of financing to honor its financial debt and other commitments, (ii) the renegotiation underway with financial creditors, and (iii) the term set by Israel's governmental authorities to sell the equity interest in Clal and the potential effects of such sale, in particular, on its market value, raise significant uncertainties as to IDBD's capacity to continue as a going-concern. These financial statements do not include the adjustments or reclassifications related to the valuation of IDBD's assets and liabilities that would be required if IDBD were not able to continue as a going-concern.

The Group is and will continue working to address the uncertainties described above.

The financial position of IDBD and its subsidiaries at the operations center in Israel does not affect the financial position of IRSA and its subsidiaries at the operations center in Argentina.

IRSA and its subsidiaries are not facing financial constraints and are compliant with their financial commitments. In addition, the commitments and other covenants resulting from IDBD's debt do not have impact on IRSA since such debt has no recourse against IRSA and it is not granted by IRSA's assets.

There are no significant uncertainties as to the capacity of the Group, as a whole, to operate as a going-concern perspective, with such uncertainties being limited to the operation center in Israel.

IRSA Inversiones y Representaciones Sociedad Anónima

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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

2.

Summary of significant accounting policies

2.1.

Basis of preparation of the Financial Statements

These Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", therefore, should be read together with the Annual Financial Statements of the Group as of June 30, 2016 prepared in accordance with IFRS in force. Furthermore, these Financial Statements include supplementary information required by Law N° 19,550 and/or regulations of the CNV. Such information is included in notes to these Financial Statements according to IFRS.

These Financial Statements corresponding to the three-month periods ended September 30, 2016 and 2015 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, 2016 and 2015 results do not necessarily reflect the proportion of the Group's full-year results.

IDBD's fiscal year ends on December 31 each year and the Company's fiscal year ends on June 30. IDBD's quarterly and annual reporting follows the guidelines of Israeli standards, which means that the information is only available after the applicable statutory terms in Argentina.

Therefore, the Company is not able to include IDBD's quarterly results in its financial statements to be filed with the CNV within the applicable statutory terms in Argentina. The Company consolidates IDBD's results of operations with a three-month lag, adjusted for the effects of material transactions that may have taken place during the reported period.

Under IAS 29 "Financial Reporting in Hyperinflationary Economies", the financial statements of an entity whose functional currency belongs to a hyperinflationary economy, regardless of whether they apply historic cost or current cost methods, should be stated at the current unit of measure as of the date of these Unaudited Condensed Interim Consolidated Financial Statements. For such purpose, in general, inflation is to be computed in non-monetary items from the acquisition or revaluation date, as applicable. For such purpose, in general, inflation is to be computed in non-monetary items from the acquisition or revaluation date, as applicable. In order to determine whether an economy is to be considered hyperinflationary, the standard lists a set of factors to be taken into account, including an accumulated inflation rate near or above 100% over a three year period.

As of September 30, 2016, it is not possible to compute the accumulated inflation rate for the three year period ending on that date based on the official statistics of the INDEC (Argentina Statistics Office), because in October 2015, the INDEC ceased to compute the Wholesale Domestic Price Index, and started to compute it again as from January 2016.

As of the date of these Unaudited Condensed Interim Consolidated Financial Statements, the Argentine peso does not meet the conditions to be treated as the currency of a hyperinflationary economy, pursuant to the guidelines set forth by IAS 29. Therefore, these financial statements have not been restated in constant currency.

IRSA Inversiones y Representaciones Sociedad Anónima

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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2.

Summary of significant accounting policies (Continued)

However, over the last years, certain macroeconomic variables affecting the Group's business, such as payroll costs, input prices and service rates, have experienced significant annual changes. This factor should be taken into consideration in assessing and interpreting the financial situation and results of operations of the Group in these financial statements.

2.2.

Significant accounting policies

The accounting policies applied in the presentation of these Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements under IFRS as described in Note 2 to the Annual Financial Statements as of June 30, 2016.

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 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 Financial Statements for the year ended June 30, 2016 as described in Note 5 to the annual financial statements.

2.4.

Comparability of information

Balance items as of June 30, 2016 and September 30, 2015 shown in these financial statements for comparative purposes arise from Financial Statements then ended.

As required by IFRS 3, the information of IDBD is included in the financial statements of the Group as from takeover was secured, that is from October 11, 2015, and the prior periods are not modified by this situation. Therefore, the financial information consolidated as of September 30, 2015 is not comparative.

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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3.

Seasonal effects on operations

Operations Center in Argentina

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

Operations Center in Israel

The operations of the Shufersal supermarket chain are subject to fluctuations of quarterly sales and income due to the increase in activity during religious holidays in different quarters throughout the year. For instance, in Pesaj (Passover) between March and April, and the Jewish New Year, sometime between September and October each year.

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

4.

Acquisition and dispositions

Below are detailed the significant acquisitions and disposals for the three-month period ended September 30, 2016. The significant acquisitions and disposals for the fiscal year ended June 30, 2016, are detailed in Note 3 to the annual financial statements at that date.

A.

Acquisition of equity interest in EHSA

On July 6, 2016, the Group through IRSA CP acquired from FEG Entretenimientos S.A. a 20% of EHSA shares, a company where it already owned 50%. It also acquired a 1.25% interest in ENUSA from Marcelo Fígoli. The acquisition has been priced at Ps. 52 million, Ps. 35.4 million of which have been paid on September 30, while the remaining balance of Ps. 16.6 million was paid in October. As a result, the Group now holds 70% of the voting stock of EHSA and Mr. Diego Finkelstein holds the remaining 30%. As of the date of these unaudited financial statements, the Group is analyzing the allocation of the price paid for the acquisition of these interests.

In addition, EHSA holds, both directly and indirectly, 100% of the shares of OASA and 95% of the shares of ENUSA. Furthermore, OASA holds 50% of the voting stock of LRSA, a company that holds the rights to commercially operate the emblematic "Predio Ferial de Palermo" in the Autonomous City of Buenos Aires, where the SRA holds the remaining 50%.

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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4.

Acquisition and dispositions (Continued)

B.

Share-holding increase in Shufersal

On September 12, 2016, the Group through DIC, acquired 9,097,127 of Shufersal's shares, so that the company's equity interest in Shufersal's share capital increased from approximately 53.89% to around 58.17%. In addition, it was granted an option ("the option") to acquire up to 9,097,127 additional shares of Shufersal at an exercise price of NIS 14.62 (equal to Ps. 223.4) per share of Shufersal (subject to adjustments). The option may be exercisable until December 12, 2016.

C.

Acquisition of DIC shares from IDBD

On September 23, 2016 Tyrus acquired from IDBD 8,888,888 of DIC's shares for a total amount of NIS 100 million (equivalent to Ps. 401 million), which represent 8.8% of the Company's outstanding shares. As a result of this transaction, the equity interest of the Group in DIC has increased by 3.28% without actual cash movements in the financial statements.

D.

Partial sale of equity interest in PBC

DIC sold 12% of its equity interest in PBC for a total amount of NIS 217 million (equivalent to Ps. 810 million); as a result, the DIC's interest in PBC has declined to around 64.4%.

5.

Financial risk management and fair value estimates

5.1.

Financial risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, indexing risk due to specific clauses and other price risk), credit risk, liquidity risk and capital risk. Within the Group, risk management functions are conducted in relation to financial risks associated to financial instruments to which the Group is exposed during a certain period or as of a specific date.

Given the diversity of characteristics corresponding to the business conducted in its operations centers, the Group has decentralized the risk management policies geographically based on its two operations centers in order to identify and properly analyze the various types of risks to which each of the subsidiaries is exposed.

These Financial Statements do not include all the information and disclosures on financial risk management; therefore they should be read along with Note 4 to the Annual Financial Statements as of June 30, 2016. There have been no changes in the risk management or risk management policies applied by the Group since year-end.

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

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5.

Financial risk management and fair value estimates (Continued)

5.2.

Fair value estimates

Since June 30, 2016 there have been no significant changes in business or economic circumstances affecting the fair value of the Group's assets or liabilities (either measured at fair value or amortized cost). Furthermore, there have been no transfers between the different hierarchies used to assess the fair value of the Group's financial instruments.

6.

Segment information

There have been no changes to the Group's structure either in the business segments or in the financial reporting criteria of such segments in the annual consolidated financial statements. As explained in note 6 to the annual financial statements, comparative segment information has not been modified due to the consolidation of IDDB because as of that date the Group did not exercise control over it and it was reported at fair value. As of September 30, 2015, IDDB's equity interest and changes in its fair value are presented under the International segment of the Operations Center in Argentina.

Below is a summarized analysis of the lines of business of the Group for the three-month periods ended September 30, 2016 and 2015:

| | September 30, 2016 | | September 30, 2015 | |
|---|--------------------------------|-----------------------------|--------------------|--------------------------------|
| | Operations Center in Argentina | Operations Center in Israel | Total | Operations Center in Argentina |
| Revenues | 957 | 17,399 | 18,356 | 721 |
| Costs | (248) | (12,676) | (12,924) | (180) |
| Gross profit | 709 | 4,723 | 5,432 | 541 |
| Gain from disposal of investment property | - | 19 | 19 | 390 |
| General and administrative expenses | (152) | (784) | (936) | (132) |
| Selling expenses | (87) | (3,210) | (3,297) | (55) |
| Other operating results, net | (12) | (49) | (61) | (13) |
| Profit from operations | 458 | 699 | 1,157 | 731 |
| Share of profit (loss) of joint ventures and associates | 37 | 75 | 112 | (493) |
| Segment profit | 495 | 774 | 1,269 | 238 |
| Reportable assets | 5,054 | 148,701 | 153,755 | 6,294 |
| Reportable liabilities | - | (134,245) | (134,245) | - |
| Net reportable assets | 5,054 | 14,456 | 19,510 | 6,294 |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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6.

Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's operations center in Argentina for the period ended September 30, 2016:

| | September 30, 2016 | | | | | | Financial operations and others | Total |
|---|--------------------------------|--------------------|------------------------|--------|---------------|-------|---------------------------------|-------|
| | Operations Center in Argentina | | | | | | | |
| | Shopping Center | Offices and others | Sales and developments | Hotels | International | | | |
| Revenues | 682 | 101 | 1 | 173 | - | - | 957 | |
| Costs | (113) | (14) | (5) | (116) | - | - | (248) | |
| Gross profit / (loss) | 569 | 87 | (4) | 57 | - | - | 709 | |
| Gain from disposal of investment property | - | - | - | - | - | - | - | |
| General and administrative expenses | (49) | (13) | (37) | (31) | (22) | - | (152) | |
| Selling expenses | (42) | (16) | (7) | (22) | - | - | (87) | |
| Other operating results, net | (9) | 5 | (3) | - | (4) | (1) | (12) | |
| Profit / (Loss) from operations | 469 | 63 | (51) | 4 | (26) | (1) | 454 | |
| Share of profit / (loss) of joint ventures and associates | - | 12 | 7 | - | (35) | 53 | 37 | |
| Segment profit / (loss) | 469 | 75 | (44) | 4 | (61) | 52 | 495 | |
| Investment properties | 2,204 | 880 | 385 | - | - | - | 3,469 | |
| Property, plant and equipment | 50 | 23 | 2 | 153 | 2 | - | 230 | |
| Trading properties | - | - | 269 | - | - | - | 269 | |
| Goodwill | 7 | 4 | - | - | - | - | 11 | |
| Right to receive future units under barter agreements | - | - | 90 | - | - | - | 90 | |
| Inventories | 21 | - | 1 | 9 | - | - | 31 | |
| Investments in joint ventures and associates | - | - | 69 | - | (883) | 1,768 | 954 | |
| Operating assets | 2,282 | 907 | 816 | 162 | (881) | 1,768 | 5,194 | |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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6.

Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's operations center in Argentina for the period ended September 30, 2015:

| | September 30, 2015 | | | | | | Total |
|---|--------------------------------|--------------------|------------------------|--------|---------------|---------------------------------|-------|
| | Operations Center in Argentina | | | | | | |
| | Shopping Center | Offices and others | Sales and developments | Hotels | International | Financial operations and others | |
| Revenues | 532 | 75 | 3 | 111 | - | - | 721 |
| Costs | (79) | (14) | (5) | (82) | - | - | (180) |
| Gross profit / (loss) | 453 | 61 | (2) | 29 | - | - | 541 |
| Gain from disposal of investment property | - | - | 390 | - | - | - | 390 |
| General and administrative expenses | (37) | (11) | (29) | (22) | (33) | - | (132) |
| Selling expenses | (31) | (5) | (5) | (14) | - | - | (55) |
| Other operating results, net | (6) | (1) | (4) | - | (1) | (1) | (13) |
| Profit / (Loss) from operations | 379 | 44 | 350 | (7) | (34) | (1) | 731 |
| Share of (loss) / profit of joint ventures and associates | - | (1) | 3 | - | (563) | 68 | (493) |
| Segment profit / (loss) | 379 | 43 | 353 | (7) | (597) | 67 | 238 |
| Investment properties | 2,333 | 922 | 336 | - | - | - | 3,591 |
| Property, plant and equipment | 49 | 18 | 1 | 164 | 1 | - | 233 |
| Trading properties | - | - | 129 | - | - | - | 129 |
| Goodwill | 7 | 4 | - | - | - | - | 11 |
| Right to receive future units under barter agreements | - | - | 90 | - | - | - | 90 |
| Inventories | 16 | - | - | 7 | - | - | 23 |
| Investments in joint ventures and associates | - | 19 | 60 | - | 655 | 1,483 | 2,217 |
| Operating assets | 2,405 | 963 | 616 | 171 | 656 | 1,483 | 6,294 |

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

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6.

Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's operations center in Israel for the period ended September 30, 2016:

| | September 30, 2016 | | | | | |
|---|-----------------------------|--------------|---------------|--------------------|------------|----------|
| | Operations Center in Israel | | | | | |
| | Real Estate | Supermarkets | Agrochemicals | Telecommunications | Insurances | Others |
| Revenues | 1,049 | 11,535 | - | 3,901 | - | 914 |
| Costs | (612) | (8,615) | - | (2,608) | - | (841) |
| Gross profit | 437 | 2,920 | - | 1,293 | - | 73 |
| Gain from disposal of investment property | | | | | | 19 |
| General and administrative expenses | (63) | (149) | - | (388) | - | (184) |
| Selling expenses | (19) | (2,307) | - | (818) | - | (66) |
| Other operating results, net | - | (15) | - | (7) | - | (27) |
| Profit / (Loss) from operations | 355 | 449 | - | 80 | - | (185) |
| Share of (loss) / profit of joint ventures and associates | (63) | - | 157 | - | - | (19) |
| Segment profit / (loss) | 292 | 449 | 157 | 80 | - | (204) |
| Operating assets | 58,985 | 29,057 | 11,240 | 28,982 | 4,792 | 15,645 |
| Operating liabilities | (48,115) | (23,021) | (11,272) | (23,228) | - | (28,609) |
| Operating assets (liabilities), net | 10,870 | 6,036 | (32) | 5,754 | 4,792 | (12,964) |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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6.

Segment information (Continued)

The following tables present a reconciliation between the total results of operations as per segment information 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 from operations center in Argentina accounted for under the equity method under IFRS and the non-elimination of the inter-segment transactions.

| | September 30, 2016 | | | | | |
|---|--|--|--|----------------------------|--|---|
| | Total as per segment information | Adjustment for share of profit / (loss) of joint ventures | Expenses and collective promotion funds | Discontinued operations | Adjustment to income for elimination of inter-segment transactions | Total as per Statement of income |
| Revenues | 18,356 | (9) | 341 | - | (1) | 18,687 |
| Costs | (12,924) | 5 | (348) | - | - | (13,267) |
| Gross profit / (loss) | 5,432 | (4) | (7) | - | (1) | 5,420 |
| Gain from disposal of investment property | 19 | - | - | - | - | 19 |
| General and administrative expenses | (936) | 1 | - | - | 1 | (934) |
| Selling expenses | (3,297) | 1 | - | - | - | (3,296) |
| Other operating results, net | (61) | (1) | - | - | - | (62) |
| Profit / (Loss) from operations | 1,157 | (3) | (7) | - | - | 1,147 |
| Share of profit / (loss) of joint ventures and associates | 112 | 2 | - | (157) | - | (43) |
| Net segment profit / (loss) before financing and taxation | 1,269 | (1) | (7) | (157) | - | 1,104 |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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6.

Segment information (Continued)

| | September 30, 2015 | | | | | |
|--|--|--|--|----------------------------|---|---|
| | Total as per segment information | Adjustment for share of profit / (loss) of joint ventures | Expenses and collective promotion funds | Discontinued operations | Adjustment to income for elimination of inter-segment transactions | Total as per Statement of income |
| Revenues | 721 | (7) | 255 | - | (1) | 968 |
| Costs | (180) | 4 | (259) | - | - | (435) |
| Gross profit / (loss) | 541 | (3) | (4) | - | (1) | 533 |
| Gain from disposal of investment property | 390 | - | - | - | - | 390 |
| General and administrative expenses | (132) | - | - | - | 1 | (131) |
| Selling expenses | (55) | - | - | - | - | (55) |
| Other operating results, net | (13) | - | - | - | - | (13) |
| Profit / (loss) from operations | 731 | (3) | (4) | - | - | 724 |
| Share of (loss) / profit of associates | (493) | 2 | - | - | - | (491) |
| Net segment profit / (loss) before financing and taxation | 238 | (1) | (4) | - | - | 233 |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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6.

Segment information (Continued)

The following tables present a reconciliation between total segment assets and liabilities as per segment information of operations centers in Argentina and Israel and total assets as per the statement of financial position.

| | September 30, 2016 | September 30, 2015 | | September 30, 2015 |
|---|-----------------------------------|--------------------------------|---------|--------------------------------------|
| | Operations Center in Argentina | Operations Center in Israel | Total | Operations Center in Argentina |
| Total assets per segment based on segment information | 5,054 | 148,701 | 153,755 | 6,294 |
| Less: | | | | |
| Proportionate share in assets per segment of joint ventures (3) | (117) | - | (117) | (132) |
| Plus: | | | | |
| Investment in joint ventures (1) | 187 | - | 187 | 171 |
| Other non-reportable assets (2) | 8,919 | - | 8,919 | 4,318 |
| Total assets per segment as per statement of financial position | 14,043 | 148,701 | 162,744 | 10,651 |

(1)

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

(2)

Includes deferred income tax asset, income tax and minimum presumed income tax credits, trade and other receivables, investment in financial assets, cash and cash equivalents, and intangible assets except for right to receive future units under barter agreements, net of investments in associates with negative equity which are included in provisions in the amount of Ps. 890 and Ps. 384, as of September 30, 2016 and 2015, respectively.

(3)

Below is a detail of the proportionate share in assets by segment of joint ventures of the operations center in Argentina, included in the segment information:

| | September 30, 2016 | September 30, 2015 |
|---|-----------------------|-----------------------|
| Investment properties | 110 | 123 |
| Property, plant and equipment | 1 | 1 |
| Trading properties | 1 | 3 |
| Goodwill | 5 | 5 |
| Total proportionate share in assets per segment of joint ventures | 117 | 132 |

September 30,
2016September 30,
2015

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| | Operations Center in Argentina | Operations Center in Israel | Total | Operations Center in Argentina |
|---|-----------------------------------|--------------------------------|---------|-----------------------------------|
| Total liabilities per segment based on segment information | - | 134,245 | 134,245 | - |
| Plus/Less: | | | | |
| Other non-reportable liabilities | 15,012 | - | 15,012 | 8,068 |
| Total liabilities per segment as per statement of financial position | 15,012 | 134,245 | 149,257 | 8,068 |

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

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7.

Information about the main 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.

| | At September 30, 2016 | | | | | | Period ended September 30, 2016 | | | |
|------------------|---|-------------------|-----------------------|------------------------|--------------------------------|---------------|--|----------|-------------------------|------------------------------|
| | Non-controlling shareholders' interest % | Current assets | Non-current assets | Current liabilities | Non- current liabilities | Net assets | Book Value of non- controlling interests | Revenues | Net (loss) income | Other comprehensi loss |
| Elron (1) | 49.68% | 2,028 | 1,020 | 70 | 31 | 2,947 | 2,090 | - | (67) | 60 |
| PBC (1) | 23.55% | 10,649 | 47,916 | 8,582 | 39,532 | 10,451 | 7,578 | 1,049 | (235) | 198 |
| Cellcom (1) | 58.23% | 10,618 | 15,678 | 8,504 | 13,163 | 4,629 | 3,137 | 3,841 | (26) | 7 |
| Shufersal (1) | 4.71% | 9,547 | 18,764 | 12,603 | 10,419 | 5,289 | 3,157 | 11,467 | 205 | (11) |
| | At June 30, 2016 | | | | | | Period ended September 30, 2016 | | | |
| | Non-controlling shareholders' interest % | Current assets | Non-current assets | Current liabilities | Non- current liabilities | Net assets | Book Value of non- controlling interests | Revenues | Net (loss) income | Other comprehensi loss |
| Elron (1) | 49.68% | 2,145 | 922 | 82 | 31 | 2,954 | 2,522 | N/A | N/A | N/A |
| PBC (1) | 23.55% | 10,435 | 47,546 | 9,925 | 37,567 | 10,489 | 8,419 | N/A | N/A | N/A |
| Cellcom (1) | 58.23% | 9,368 | 16,113 | 7,629 | 13,210 | 4,642 | 3,795 | N/A | N/A | N/A |
| Shufersal (1) | 47.05% | 9,929 | 18,764 | 13,202 | 10,411 | 5,080 | 3,596 | N/A | N/A | N/A |
| DFL | N/A | N/A | N/A | N/A | N/A | N/A | N/A | - | (439) | (14) |
| PAMSA | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 97 | 35 | - |

N/A: Not applicable. Not considered a significant non-controlling interest.

(1)

Corresponds to the Group's indirect interest. The percentage of the non-controlling interest represents the equity interest which is not owned by DIC.

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7.

Information about principal subsidiaries (Continued)

Restrictions, commitments and other relevant issues

Cellcom

As mentioned in Note 7 to the annual financial statements as of June 30, 2016, Cellcom is in dispute with Golán Telecom. As of the date of these unaudited condensed interim financial statements there still has not been any resolution to this matter.

Analysis of the impact of the Concentration Law

As mentioned in Note 7 to the annual financial statements as of June 30, 2016, IDBD is analyzing the implications of the Concentration Law. As of the date of these unaudited condensed interim financial statements, IDBD continues on this analysis process.

Dolphin arbitration process

As mentioned in Note 3 to the annual financial statements there is an arbitration process going on between Dolphin and ETH in relation to certain issues connected to the acquisition and control obtainment of IDBD. On September 24, 2015, the competent arbitrator resolved that: (i) Dolphin and IFISA were entitled to act as buyers in the BMBY process, and ETH had to sell all of the IDBD shares held by it at a price of NIS 1.64 per share; (ii) The buyer had to fulfill all of the commitments included in the seller's Arrangement, including the commitment to carry out Tender Offers; (iii) The buyer had to agree to pledge IDBD's shares. However, Dolphin and ETH still have several claims that are subject to an arbitration proceeding, which as of the date of these condensed financial statements have yet to be decided upon. There is no certainty as to the final outcome of this proceeding. Should the arbitrator render a decision favorable to ETH, the value of our investment in IDBD may be impaired and would, therefore, have an adverse effect on our business, financial situation and results of operations. As of the date of these financial statements, the proceeding is pending.

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

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8.

Investments in joint ventures

Evolution of Group's investments in joint ventures for the three-month period ended September 30, 2016 and for the fiscal year ended June 30, 2016 was as follows:

| | September 30, 2016 | June 30, 2016 |
|--|-----------------------|------------------|
| Beginning of the period / year | 1,944 | 190 |
| Decrease for control obtainment (Note 4) | (31) | - |
| Joint ventures incorporated by business combination (Note 4) | (4) | 960 |
| Capital contributions | 4 | 77 |
| Share in (loss) / profit | (24) | 140 |
| Currency translation adjustment | 2 | 594 |
| Cash dividends (i) | (11) | (17) |
| End of the period / year | 1,880 | 1,944 |

(i)

During the period ended September 30, 2016, Ps. 11 corresponds to Manaman. During the fiscal year ended June 30, 2016, Ps. 7 corresponds to Cyrsa, Ps. 4 to NPSF and Ps. 6 to Manaman.

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8.

Investments in joint ventures (Continued)

The table below lists the Group's investments and the values of the Group's investments in joint ventures for the period ended September 30, 2016 and for the fiscal year ended June 30, 2016, as well as the participation of the Group in the comprehensive income of these companies for the three-month periods ended September 30, 2016 and 2015:

| Name of the entity | Place of business / Country of incorporation | Main activity | Common shares 1 vote | Value of Group's interest in equity | | Group's interest in comprehensive income (loss) | | % of ownership interest held | | Last financial statements issued | |
|----------------------|--|---------------|-------------------------|-------------------------------------|----------|---|----------|------------------------------|----------|----------------------------------|------------------------------|
| | | | | 09.30.16 | 06.30.16 | 09.30.16 | 09.30.15 | 09.30.16 | 06.30.16 | Common stock (nominal value) | Profit (loss) for the period |
| Quality | Argentina | Real estate | 76,814,342 | 69 | 69 | (1) | (2) | 50% | 50% | 154 | (1) |
| Cyrsa | Argentina | Real estate | 8,748,269 | 19 | 18 | 1 | 1 | 50% | 50% | 17 | 2 |
| Puerto Retiro (1) | Argentina | Real estate | 23,067,250 | 51 | 47 | (1) | - | 50% | 50% | 46 | (1) |
| Mehadrin | Israel | Agriculture | 1,509,889 | 946 | 985 | (38) | - | 45.41% | - | (*) 3 | (*) 70 |
| Other joint ventures | (2) | | - | 795 | 825 | 17 | 1 | - | - | - | - |
| | | | | 1,880 | 1,944 | (22) | - | | | | |

(1)

Puerto Retiro owns a land reserve. As mentioned in Note 7 to the annual financial statements as of June 30, 2016, Puerto Retiro has been notified that a petition for bankruptcy has been filed against it. As of the date of these financial statements, there is no news in relation to the case.

(2)

Represent other joint venture business that are not significant individually.

(*)

Amounts in million of NIS.

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9.

Interests in associates

Changes in the Group's investments in associates for the three-month period ended September 30, 2016 and for the year ended June 30, 2016 were as follows:

| | September 30, 2016 | June 30, 2016 |
|---|-----------------------|------------------|
| Beginning of the period / year | 13,454 | 2,620 |
| Acquisition / Increase in equity interest in associates | 124 | 158 |
| Unrealized loss on investments at fair value | - | (564) |
| Decrease for control obtainment | - | (1,047) |
| Associates incorporated by business combination | - | 8,308 |
| Capital contributions | 33 | 180 |
| Share in (loss) profit | (19) | 286 |
| Currency translation adjustment | 198 | 4,193 |
| Cash dividends (ii) | (4) | (515) |
| Sale of equity interest in associates | - | (4) |
| Reclassification to held for sale (Note 30) | (11,293) | - |
| Hedging instruments | 56 | (93) |
| Defined benefit plans | (7) | (10) |
| Impairment | - | (58) |
| End of the period / year (i) | 2,542 | 13,454 |

(i)

Includes Ps. (890) and Ps. (838) reflecting interests in companies with negative equity as of September 30, 2016 and June 30, 2016, respectively, which are disclosed in "Provisions" (see Note 18).

(ii)

During the period ended September 30, 2016 the balance corresponds to Emco. During the fiscal year ended June 30, 2016 the balance corresponds Ps. 10 to Millenium, Ps. 495 to Adama and Ps. 10 to Emco.

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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9.

Interests in associates

The table below lists the Group's investments, values of interests and interest in comprehensive income of associates for the period ended September 30, 2016 and for the fiscal year ended June 30, 2016, as well as Group's interest in comprehensive income of these companies for the three-month periods ended September 30, 2016 and 2015; except otherwise indicated below:

| Name of the entity | Place of business / Country of incorporation | Main activity | Common shares 1 vote | Value of Group's interest in equity | | Group's interest in comprehensive income (loss) | | % of ownership interest held | | Last financial statement issued | Common stock (nominal value) | Profit (loss) for the period |
|--------------------|--|--------------------|----------------------|-------------------------------------|----------|---|----------|------------------------------|----------|---------------------------------|------------------------------|------------------------------|
| | | | | 09.30.16 | 06.30.16 | 09.30.16 | 09.30.15 | 09.30.16 | 06.30.16 | | | |
| Tarshop | Argentina | Consumer financing | 119,759,288 | 74 | 72 | 2 | (2) | 20% | 20% | 244 | (141) | |
| New Lipstick | U.S.A. | Real estate | N/A | (870) | (793) | (75) | (40) | 49.73% | 49.73% | N/A | (*) (1) | |
| BHSA | Argentina | Financial | 448,689,072 | 1,649 | 1,609 | 39 | 69 | 29.91% | 29.99% | 1,500 | 129 | |
| BACS (1) | Argentina | Financial | 7,812,500 | 45 | 21 | 11 | 1 | 12.5% | 6.4% | 63 | 27 | |
| IDBD | Israel | Investment | N/A | - | - | - | (590) | N/A | 49.00% | - | - | |
| Condor | U.S.A. | Hotel | 1,261,723 | (20) | (45) | 25 | 33 | 25.53% | 26.91% | (*) 49 | (*) 9 | |
| Adama | Israel | Agrochemical | 55,196,352 | - | 10,847 | - | - | 40.00% | N/A | (**) 138 | (**) 319 | |
| PBEL | India | Real estate | 450,000 | 669 | 864 | (42) | - | 45.40% | N/A | (**) 1 | (**) (29) | |
| Other associates | | | | 995 | 879 | 219 | 3 | - | - | - | - | |
| | | | | 2,542 | 13,454 | 179 | (526) | | | | | |

(1)

On August 24, 2016, the BCRA approved the sale of BACS' shares, representing 6.125% which had been subscribed by Tyrus. As a result, as of September 30 the Group's equity interest in BACS amounts to 12.5% while BHSA holds the remaining 87.5%.

(*)

Amount in million of US dollars.

(**)

Amount in million of NIS.

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

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9.

Interests in associates (Continued)

Adama

On July 17, 2016 DIC informed the market that it has accepted the offer by ChemChina who intends to acquire 40% of Adama's shares currently held by Koor, indirectly controlled by IDBD through DIC. On August 2016, Koor and a subsidiary of ChemChina executed the corresponding agreement. The price of the transaction includes a payment in cash of US\$ 230 million (equivalent to Ps. 3,498 at the exchange rate as of September 30, 2016) plus the total repayment of the non-recourse loan and its interests, which had been granted to Koor by a Chinese bank. This sale transaction is expected to be finalized during November of this year, subject to compliance with certain conditions, including obtaining approvals by the Chinese regulatory and antitrust authorities. Investment in ADAMA as well as the non-recourse loan have been reclassified as held for sale and the associated income has been reclassified under discontinued operations (see Notes 30 and 31).

10.

Investment properties

Changes in the Group's investment properties for the three-month period ended September 30, 2016 and for the year ended June 30, 2016 were as follows:

| | Period ended September 30, 2016 | | | Fiscal year ended June 30, 2016 | |
|--|------------------------------------|--------------------------------|------------------------------------|--|---------|
| | Rental properties (ii) | Undeveloped parcels of land | Properties under development | Total | Total |
| Beginning of the period / year: | | | | | |
| Costs | 45,848 | 2,432 | 3,978 | 52,258 | 5,257 |
| Accumulated depreciation | (2,378) | (8) | - | (2,386) | (1,767) |
| Residual value | 43,470 | 2,424 | 3,978 | 49,872 | 3,490 |
| Changes of the period / year | | | | | |
| Assets incorporated by business combination | - | - | - | - | 29,586 |
| Additions | 310 | 12 | 421 | 743 | 1,190 |
| Transfers | 1,109 | (224) | (885) | - | - |
| Reclassification to / from property, plant and equipment | (4) | - | - | (4) | 70 |
| Reclassification to trading properties | - | - | (3) | (3) | (71) |
| Disposals | (22) | - | - | (22) | (267) |
| Currency translation adjustment | 367 | 2 | 16 | 385 | 16,754 |

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| | | | | | |
|---------------------------|---------|-------|-------|---------|---------|
| Impairment | - | - | - | - | (339) |
| Depreciation charges (i) | (259) | (4) | - | (263) | (541) |
| Closing residual value | 44,971 | 2,210 | 3,527 | 50,708 | 49,872 |
| End of the period / year: | | | | | |
| Costs | 47,608 | 2,222 | 3,527 | 53,357 | 52,258 |
| Accumulated depreciation | (2,637) | (12) | - | (2,649) | (2,386) |
| Residual value | 44,971 | 2,210 | 3,527 | 50,708 | 49,872 |

(i)
Depreciation charges of investment properties were included in “Costs” in the statement of income (Note 24).

(ii)
Includes Distrito Arcos; there have been no news on the judicial proceedings mentioned in the annual financial statements.

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10.

Investment properties (Continued)

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

| | September 30, 2016 | September 30, 2015 |
|---|--------------------------|--------------------------|
| Sales, rental and service income | 1,946 | 856 |
| Direct operating expenses | (877) | (349) |
| Development expenditures | (4) | (5) |
| Gain from disposal of investment property | 19 | 390 |

11.

Property, plant and equipment

Changes in the Group's property, plant and equipment for the three-month period ended September 30, 2016 and for the year ended June 30, 2016 was as follows:

| | Period ended September 30, 2016 | | | | | Fiscal year ended June 30, 2016 |
|--|------------------------------------|-------------------------------|---------------------------|---------------|---------|--|
| | Buildings and facilities | Machinery and equipment | Communication networks | Others (i) | Total | Total |
| Beginning of the period / year: | | | | | | |
| Costs | 13,891 | 3,203 | 5,974 | 2,776 | 25,844 | 630 |
| Accumulated depreciation | (612) | (390) | (564) | (223) | (1,789) | (387) |
| Residual value | 13,279 | 2,813 | 5,410 | 2,553 | 24,055 | 243 |
| Changes of the period / year | | | | | | |
| Assets incorporated by business combination | - | - | - | - | - | 15,104 |
| Additions | 126 | 140 | 199 | 109 | 574 | 1,172 |
| Disposals | - | (4) | (11) | (197) | (212) | - |
| Reclassification to assets held for sale (Note 30) | - | - | - | (12) | (12) | - |
| Impairment | - | - | - | - | - | (13) |
| Currency translation adjustment | - | - | (1) | 23 | 22 | 8,784 |
| Reclassification from / to investment properties | 4 | - | - | - | 4 | (70) |
| Depreciation charges (ii) | (132) | (138) | (261) | (106) | (637) | (1,165) |
| Closing residual value | 13,277 | 2,811 | 5,336 | 2,370 | 23,794 | 24,055 |

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End of the period / year:

| | | | | | | |
|--------------------------|--------|-------|-------|-------|---------|---------|
| Costs | 14,026 | 3,345 | 6,173 | 2,715 | 26,259 | 25,844 |
| Accumulated depreciation | (749) | (534) | (837) | (345) | (2,465) | (1,789) |
| Residual value | 13,277 | 2,811 | 5,336 | 2,370 | 23,794 | 24,055 |

(i)

Includes furniture and fixtures, vehicles and aircrafts.

(ii)

Depreciation charges of property, plant and equipment were included in "Cost", "General and administrative expenses" and "Selling expenses" in the statement of income (Note 24).

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

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12.

Trading properties

Changes in the Group's trading properties for the three-month period ended September 30, 2016 and for the year ended June 30, 2016 were as follows:

| | Period ended September 30, 2016 | | | Fiscal year ended June 30, 2016 | |
|--|------------------------------------|------------------------------------|----------------------|---------------------------------------|-------|
| | Completed properties | Properties under development | Undeveloped sites | Total | Total |
| Beginning of the period / year | 236 | 3,307 | 1,169 | 4,712 | 131 |
| Additions | 1 | 205 | 22 | 228 | 354 |
| Assets incorporated by business combination | - | - | - | - | 2,656 |
| Currency translation adjustment | (7) | 29 | (8) | 14 | 1,652 |
| Transfers | - | 213 | (213) | - | - |
| Reclassification from investment properties | - | 3 | - | 3 | 71 |
| Disposals | (153) | (56) | - | (209) | (152) |
| End of the period / year | 77 | 3,701 | 970 | 4,748 | 4,712 |

| | September 30, 2016 | June 30, 2016 |
|-------------|-----------------------|------------------|
| Non-current | 3,529 | 4,471 |
| Current | 1,219 | 241 |
| Total | 4,748 | 4,712 |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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13.

Intangible assets

Changes in the Group's intangible assets for the three-month period ended September 30, 2016 and for the year ended June 30, 2016 were as follows:

| | Period ended September 30, 2016 | | | | | | Fiscal year ended June 30, 2016 | |
|--|------------------------------------|------------|----------|-----------------------|--|---------------------------------------|---|---------|
| | Goodwill | Trademarks | Licenses | Customer relations | Information systems and software | Contracts and others (ii) (iii) | Total | Total |
| Beginning of the period / year: | | | | | | | | |
| Costs | 2,214 | 3,378 | 817 | 3,923 | 1,189 | 1,458 | 12,979 | 148 |
| Accumulated amortization | - | (23) | (58) | (704) | (241) | (190) | (1,216) | (21) |
| Residual value | 2,214 | 3,355 | 759 | 3,219 | 948 | 1,268 | 11,763 | 127 |
| Changes of the period / year | | | | | | | | |
| Additions | - | - | - | - | 87 | - | 87 | 134 |
| Reclassification to assets held for sale (Note 30) | - | - | - | - | - | (4) | (4) | - |
| Assets incorporated by business combination (Note 4) | 90 | - | - | - | - | - | 90 | 7,994 |
| Currency translation adjustment | - | - | (5) | (8) | - | - | (13) | 4,496 |
| Amortization charges (i) | - | (11) | (31) | (288) | (97) | (82) | (509) | (988) |
| Closing residual value | 2,304 | 3,344 | 723 | 2,923 | 938 | 1,182 | 11,414 | 11,763 |
| End of the period / year: | | | | | | | | |
| Costs | 2,304 | 3,379 | 813 | 3,927 | 1,280 | 1,458 | 13,161 | 12,979 |
| Accumulated amortization | - | (35) | (90) | (1,004) | (342) | (276) | (1,747) | (1,216) |
| Residual value | 2,304 | 3,344 | 723 | 2,923 | 938 | 1,182 | 11,414 | 11,763 |

(i)

Amortization charges of intangible assets are included in "General and administrative expenses" in the statement of income (Note 24). There are no impairment charges for any of the years / periods presented.

(ii)

Includes "Rights of use". Corresponds to Distrito Arcos Depreciation which began in January, 2015, upon delivery of the shopping center.

(iii)

Includes "Right to receive future units under barter agreements". Corresponds to receivables in kind representing the right to receive residential apartments in the future by way of barter agreements.

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IRSA Inversiones y Representaciones Sociedad Anónima

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

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14.

Financial instruments by category

The note shows the financial assets and financial liabilities by category of financial instrument and a reconciliation to the corresponding line item in the statements of financial position, as appropriate. Financial assets and liabilities measured at fair value are assigned based on their different levels in the fair value hierarchy. For further information related to fair value hierarchy see Note 14 to the annual financial statements as of June 30, 2016. Financial assets and financial liabilities as of September 30, 2016 are as follows:

| | Financial assets at amortized cost | Financial assets at fair value through profit or loss | | | Subtotal financial assets | Non-financial assets | Total |
|--|---|---|---------|---------|--------------------------------------|------------------------------|--------|
| | | Level 1 | Level 2 | Level 3 | | | |
| September 30, 2016 | | | | | | | |
| Assets as per statement of financial position | | | | | | | |
| Trade and other receivables (excluding the allowance for doubtful accounts and other receivables) | 13,840 | - | - | 1,938 | 15,778 | 1,721 | 17,499 |
| Investments in financial assets: | | | | | | | |
| - Public companies' securities | - | 1,374 | - | 614 | 1,988 | - | 1,988 |
| - Private companies' securities | - | - | - | 1,195 | 1,195 | - | 1,195 |
| - Deposits | 1,440 | 16 | - | - | 1,456 | - | 1,456 |
| - Mutual funds | - | 2,854 | - | - | 2,854 | - | 2,854 |
| - Bonds | 129 | 4,087 | - | - | 4,216 | - | 4,216 |
| - Others | - | 128 | - | 183 | 311 | - | 311 |
| Derivative financial instruments: | | | | | | | |
| - Foreign-currency future contracts | - | - | 19 | - | 19 | - | 19 |
| - Swaps | - | 8 | - | - | 8 | - | 8 |
| - Others | - | - | 3 | - | 3 | - | 3 |
| Restricted assets | 1,692 | - | - | - | 1,692 | - | 1,692 |
| Assets held for sale | 11,506 | - | - | - | 11,506 | - | 11,506 |
| Financial assets held for sale: | | | | | | | |
| - Clal | - | 4,793 | - | - | 4,793 | - | 4,793 |
| Cash and cash equivalents: | | | | | | | |
| - Cash at bank and on hand | 5,804 | - | - | - | 5,804 | - | 5,804 |
| - Mutual funds | - | 9,645 | - | - | 9,645 | - | 9,645 |
| Total assets | 34,411 | 22,905 | 22 | 3,930 | 61,268 | 1,721 | 62,989 |
| | Financial liabilities at amortized cost | Financial liabilities at fair value | | | Subtotal financial liabilities | Non-financial liabilities | Total |
| | | Level 1 | | | | | |

| | | | | Level | Level | | |
|--|---------|-----|---|-------|---------|-----|---------|
| | | | | 2 | 3 | | |
| September 30, 2016 | | | | | | | |
| Liabilities as per statement of financial position | | | | | | | |
| Trade and other payables | 18,033 | - | - | - | 18,033 | 993 | 19,026 |
| Borrowings (excluding finance leases) | 105,807 | - | - | - | 105,807 | - | 105,807 |
| Liabilities held for sale | 11,369 | - | - | - | 11,369 | - | 11,369 |
| Derivative financial instruments: | | | | | | | |
| - Forwards | - | 226 | - | - | 226 | - | 226 |
| Total liabilities | 135,209 | 226 | - | - | 135,435 | 993 | 136,428 |

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14.

Financial instruments by category (Continued)

Financial assets and financial liabilities as of June 30, 2016 were as follows:

| | Financial assets at amortized cost | Financial assets at fair value through profit or loss | | | Subtotal financial assets | Non-financial assets | Total |
|--|---|---|------------|---------|--------------------------------------|------------------------------|---------|
| | | Level 1 | Level 2 | Level 3 | | | |
| June 30, 2016 | | | | | | | |
| Assets as per statement of financial position | | | | | | | |
| Trade and other receivables (excluding the allowance for doubtful accounts and other receivables) | 14,649 | - | - | 1,931 | 16,580 | 443 | 17,023 |
| Investments in financial assets: | | | | | | | |
| - Public companies' securities | - | 1,369 | - | 499 | 1,868 | - | 1,868 |
| - Private companies' securities | - | - | 15 | 1,324 | 1,339 | - | 1,339 |
| - Deposits | 1,172 | 12 | - | - | 1,184 | - | 1,184 |
| - Mutual funds | - | 2,775 | - | - | 2,775 | - | 2,775 |
| - Bonds | 121 | 4,365 | - | - | 4,486 | - | 4,486 |
| - Others | - | 90 | - | 140 | 230 | - | 230 |
| Derivative financial instruments: | | | | | | | |
| - Swaps | - | 12 | - | - | 12 | - | 12 |
| - Others | - | - | 15 | - | 15 | - | 15 |
| Restricted assets | 618 | - | - | - | 618 | - | 618 |
| Financial assets held for sale | | | | | | | |
| - Clal | - | 4,602 | - | - | 4,602 | - | 4,602 |
| Cash and cash equivalents: | | | | | | | |
| - Cash at bank and on hand | 6,214 | - | - | - | 6,214 | - | 6,214 |
| - Mutual funds | - | 7,652 | - | - | 7,652 | - | 7,652 |
| Total assets | 22,774 | 20,877 | 30 | 3,894 | 47,575 | 443 | 48,018 |
| | Financial liabilities at amortized cost | Financial liabilities at fair value | | | Subtotal financial liabilities | Non-financial liabilities | Total |
| | | Level 1 | Level 2 | Level 3 | | | |
| June 30, 2016 | | | | | | | |
| Liabilities as per statement of financial position | | | | | | | |
| Trade and other payables | 18,399 | - | - | - | 18,399 | 993 | 19,392 |
| | 101,928 | - | - | 10,999 | 112,927 | - | 112,927 |

Borrowings (excluding finance leases)

Derivative financial instruments

| | | | | | | | |
|-------------------------------------|---------|-----|---|--------|---------|-----|---------|
| - Forwards | - | 198 | - | - | 198 | - | 198 |
| - Foreign-currency future contracts | - | 16 | 3 | - | 19 | - | 19 |
| Total liabilities | 120,327 | 214 | 3 | 10,999 | 131,543 | 993 | 132,536 |

Clal

As mentioned in Note 16 to the annual financial statements, IDBD is subject to a judicial process on the sale of its equity interest in Clal. As of the balance sheet date, there was no further information on the subject. It should be noted that on September 30, 2016 the Group was obliged to sell the 10% interest in Clal. Clal filed an appeal with the Israel Concentration Committee asking that the significant company status be reviewed and Dolphin also filed an appeal with the Supreme Court of Israel. The Group cannot estimate the outcome of such appeals.

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14.

Financial instruments by category (Continued)

The following table presents the changes in Level 3 instruments as of September 30, 2016 and June 30, 2016:

The valuation models used by the Group for the measurement Level 2 and Level 3 instruments are no different from those used as of June 30, 2016. See Note 14 to the Annual Financial Statements.

| | Investments in financial assets - Public companies' Securities | Derivative financial instruments - Warrants of Condor | Investment in associate IDBD | Derivative financial instruments - Commitment to tender offer of shares in IDBD | Investments in financial assets - Private companies | Investments in financial assets - Others | Borrowings - Non-recourse loan | Trade and other receivables | To |
|--|--|---|------------------------------------|--|--|--|--------------------------------------|-----------------------------------|----|
| Total as of June 30, 2015 | 349 | 7 | - | (501) | 102 | - | - | - | (4 |
| Additions and acquisitions | 50 | - | - | - | 27 | - | - | - | 77 |
| Transfer to level 3 | - | - | 1,529 | - | - | - | (26) | - | 1, |
| Currency translation adjustment | - | - | 82 | (18) | 291 | 52 | (3,608) | 706 | (2 |
| Obtainment of control over IDBD | - | - | (1,047) | - | 861 | 88 | (7,336) | 1,187 | (6 |
| Write off | - | - | - | 500 | - | - | - | - | 50 |
| Gains / (losses) for the year | 100 | (7) | (564) | 19 | 43 | - | (29) | 38 | (4 |
| Balance at June 30, 2016 | 499 | - | - | - | 1,324 | 140 | (10,999) | 1,931 | (7 |
| Additions and acquisitions | - | - | - | - | 7 | - | - | - | 7 |
| Currency translation adjustment | - | - | - | - | 14 | 2 | 242 | 2 | 26 |
| Reclassification to assets held for sale | - | - | - | - | - | - | 11,272 | - | 11 |
| Gains (losses) for the period | 115 | - | - | - | (150) | 41 | (515) | 5 | (5 |
| | 614 | - | - | - | 1,195 | 183 | - | 1,938 | 3, |

Balance at
September 30,
2016

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15.

Trade and other receivables

Group's trade and other receivables as of September 30, 2016 and June 30, 2016 are as follows:

| | September 30, 2016 | June 30, 2016 |
|---|-----------------------|------------------|
| Non-current | | |
| Sale, leases and services receivables | 2,090 | 2,015 |
| Less: allowance for doubtful accounts | (2) | (2) |
| Total non-current trade receivables | 2,088 | 2,013 |
| VAT receivables | 41 | 29 |
| Prepaid expenses | 1,303 | 1,320 |
| Borrowings, deposits and other debit balances | 132 | 75 |
| Others | 36 | 4 |
| Total non-current other receivables | 1,512 | 1,428 |
| Total non-current trade and other receivables | 3,600 | 3,441 |
| Current | | |
| Sale, leases and services receivables | 11,269 | 11,073 |
| Less: allowance for doubtful accounts | (179) | (171) |
| Total current trade receivables | 11,090 | 10,902 |
| Tax receivables | 72 | 71 |
| Prepaid expenses | 625 | 617 |
| Borrowings, deposits and other debit balances | 1,226 | 1,243 |
| Advances to suppliers | 238 | 231 |
| Others | 467 | 345 |
| Total current other receivables | 2,628 | 2,507 |
| Total current trade and other receivables | 13,718 | 13,409 |
| Total trade and other receivables | 17,318 | 16,850 |

Movements on the Group's allowance for doubtful accounts and other receivables are as follows:

| | September 30, 2016 | June 30, 2016 |
|---------------------------------|-----------------------|------------------|
| Beginning of the period / year | 173 | 95 |
| Additions (i) | 63 | 111 |
| Unused amounts reversed (i) | (14) | (41) |
| Currency translation adjustment | - | 12 |
| Used during the period / year | (41) | (4) |
| End of the period / year | 181 | 173 |

(i)The creation and release of provision for impaired receivables have been included in "Selling expenses" in the statement of income (Note 24).

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

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16.

Cash flow information

Following is a detailed description of cash flows generated by the Group's operations for the three-month periods ended September 30, 2016 and 2015:

| | Note | September 30, 2016 | September 30, 2015 |
|--|-------------|--------------------|--------------------|
| Loss for the period | | (782) | (316) |
| Adjustments for: | | | |
| Income tax expense | 20 | 54 | 112 |
| Amortization and depreciation | 24 | 1,409 | 54 |
| Gain from disposal of investment property | 10 | (19) | (390) |
| Loss from disposal of property, plant and equipment | | 7 | - |
| Dividends received | 26 | (24) | (4) |
| Share-based payments | | 25 | 6 |
| Gain from derivative financial instruments | 26 | (30) | (115) |
| Changes in fair value of investments in financial assets and liabilities | 26 | (232) | 263 |
| Provisions and allowances | | 13 | 45 |
| Share of profit (loss) of joint ventures and associates | 8, 9 and 31 | (114) | 491 |
| Financial results, net | | 2,136 | 294 |
| Changes in operating assets and liabilities: | | | - |
| Decrease in inventories | | 478 | - |
| Decrease in trading properties | | 63 | 1 |
| Increase in trade and other receivables | | (258) | (31) |
| Increase in trade and other payables | | 107 | 81 |
| Decrease in salaries and social security liabilities | | (59) | (49) |
| Decrease in provisions | | (2) | (1) |
| Net cash generated by operating activities before income tax paid | | 2,772 | 441 |

The following tables show a detail of significant non-cash transactions occurred in the three-month periods ended September 30, 2016 and 2015:

| | September 30, 2016 | September 30, 2015 |
|--|-----------------------|-----------------------|
| Increase in investments in joint ventures and associates through a decrease in trade and other receivables | 12 | - |
| Decrease in trade and other payables through a decrease in financial assets | 13 | - |
| Increase in investments properties through an increase in trade and other payables | 85 | - |
| Increase in restricted assets through an increase in borrowings | 1,322 | - |

IRSA Inversiones y Representaciones Sociedad Anónima

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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16.

Cash flow information (Continued)

Balances incorporated as result of business combination / reclassification of assets and liabilities held for sale

| | September 30, 2016 | September 30, 2015 |
|---|--------------------------|-----------------------|
| Property, plant and equipment | 12 | - |
| Intangible assets | 4 | - |
| Investment in joint ventures and associates | 11,454 | - |
| Deferred income tax | (18) | - |
| Trade and other receivables | (56) | - |
| Income tax credits | (1) | - |
| Trade and other payables | (17) | - |
| Salaries and social security liabilities | (8) | - |
| Borrowings | (11,256) | - |
| Provisions | 2 | - |
| Income tax and minimum presumed income tax ("MPIT") liabilities | 2 | - |
| Net amount of non-cash assets incorporated / held for sale | 118 | - |
| Cash and cash equivalents | 5 | - |
| Non-controlling interest | 19 | - |
| Goodwill not yet allocated | (90) | - |
| Net amount of assets incorporated / held for sale | 52 | - |
| Interest held before acquisition | 31 | - |
| Seller financed amount | 17 | - |
| Cash and cash equivalents incorporated / held for sale | (5) | - |
| Net outflow of cash and cash equivalents / assets and liabilities held for sale | 95 | - |

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

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17.

Trade and other payables

Group's trade and other payables as of September 30, 2016 and June 30, 2016 are as follows:

| | September 30, 2016 | June 30, 2016 |
|---|-----------------------|------------------|
| Non-current | | |
| Trade payables | 1,064 | 525 |
| Deferred income | 81 | 65 |
| Others | 1,290 | 928 |
| Total non-current trade and other payables | 2,435 | 1,518 |
| Current | | |
| Trade payables | 10,742 | 11,070 |
| Accrued invoices | 1,660 | 450 |
| Sale and rent payments received in advance | 1,926 | 4,590 |
| Total current trade payables | 14,328 | 16,110 |
| Dividends payable to non-controlling shareholders | 74 | 426 |
| Tax payables | 230 | 284 |
| Others | 1,959 | 1,054 |
| Total current other payables | 2,263 | 1,764 |
| Total current trade and other payables | 16,591 | 17,874 |
| Total trade and other payables | 19,026 | 19,392 |

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

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18.

Provisions

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

| | Period ended September 30, 2016 | | | | | Fiscal year ended June 30, 2016 | |
|--|------------------------------------|---|---|------------------------------|---------------------------------------|---|-------|
| | Legal claims (i) | Investments in joint ventures and associates (ii) | Sited dismantling and remediation (iii) | Onerous contracts (iv) | Guarantees and other provisions | Total | Total |
| Beginning of the period / year | 689 | 838 | 114 | 296 | 427 | 2,364 | 426 |
| Additions | 56 | 35 | - | 4 | 41 | 136 | 389 |
| Liabilities added as a result of business combination (Note 4) | 2 | - | - | - | - | 2 | 969 |
| Recovery | (34) | - | - | (75) | - | (109) | (46) |
| Used during the period / year | (2) | - | - | - | - | (2) | (143) |
| Contributions | - | - | - | - | - | - | (18) |
| Currency translation adjustment | 1 | 17 | - | (3) | 13 | 28 | 787 |
| End of period / year | 712 | 890 | 114 | 222 | 481 | 2,419 | 2,364 |
| | | | | September 30, 2016 | June 30, 2016 | | |
| Non-current | | | | 1,336 | 1,325 | | |
| Current | | | | 1,083 | 1,039 | | |
| Total | | | | 2,419 | 2,364 | | |

(i)

Additions and recoveries are included in "Other operating results, net".

(ii)

Corresponds to the equity interest in New Lipstick and Condor with negative equity. Additions and recoveries are included in "Share of profit / (loss) of joint ventures and associates".

(iii)

The Group's companies are required to recognize certain costs related to dismantling assets and remediating sites here such assets are located. The calculation of expenses are based on the dismantling value for the current year, taking into

consideration the best estimate of future changes in prices, inflation, etc. and such costs are capitalized at a risk-free interest rate. Volume projections for retired or built assets are restated based on expected changes from technological rulings and requirements.

(iv)

Provisions for other contractual liabilities include a series of liabilities resulting from a contractual liability or laws, regarding which there is a high degree of certainty as to the terms and the necessary amounts to discharge such liability.

IRSA

As mentioned in Note 20 to the annual financial statements, on February 23, 2016, a class action was filed against the Company, Cresud and some first-line managers and directors with the District Court of the United States for the Central District of California. The complaint, on behalf of people holding American Depositary Receipts of the Company between November 3, 2014 and December 30, 2015, claims presumed violations to the US federal securities laws. In addition, it argues that defendants have made material misrepresentations and made some omissions related to the Company's investment in IDBD.

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

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18.

Provisions (Continued)

Such complaint was voluntarily waived on May 4, 2016 by the plaintiff and filed again on May 9, 2016 with the US District Court by the East District of Pennsylvania.

Furthermore, the Company, some of its first-line managers and directors are defendants in a class action filed on April 29, 2016 with the US District Court of the East District of Pennsylvania. The complaint, on behalf of people holding American Depositary Receipts of the Company between May 13, 2015 and December 30, 2015, claims violations to the US federal securities laws. In addition, it argues that defendants have made material misrepresentations and made some omissions related to the investment of the Company's subsidiary, IRSA, in IDBD.

Subsequently, Cresud and IRSA requested that the complaint be moved to the district of New York, which request was granted.

The Company holds that such allegations are meritless and intends to make a strong defense in both actions.

19.

Borrowings

The breakdown of the Group borrowings as of September 30, 2016 and June 30, 2016 was as follows:

| | September 30, 2016 | June 30, 2016 |
|------------------------------|-----------------------|------------------|
| Non-current | | |
| NCN | 74,630 | 67,235 |
| Bank loans | 5,859 | 6,384 |
| Non-recourse loan | 6,107 | 16,975 |
| Other borrowings | 113 | 86 |
| Total non-current borrowings | 86,709 | 90,680 |
| Current | | |
| NCN | 13,907 | 15,075 |
| Bank loans | 2,952 | 4,050 |
| Bank overdrafts | 187 | 1,236 |
| Other borrowings | 2,057 | 1,891 |
| Total current borrowings | 19,103 | 22,252 |
| Total borrowings | 105,812 | 112,932 |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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19.

Borrowings (Continued)

Operations center in Argentina

On September 1, 2016, NCN Class VII and VIII were tendered under the Program approved by the Shareholders' Meeting for up to US\$ 300 million. The settlement took place on September 8, 2016. The results are shown below:

NCN Class VII for a total amount of Ps. 384.2 million to be matured 36 months after the issuing date, which will accrue interest at an annual floating interest rate, Badlar plus 299 basis points, interest payable on a quarterly basis. Principal will be amortized in only one installment due on September 9, 2019.

NCN Class VIII for a Nominal Value of US\$ 184.5 million (equivalent to Ps. 2,771 million) to be matured 36 months after the issuing date, paid in and payable in US Dollars, which will accrue interest at an annual fixed interest rate of 7.0%, interest payable on a quarterly basis. Principal will be amortized in only one installment due on September 9, 2019.

Operations Center in Israel

In July 2016, Shufersal repurchased NCN Series B for a Nominal Value of NIS 511 million (equivalent to Ps. 2,771 million) with an increase of the issue of NCN Series F by a ratio of 1.175 for each NIS 1 of the Series B. The NCN Series B acquired by Shufersal were cancelled and delisted. The swap transaction does not amount to an exchange of debt instruments because the terms are not substantially different. All expenses related to the bond swap have been deducted from outstanding balance of the debt and shall be amortized over the remaining term of the debt.

On August 2, 2016, IDBD has issued a new series of debentures in the Israeli market in an amount of NIS 325 million (equivalent to Ps. 1,213 million) due in 2019, at a rate of IPC plus 4.25%. These debentures are secured by shares of Clal subject to the approval of the Israel Commission of Capital Markets, Savings and Insurance. On September 15, 2016, the Supreme Court rendered an opinion on the use of Clal's shares as collateral and has requested the Capital Markets, Savings and Insurance Commission to explain the reasons why it does not allow IDBD to secure debentures with up to 5% of Clal shares. The hearing was fixed for January 2017.

In accordance with the decision rendered by the Supreme Court on the petition filed by IDBD to pledge Clal's shares in September, 2016, on October 13, 2016, the Board of Directors of IDBD resolved a partial early redemption of the debentures, which was effected on November 1, 2016 as follows:

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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19.

Borrowings (Continued)

i.

IDBD will carry out a partial early redemption of the debentures for an approximately amount of NIS 239 million (equivalent to Ps. 3,659 million at the prevailing exchange rate on September 30, 2016) at nominal value (“the redeemed portion”) and a total of approximately NIS 244 million (equivalent to Ps. 3,736 million at the exchange rate prevailing on September 30, 2016) with respect to principal, interest and compensation for early redemption.

ii.

The deadline for early redemption calls of the debentures principal was October 25, 2016.

iii.

The early redemption represents 73.7% of the outstanding principal balance of the debentures.

iv.

The interest rate payable on the partial early redemption for the redeemed portion stood was approximately 1.8%.

v.

The interest rate payable as part of the early redemption, computed on the outstanding principal balance as of the early redemption date (NIS 325 million adjustable pursuant to CPI, equivalent to Ps. 4,976 million at the prevailing exchange rate on September 30, 2016) is approximately 1.3%.

vi.

In accordance with the CPI corresponding to September (released on October 14, 2016), compared to the base index released in June 2016, there are no increases applicable to the redeemed portion in the early redemption.

vii.

The principal outstanding balance of debentures after the early redemption shall total NIS 86 million (equivalent to Ps. 1,317 million at the prevailing exchange rate on September 30, 2016) at nominal value, which amount makes up 26.3% of the original principal amount of the debentures at issuance. IDBD will try to pledge Clal’s shares to secure the remaining principal balance of such debentures after carrying out the early redemption.

viii.

In accordance with the provisions of the trust indenture, the redeemed portion will be paid pro rata the nominal value of the outstanding notes.

On August 4, 2016, DIC issued further debentures due 2025 in an amount of NIS 360 million (equivalent to Ps. 1,344 million). The bonds were placed at an internal rate of return of 5.70%.

IDBD has certain restrictions and financial covenants in connection with its financial liabilities, included its debentures, loans from banks and financial institutions. It was agreed between IDBD and the relevant financial entities that the parties would work to formulate an arrangement, to replace or amend the current financial covenants by March 2017. Such covenants are currently suspended until and including December 2016. If such arrangement is not reached, the previous financial covenants will re-apply with respect to the results for IDBD’s first quarter of 2017 and thereafter. In the event that these covenants will re-apply, IDBD estimates that it will not be able to meet the thresholds which were determined in the past with respect to the Liquidity Covenant and the Economic Equity Covenant.

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

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19.

Borrowings (Continued)

The breakdown of the Group borrowings as of September 30, 2016 was as follows:

| Debt | Operations Center in Argentina | | | | Operations Center in Israel | | | | | | |
|-----------------------|--------------------------------|------------|-------|----------|-----------------------------|--------|-----------|---------|--------|--------|-------|
| | IRSA | IRSA CP | Other | Subtotal | IDBD | DIC | Shufersal | Cellcom | PBC | Others | Subto |
| NCN | 5,467 | 5,782 | - | 11,249 | 7,857 | 13,634 | 10,135 | 17,059 | 28,603 | - | 77,28 |
| Bank loans and others | - | 6 | 9 | 15 | 2,246 | 1,042 | 13 | 778 | 3,181 | 1,536 | 8,796 |
| Non-recourse loan | - | - | - | - | - | (i) - | - | - | 6,107 | - | 6,107 |
| Bank overdrafts | 5 | 24 | 49 | 78 | - | - | - | - | - | 109 | 109 |
| Other borrowings | 15 | 11 | 179 | 205 | - | 210 | - | - | 1,755 | - | 1,965 |
| Total debt | 5,487 | 5,823 | 237 | 11,547 | 10,103 | 14,886 | 10,148 | 17,837 | 39,646 | 1,645 | 94,26 |

(i)

The non-recourse loan related to the investment in Adama has been reclassified to held for sale (see Note 30).

The breakdown of the Group borrowings as of June 30, 2016 was as follows:

| Debt | Operations Center in Argentina | | | | Operations Center in Israel | | | | | | |
|-------------------|--------------------------------|------------|-------|----------|-----------------------------|--------|-----------|---------|--------|--------|-------|
| | IRSA | IRSA CP | Other | Subtotal | IDBD | DIC | Shufersal | Cellcom | PBC | Others | Subto |
| NCN | 2,288 | 5,799 | - | 8,087 | 7,807 | 12,436 | 10,037 | 15,277 | 28,666 | - | 74,22 |
| Bank loans | - | 44 | 12 | 56 | 2,214 | 1,171 | 16 | 779 | 2,003 | 4,195 | 10,37 |
| Non-recourse loan | - | - | - | - | - | 10,999 | - | - | 5,976 | - | 16,97 |
| Bank overdrafts | 859 | 40 | 45 | 944 | - | - | - | - | - | 292 | 292 |
| Other borrowings | 15 | 10 | 118 | 143 | - | - | - | - | 1,834 | - | 1,834 |
| Total debt | 3,162 | 5,893 | 175 | 9,230 | 10,021 | 24,606 | 10,053 | 16,056 | 38,479 | 4,487 | 103,7 |

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

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19.

Borrowings (Continued)

The breakdown of the borrowings of Operations Centers in Argentina and Israel is as follows:

Operations Center in Argentina

| Company | Secured / Unsecured | Series / Class | Currency | Rate | Payment date for capital | Interest rate % | Capital nominal value in million Issue currency | Book value September 30, 2016 | Book value June 30, 2016 | |
|-----------|------------------------|-------------------|---------------|------|--------------------------------|--------------------|--|--|-----------------------------------|-------|
| NCN | IRSA CP | Unsecured | Class I | Ps. | Fixed / Floating | 2017 | Badlar + 4 BP | 407 | 410 | 409 |
| IRSA CP | | Unsecured | Class II | US\$ | Fixed | 2023 | 8.75% | 360 | 5,372 | 5,390 |
| IRSA | | Unsecured | Class I | US\$ | Fixed | 2017 | 8.50% | 75 | 1,156 | 1,159 |
| IRSA | | Unsecured | Class VI | Ps. | Floating | 2017 | Badlar + 450ps | 11 | 11 | 11 |
| IRSA | | Unsecured | Class II | US\$ | Fixed | 2020 | 11.50% | 75 | 1,107 | 1,118 |
| IRSA | | Unsecured | Class VII | Ps. | Floating | 2019 | Badlar + 299pts | 384 | 385 | - |
| IRSA | | Unsecured | Class VIII | US\$ | Fixed | 2019 | 7.0% | 184 | 2,808 | - |
| Total NCN | | | | | | | | | 11,249 | 8,087 |

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| | | | | | | | | | | |
|---|------|-----------|---|------|---------------------|------|-------------------|----|--------|-------|
| Bank loans | IRSA | Secured | - | US\$ | Fixed | 2020 | 3.2% to 14.3% | 1 | 1 | 1 |
| and other borrowings | IRSA | Unsecured | - | Ps. | Floating | 2017 | Badlar | 15 | 14 | 14 |
| IRSA CP | | Secured | - | US\$ | Fixed | 2020 | 3.2% to 14.3% | - | 4 | 4 |
| IRSA CP | | Unsecured | - | Ps. | Fixed | 2016 | 15.25% | 1 | 1 | 1 |
| IRSA CP | | Unsecured | - | Ps. | Fixed | 2017 | 26.50% | 5 | 5 | 7 |
| IRSA CP | | Unsecured | - | Ps. | Fixed | 2016 | 23% | - | - | 36 |
| IRSA CP | | Unsecured | - | Ps. | Fixed / Floating | 2016 | Badlar / 8.50% | 6 | 7 | 6 |
| HASA | | Unsecured | - | Ps. | Fixed | 2016 | 15.25% | 6 | 4 | 6 |
| LLAO LLAO | | Unsecured | - | Ps. | Fixed | 2016 | 15.25% | 1 | 1 | 1 |
| NFSA | | Unsecured | - | Ps. | Fixed | 2016 | 24% | 6 | 4 | 5 |
| BNSA | | Secured | - | Ps. | Floating | | Libor | 44 | 57 | - |
| LIVECK | | Secured | - | US\$ | Fixed | 2017 | - | 2 | 36 | 34 |
| LIVECK | | Secured | - | US\$ | Fixed | | 3.50% | 5 | 86 | 84 |
| Total bank loans and others | | | | | | | | | 220 | 199 |
| Bank overdrafts | | | | | | | | | 78 | 944 |
| Total Operations Center in Argentina | | | | | | | | | 11,547 | 9,230 |

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19. Borrowings (Continued)

Operations Center in Israel

| | Secured Company Series Unsecured | Currency | Rate | Adjustment factor | Payment date for capital | Interest rate % | Capital nominal value in million Issue currency | Book value September 30, 2016 | Book value June 30, 2016 |
|-----|--|----------|-------|----------------------|--------------------------------|--------------------|--|--|--------------------------------------|
| NCN | IDBD Unsecured | NIS | Fixed | CPI | 2016 – 2018 | 4.50% | 535 | 2,223 | 3,534 |
| | IDBD Unsecured | NIS | Fixed | CPI | 2020 – 2025 | 4.95% | 1,337 | 4,490 | 3,164 |
| | IDBD Unsecured | NIS | Fixed | N/A | 2015 – 2018 | 6.60% | 309 | 1,144 | 1,109 |
| | DIC Unsecured | NIS | Fixed | CPI | 2012 – 2016 | 5.00% | - | - | 510 |
| | DIC Unsecured | NIS | Fixed | CPI | 2017 – 2025 | 4.95% | 2,719 | 9,766 | 9,427 |
| | DIC Unsecured | NIS | Fixed | N/A | 2012 – 2016 | 6.35% | 8 | 31 | 31 |
| | DIC Unsecured | NIS | Fixed | CPI | 2014 – 2019 | 4.45% | 93 | 389 | 541 |
| | DIC Unsecured | NIS | Fixed | N/A | 2010 – 2018 | 6.70% | 873 | 3,448 | 1,927 |
| | Shufet Unsecured | NIS | Fixed | CPI | 2015 – 2019 | 5.20% | 833 | 4,431 | 5,161 |
| | Shufet Unsecured | NIS | Fixed | N/A | 2010 – 2017 | 5.45% | 114 | 463 | 459 |
| | Shufet Unsecured | NIS | Fixed | CPI | 2014 – 2029 | 2.99% | 413 | 1,596 | 1,584 |
| | Shufet Unsecured | NIS | Fixed | N/A | 2014 – 2029 | 5.09% | 392 | 1,600 | 1,580 |
| | Shufet Unsecured | NIS | Fixed | CPI | 2020 – 2028 | 4.30% | 508 | 2,045 | 1,253 |
| | Cellcom Unsecured | NIS | Fixed | CPI | 2013 – 2017 | 5.30% | 185 | 891 | 880 |
| | Cellcom Unsecured | NIS | Fixed | CPI | 2013 – 2017 | 5.19% | 599 | 2,894 | 2,865 |
| | Cellcom Unsecured | NIS | Fixed | N/A | 2012 – 2017 | 6.25% | 164 | 672 | 673 |
| | Cellcom Unsecured | NIS | Fixed | CPI | 2017 – 2020 | 4.60% | 715 | 3,060 | 3,032 |
| | Cellcom Unsecured | NIS | Fixed | N/A | 2017 – 2019 | 6.99% | 285 | 1,235 | 1,230 |
| | Cellcom Unsecured | NIS | Fixed | CPI | 2018 – 2024 | 1.98% | 950 | 3,512 | 3,483 |
| | Cellcom Unsecured | NIS | Fixed | N/A | 2018 – 2025 | 4.14% | 1,207 | 4,795 | 3,114 |
| | PBC Unsecured | NIS | Fixed | CPI | 2009 – 2017 | 5% | 550 | 2,691 | 2,666 |
| | PBC Unsecured | NIS | Fixed | CPI | 2020 – 2025 | 4.95% | 1,317 | 6,582 | 6,641 |
| | PBC Unsecured | NIS | Fixed | CPI | 2015 – 2023 | 4.95% | 974 | 4,146 | 4,195 |
| | PBC Unsecured | NIS | Fixed | N/A | 2015 – 2025 | 7.05% | 669 | 2,989 | 3,054 |
| | PBC Unsecured Gav-Yam Series E | NIS | Fixed | CPI | 2014 – 2018 | 4.55% | 283 | 1,386 | 1,375 |
| | PBC Unsecured Gav-Yam Series F | NIS | Fixed | CPI | 2021 – 2026 | 4.75% | 1,585 | 8,621 | 8,535 |
| | PBC Unsecured Gav-Yam Series G | NIS | Fixed | N/A | 2013 – 2017 | 6.41% | 215 | 882 | 907 |
| | PBC Unsecured | NIS | Fixed | CPI | 2007 – 2021 | 5.40% | 255 | 1,306 | 1,293 |

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Series B

| | | | | | | | | | |
|---------------|---------------------|-----|----------|------------------------|-------------|------------------|-----|--------|--------|
| Total NCN | | | | | | | | 77,288 | 74,223 |
| Bank loans | IDBD Unsecured | NIS | Floating | Prime interest rate | 2015 – 2018 | Prime + 1.3% | 333 | 1,160 | 1,117 |
| | IDBD Unsecured | NIS | Floating | Prime interest rate | 2015 – 2019 | Prime + 1% | 80 | 276 | 265 |
| | IDBD Unsecured | NIS | Floating | Prime interest rate | 2015 – 2020 | Prime + 0.65% | 56 | 179 | 198 |
| | IDBD Secured (1) | NIS | Fixed | CPI | 2015 – 2018 | 6.90% | 150 | 631 | 634 |
| | DIC Unsecured | NIS | Fixed | N/A | 2015 – 2017 | 5.39% | - | 136 | 167 |
| | DIC Unsecured | NIS | Floating | Prime interest rate | 2015 – 2018 | 2.12% | - | 350 | 397 |
| | DIC Unsecured | NIS | Fixed | N/A | 2015 – 2018 | 5.90% | - | 284 | 311 |
| | DIC Unsecured | NIS | Fixed | Prime interest rate | 2015 – 2018 | 2.20% | - | 272 | 296 |
| | Shufec Secured | NIS | Fixed | CPI | 2015 – 2017 | 4.95% | 1 | 3 | 4 |
| | Shufec Secured | NIS | Fixed | CPI | 2015 – 2017 | 4.95% | 1 | 2 | 3 |
| | Shufec Secured | NIS | Fixed | CPI | 2015 – 2017 | 4.75% | - | 2 | 2 |
| | Shufec Secured | NIS | Fixed | CPI | 2015 – 2017 | 4.40% | - | 2 | 2 |
| | Shufec Secured | NIS | Fixed | CPI | 2015 – 2017 | 3.25% | 1 | 4 | 5 |

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19. Borrowings (Continued)

Operations Center in Israel

| Company | Secured / Unsecured | Series | Currency | Rate | Adjustment factor | Payment date for capital | Interest rate % | Capital nominal value in million Issue currency | Book value September 30, 2016 | Book value June 30, 2016 |
|---------|------------------------|--------|----------|----------|----------------------|-----------------------------------|--------------------|---|--|-----------------------------------|
| PBC | Unsecured | - | NIS | Floating | CPI | 2015 – 2020 | 1.97% | - | 147 | 154 |
| PBC | Unsecured | - | NIS | Floating | CPI | 2020 | 2.65% | - | 314 | 311 |
| PBC | Unsecured | - | NIS | Fixed | N/A | 2015 – 2020 | 3.07% | - | 70 | 76 |
| PBC | Unsecured | - | NIS | Fixed | N/A | 2016 | 1.70% | - | - | 1,176 |
| PBC | Secured | - | NIS | Floating | CPI | 2011 – 2018 | 1.55% | - | 261 | 286 |
| PBC | Unsecured | - | NIS | Floating | CPI | 2002 – 2019 | 1.73% | - | 330 | 327 |
| PBC | Secured | - | NIS | Floating | CPI | 2008 – 2016 | 1.95% | - | 16 | 32 |
| PBC | Secured | - | NIS | Floating | CPI | 2015 – 2023 | 1.87% | - | 398 | 409 |
| PBC | Secured | - | NIS | Floating | CPI | 2014 – 2022 | 1.77% | - | 313 | 323 |
| PBC | Secured | - | NIS | Floating | CPI | 2013 – 2021 | 1.87% | - | 210 | 219 |
| PBC | Secured | - | NIS | Floating | CPI | 2015 – 2022 | 1.86% | - | 159 | 165 |

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| | | | | | | | | | | |
|------------------|-----------|---|------|----------|------------------------|----------------|---------------|-----|-------|--------|
| PBC | Secured | - | NIS | Floating | CPI | 2011 - 2019 | 1.26% | - | 137 | 149 |
| PBC | Secured | - | NIS | Floating | CPI | 2009 - 2017 | 1.80% | - | 29 | 36 |
| PBC | Secured | - | NIS | Floating | CPI | 2022 | 1.88% | - | 367 | 366 |
| PBC | Secured | - | NIS | Fixed | N/A | 2016 - 2016 | 1.26% | - | 155 | 156 |
| PBC | Secured | - | NIS | Floating | CPI | 2015 - 2020 | 1.57% | - | 81 | 85 |
| PBC | Secured | - | NIS | Floating | CPI | 2020 | 2.14% | - | 189 | 188 |
| PBC | Unsecured | - | NIS | Floating | CPI | 2009 - 2016 | 12.16% | - | 5 | 11 |
| Bartan | Unsecured | - | NIS | Floating | Prime interest rate | 2015 - 2022 | 2.35% | - | 4 | 8 |
| Bartan | Secured | - | NIS | Floating | Prime interest rate | 2022 | 2.89% | - | 19 | 19 |
| Bartan | Secured | - | NIS | Floating | Prime interest rate | 2022 | 2.95% | - | 16 | 16 |
| IDB Tourism | Unsecured | - | US\$ | Floating | Libor interest rate | | 5.66% | 13 | 47 | 51 |
| IDB Tourism | Unsecured | - | US\$ | Floating | Libor interest rate | 2015 - 2018 | 5.21% | 197 | 568 | 767 |
| IDBG | Unsecured | - | US\$ | Floating | Libor interest rate | 2015 - 2015 | Libor + 5% | 227 | 882 | 869 |
| Cellcom | Unsecured | - | NIS | Fixed | N/A | 2016 - 2021 | 4.60% | 200 | 778 | 778 |
| Total bank loans | | | | | | | | | 8,796 | 10,378 |

| | | |
|-----------------------------------|--------|---------|
| Bank overdrafts | 109 | 292 |
| Non-recourse loan | 6,107 | 16,975 |
| Other borrowings | 1,965 | 1,834 |
| Total Operations Center in Israel | 94,265 | 103,702 |

(1)

Pertains to a loan with Menorah Group which was secured with a 4% of Clal's shares.

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20.

Taxes

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

| | September 30, 2016 | September 30, 2015 |
|---------------------|-----------------------|-----------------------|
| Current income tax | (160) | (74) |
| Deferred income tax | 106 | (38) |
| Income tax | (54) | (112) |

Below is a reconciliation between income tax recognized and that which would result applying the prevailing tax rate on Profit before income tax for the three-month periods ended September 30, 2016 and 2015:

| | September 30, 2016 | September 30, 2015 |
|--|-----------------------|-----------------------|
| Net loss at tax rate applicable to profits in the respective countries | (153) | (130) |
| Permanent differences: | | |
| Share of profit of joint ventures and associates | 29 | 231 |
| Unrecognized tax losses carryforwards | - | 2 |
| Non-taxable income | 181 | 8 |
| Others | (3) | 1 |
| Income tax | 54 | 112 |
| Minimum presumed income tax ("MPIT") | - | - |

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

| | September 30, 2016 | June 30, 2016 |
|---|-----------------------|------------------|
| Beginning of the period / year | (6,933) | 2 |
| Incorporated by business combination | - | (4,681) |
| Reclassification to liabilities held for sale | 19 | - |
| Use of tax loss carryforwards | - | (366) |
| Changes of non-controlling interest | - | (62) |
| Currency translation adjustment | (46) | (2,263) |
| Income tax expense and deferred income tax | 106 | 437 |
| End of period / year | (6,854) | (6,933) |

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21.

Equity

Group's other reserves for the years ended September 30, 2016 and 2015 were as follows:

| | Cost of treasury shares | Changes in non-controlling interest | Reserve for share-based compensation | Reserve for future dividends | Cumulative translation adjustment reserve | Hedging instruments | Reserve for defined contribution plans | Other reserves of subsidiaries | T |
|---|-------------------------------|---|--|------------------------------------|--|------------------------|---|--------------------------------------|---|
| Balance at July 1, 2016 | (29) | 94 | 67 | 520 | 84 | (37) | (10) | 37 | 7 |
| Other comprehensive income (loss) for the period | - | - | - | - | 195 | 26 | (9) | - | 2 |
| Total comprehensive income (loss) for the period | - | - | - | - | 195 | 26 | (9) | - | 2 |
| Reserve for share-based compensation | - | - | 3 | - | - | - | - | - | 3 |
| Changes in non-controlling interest | - | (288) | - | - | - | - | - | - | (|
| Balance at September 30, 2016 | (29) | (194) | 70 | 520 | 279 | (11) | (19) | 37 | 6 |
| | Cost of treasury shares | Changes in non-controlling interest | Reserve for share-based compensation | Reserve for future dividends | Cumulative translation adjustment reserve | Hedging instruments | Reserve for defined contribution plans | Other reserves of subsidiaries | T |
| Balance at July 1, 2015 | (34) | (6) | 64 | - | 306 | - | - | - | 3 |
| Other comprehensive income for the period | - | - | - | - | 35 | - | - | - | 3 |
| Total comprehensive income for the | - | - | - | - | 35 | - | - | - | 3 |

| | | | | | | | | | |
|--|------|------|-----|---|-----|---|---|---|-----|
| period | | | | | | | | | |
| Reserve for share-based compensation | 4 | - | (3) | - | - | - | - | - | 1 |
| Changes in non-controlling interest | - | (9) | - | - | - | - | - | - | (9) |
| Balance at September 30, 2015 | (30) | (15) | 61 | - | 341 | - | - | - | 3 |

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(All amounts in millions of Argentine Pesos, except otherwise indicated)

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22.

Revenue

| | September 30, 2016 | September 30, 2015 |
|---|-----------------------|-----------------------|
| Revenue from supermarkets | 11,535 | - |
| Income from communications services | 2,942 | - |
| Rental and services income | 1,946 | 856 |
| Sale of communication equipment | 959 | - |
| Income from tourism services | 900 | - |
| Sale of trading properties and developments | 221 | 1 |
| Revenue from hotel operations | 184 | 111 |
| Total Group's revenues | 18,687 | 968 |

23.

Costs

| | September 30, 2016 | September 30, 2015 |
|--|-----------------------|-----------------------|
| Costs of supermarkets | 8,615 | - |
| Costs of communication services | 1,966 | - |
| Rental and services' costs | 877 | 349 |
| Costs of tourism services | 815 | - |
| Costs of sale of communication equipment | 642 | - |
| Costs of trading properties and developments | 225 | 4 |
| Costs from hotel services | 127 | 82 |
| Total costs | 13,267 | 435 |

24.

Expenses by nature

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

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

| | September 30, 2016 | September 30, 2015 |
|--|-----------------------|-----------------------|
| Cost of sale of goods and services | 9,156 | 19 |
| Salaries, social security costs and other personnel expenses | 2,497 | 202 |
| Depreciation and amortization | 1,409 | 54 |
| Fees and payments for services | 962 | 40 |

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| | | |
|--|--------|-----|
| Maintenance, security, cleaning, repair and others | 571 | 118 |
| Advertising and others selling expenses | 434 | 62 |
| Taxes, rates and contributions | 229 | 61 |
| Director's fees | 38 | 37 |
| Leases and service charges | 71 | 5 |
| Allowance for doubtful accounts and other receivables, net | 49 | 5 |
| Other expenses | 2,081 | 18 |
| Total expenses by nature | 17,497 | 621 |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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24.

Expenses by nature (Continued)

For the period ended September 30, 2016:

| | Group Costs | | | | | | | Total costs | General administr expenses |
|--|-----------------------|---------------------------------|----------------------------|--|---------------------------|---|-----------------------------|-------------|----------------------------|
| | Costs of supermarkets | Costs of communication services | Rental and services' costs | Costs of sale of communication equipment | Costs of tourism services | Costs of trading properties and development | Costs from hotel operations | | |
| Cost of sale of goods and services | 8,267 | 11 | - | 642 | - | 220 | 16 | 9,156 | - |
| Salaries, social security costs and other personnel expenses | 299 | 228 | 155 | - | 60 | - | 70 | 812 | 368 |
| Depreciation and amortization | 49 | 440 | 269 | - | 41 | - | 3 | 802 | 122 |
| Fees and payments for services | - | 381 | 15 | - | - | - | 5 | 401 | 152 |
| Maintenance, security, cleaning, repairs and others | - | - | 306 | - | 60 | 3 | 23 | 392 | 14 |
| Advertising and other selling expenses | - | - | 75 | - | - | - | - | 75 | - |
| Taxes, rates and contributions | - | - | 49 | - | - | 1 | - | 50 | 4 |
| Director's fees | - | - | - | - | - | - | - | - | 38 |
| Leases and service charges | - | - | 8 | - | 60 | 1 | - | 69 | 1 |
| | - | - | - | - | - | - | - | - | 34 |

Allowance for
doubtful
accounts and
other
receivables,
net

| | | | | | | | | | |
|--------------------------|-------|-------|-----|-----|-----|-----|-----|--------|-----|
| Other expenses | - | 906 | - | - | 594 | - | 10 | 1,510 | 201 |
| Total expenses by nature | 8,615 | 1,966 | 877 | 642 | 815 | 225 | 127 | 13,267 | 934 |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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24.

Expenses by nature (Continued)

For the period ended September 30, 2015:

| | | Group Costs | | | | | |
|--|----------------------------------|-----------------------------------|--|----------------|---|---------------------|-------|
| | Rental and services' costs | Costs from hotel operations | Costs of trading properties and developments | Total costs | General and administrative expenses | Selling expenses | Total |
| Cost of sale of goods and services | - | 18 | 1 | 19 | - | - | 19 |
| Salaries, social security costs and other personnel expenses | 110 | 49 | - | 159 | 34 | 9 | 202 |
| Depreciation and amortization | 49 | 3 | - | 52 | 2 | - | 54 |
| Fees and payments for services | 1 | - | - | 1 | 37 | 2 | 40 |
| Maintenance, security, cleaning, repairs and others | 98 | 10 | 2 | 110 | 8 | - | 118 |
| Advertising and other selling expenses | 53 | 2 | - | 55 | - | 7 | 62 |
| Taxes, rates and contributions | 27 | - | 1 | 28 | 3 | 30 | 61 |
| Director's fees | - | - | - | - | 37 | - | 37 |
| Leases and service charges | 4 | - | - | 4 | 1 | - | 5 |
| Allowance for doubtful accounts and other receivables, net | - | - | - | - | - | 5 | 5 |
| Other expenses | 7 | - | - | 7 | 9 | 2 | 18 |
| Total expenses by nature | 349 | 82 | 4 | 435 | 131 | 55 | 621 |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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25.

Other operating results, net

| | September 30, 2016 | September 30, 2015 |
|---------------------------------------|-----------------------|-----------------------|
| Donations | (11) | (5) |
| Judgments and other contingencies (1) | (4) | (3) |
| Others | (47) | (5) |
| Total other operating results, net | (62) | (13) |

(1)

Includes legal costs and expenses.

26.

Financial results, net

| | September 30, 2016 | September 30, 2015 |
|--|-----------------------|-----------------------|
| Finance income: | | |
| - Interest income | 210 | 24 |
| - Foreign exchange gains | 53 | 18 |
| - Dividends income | 24 | 4 |
| - Other finance income | 101 | - |
| Total finance income | 388 | 46 |
| Finance costs: | | |
| - Interest expense | (1,793) | (171) |
| - Foreign exchange losses | (202) | (141) |
| - Other financial costs | (129) | (23) |
| Total finance costs | (2,124) | (335) |
| Other financial results: | | |
| - Fair value gain / (loss) of financial assets and liabilities at fair value through profit or loss, net | 232 | (263) |
| - Gain on derivative financial instruments, net | 30 | 115 |
| Total other financial results | 262 | (148) |
| Total financial results, net | (1,474) | (437) |

IRSA Inversiones y Representaciones Sociedad Anónima

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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27.

Related party transactions

The following is a summary of the balances with related parties as of September 30, 2016:

| Related party | Description of transaction | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|----------------------|-----------------------------|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|------------------------|--------------------|
| Parent Company | | | | | | | | | |
| | Reimbursement of expenses | - | - | - | - | - | (18) | - | - |
| | Corporate services | - | - | - | - | - | (78) | - | - |
| Cresud | NCN | - | 342 | - | - | - | - | - | - |
| | Leases and/or rights of use | - | - | - | 5 | - | - | - | - |
| | Long-term incentive plan | - | - | - | 2 | - | - | - | - |
| Total Parent Company | | - | 342 | - | 7 | - | (96) | - | - |
| Associates | | | | | | | | | |
| BHSA | Reimbursement of expenses | - | - | - | 1 | - | (1) | - | - |
| | Borrowings | - | - | - | - | - | - | (1) | (8) |
| Lipstick | Reimbursement of expenses | - | - | - | 1 | - | - | - | - |
| Adama | Services | - | - | - | 2 | - | - | - | - |
| Manibil S.A. | Contributions to be paid | - | - | 38 | - | - | - | - | - |
| New Lipstick | Reimbursement of expenses | - | - | - | 4 | - | - | - | - |
| BACS | NCN | 121 | 8 | - | - | - | - | - | - |
| | Reimbursement of expenses | - | - | - | 2 | - | - | - | - |
| Tarshop | Leases and/or rights of use | - | - | - | - | - | (2) | - | - |
| Total Associates | | 121 | 8 | 38 | 10 | - | (3) | (1) | (8) |
| Joint Ventures | | | | | | | | | |
| | Borrowings | - | - | - | - | - | - | - | (14) |
| Cyrsa | | | | | | | | | |

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| | | | | | | | | | |
|----------------------|---------------------------------|---|---|---|---|---|-----|---|------|
| | Credit due to capital reduction | - | - | - | 3 | - | - | - | - |
| Mehadrin | Commissions | - | - | - | - | - | (4) | - | - |
| | Share-based compensation plan | - | - | - | 1 | - | - | - | - |
| NPSF | Borrowings | - | - | - | - | - | - | - | (7) |
| | Management fees | - | - | - | 1 | - | - | - | - |
| | Management fees | - | - | - | 2 | - | - | - | - |
| Quality | Reimbursement of expenses | - | - | - | 1 | - | - | - | - |
| Total Joint Ventures | | - | - | - | 8 | - | (4) | - | (21) |

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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27.

Related party transactions (Continued)

| Related party | Description of transaction | Investments in financial instruments non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|--|-----------------------------|--|---|---|-------------------------------------|--------------------------------------|----------------------------------|------------------------|--------------------|
| Subsidiaries of the parent company | | | | | | | | | |
| Sociedad Anónima Carnes Pampeanas S.A. | Reimbursement of expenses | - | - | - | - | - | (4) | - | - |
| Total Subsidiaries of the parent company | | - | - | - | - | - | (4) | - | - |
| Other related parties | | | | | | | | | |
| Consultores | | | | | | | | | |
| Asset Management S.A. | Reimbursement of expenses | - | - | - | 7 | - | (1) | - | - |
| LRSA | Leases and/or rights of use | - | - | - | 29 | - | - | - | - |
| | Fees | - | - | - | - | - | (1) | - | - |
| Avenida Compras S.A. | Advertising spaces | - | - | - | 1 | - | - | - | - |
| Avenida Inc. | Advertising spaces | - | - | - | 1 | - | - | - | - |
| Estudio Zang, Bergel y Viñes Consultores | Legal services | - | - | - | - | - | (1) | - | - |
| Venture Capital Uruguay | Management fees | - | - | - | 2 | - | - | - | - |
| IFISA | Borrowings | - | - | - | 1,109 | - | - | - | - |
| Museo de los Niños | Leases and/or rights of use | - | - | - | 1 | - | - | - | - |
| Total other related | | - | - | - | 1,150 | - | (3) | - | - |

| | | | | | | | | | |
|---------------|-----------|-----|-----|----|-------|-----|-------|-----|------|
| parties | | | | | | | | | |
| Directors and | | | | | | | | | |
| Senior | | | | | | | | | |
| Management | | | | | | | | | |
| | Advances | - | - | - | - | (1) | - | - | - |
| Directors | Fees | - | - | - | - | - | (50) | - | - |
| | Guarantee | - | - | - | - | (1) | - | - | - |
| | deposits | | | | | | | | |
| Total | | | | | | | | | |
| Directors and | | - | - | - | - | (2) | (50) | - | - |
| Senior | | | | | | | | | |
| Management | | | | | | | | | |
| Total | | 121 | 350 | 38 | 1,175 | (2) | (160) | (1) | (29) |

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27.

Related party transactions (Continued)

The following is a summary of the balances with related parties as of June 30, 2016:

| Related party | Description of transaction | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|-----------------------------|-----------------------------|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|------------------------|--------------------|
| Parent Company | | | | | | | | | |
| | Reimbursement of expenses | - | - | - | - | - | (30) | - | - |
| | Corporate services | - | - | - | - | - | (67) | - | - |
| Cresud | NCN | - | 329 | - | - | - | - | - | - |
| | Leases and/or rights of use | - | - | - | 4 | - | - | - | - |
| | Long-term incentive plan | - | - | - | 3 | - | - | - | - |
| Total Parent Company | | - | 329 | - | 7 | - | (97) | - | - |
| Associates | | | | | | | | | |
| BHSA | Reimbursement of expenses | - | - | - | - | - | (1) | - | - |
| | Borrowings | - | - | - | - | - | - | (2) | (10) |
| Lipstick | Reimbursement of expenses | - | - | - | 2 | - | - | - | - |
| New Lipstick | Reimbursement of expenses | - | - | - | 5 | - | - | - | - |
| | NCN | 100 | 21 | - | - | - | - | - | - |
| BACS | Reimbursement of expenses | - | - | - | 1 | - | - | - | - |
| Tarshop | Reimbursement of expenses | - | - | - | 1 | - | - | - | - |
| | Leases and/or rights of use | - | - | - | - | - | (1) | - | - |
| Total Associates | | 100 | 21 | - | 9 | - | (2) | (2) | (10) |
| Joint Ventures | | | | | | | | | |
| Cyrsa | Borrowings | - | - | - | - | - | - | - | (14) |
| | | - | - | - | 3 | - | - | - | - |

| | | | | | | | | |
|----------------------|---------------------------------|---|---|---|----|---|---|------|
| | Credit due to capital reduction | | | | | | | |
| | Reimbursement of expenses | - | - | - | 2 | - | - | - |
| NPSF | Share-based compensation plan | - | - | - | 1 | - | - | - |
| | Borrowings Management fees | - | - | - | - | - | - | (6) |
| | | - | - | - | 4 | - | - | - |
| Puerto Retiro | Borrowings | - | - | - | 3 | - | - | - |
| Quality | Reimbursement of expenses | - | - | - | 1 | - | - | - |
| Total Joint Ventures | | - | - | - | 14 | - | - | (20) |

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27.

Related party transactions (Continued)

| Related party | Description of transaction | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|--|-----------------------------|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|------------------------|--------------------|
| Subsidiaries of the parent company | | | | | | | | | |
| Sociedad Anónima Carnes Pampeanas S.A. | Transfer of tax credits | - | - | - | - | - | (7) | - | - |
| Total Subsidiaries of the parent company | | - | - | - | - | - | (7) | - | - |
| Other related parties | | | | | | | | | |
| Consultores | | | | | | | | | |
| Asset Management S.A. | Reimbursement of expenses | - | - | - | 7 | - | - | - | - |
| Avenida Compras S.A. | Advertising spaces | - | - | - | 1 | - | - | - | - |
| Avenida Inc. | Advertising spaces | - | - | - | 1 | - | - | - | - |
| BNSA | Reimbursement of expenses | - | - | - | 1 | - | - | - | - |
| | Other payables | - | - | - | - | - | (1) | - | - |
| OASA | Borrowings | - | - | - | 1 | - | - | - | - |
| Estudio Zang, Bergel y Viñes | Legal services | - | - | - | - | - | (1) | - | - |
| Consultores | | | | | | | | | |
| Venture Capital Uruguay | Management fees | - | - | - | 2 | - | - | - | - |
| IFISA | Borrowings | - | - | - | 1,074 | - | - | - | - |
| Museo de los Niños | Leases and/or rights of use | - | - | - | 1 | - | - | - | - |
| | | - | - | - | 1,088 | - | (2) | - | - |

| | | | | | | | | | | |
|--|----------|-----|-----|---|-------|---|-------|-----|------|---|
| Total other related parties Directors and Senior Management | | | | | | | | | | |
| Directors | Advances | - | - | - | 4 | - | - | - | - | - |
| | Fees | - | - | - | - | - | (28) | - | - | - |
| Total Directors and Senior Management | | - | - | - | 4 | - | (28) | - | - | - |
| Total | | 100 | 350 | - | 1,122 | - | (136) | (2) | (30) | |

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27.

Related party transactions (Continued)

The following is a summary of the transactions with related parties for the three-month period ended September 30, 2016:

| Related party | Leases and/or rights of use | Management fees | Sale of goods and/or services | Corporate services | Legal services | Financial operations | Donations | Fees and salaries |
|---|--------------------------------------|--------------------|--|-----------------------|-------------------|-------------------------|-----------|----------------------|
| Parent Company | | | | | | | | |
| Cresud | - | - | - | (44) | - | 11 | - | - |
| Total Parent Company | - | - | - | (44) | - | 11 | - | - |
| Associates | | | | | | | | |
| BHSA | 1 | - | - | - | - | (1) | - | - |
| BACS | 2 | - | - | - | - | 8 | - | - |
| Adama | - | - | - | 34 | - | - | - | - |
| Tarshop | 4 | - | - | - | - | - | - | - |
| Total Associates | 7 | - | - | 34 | - | 7 | - | - |
| Joint Ventures | | | | | | | | |
| Cyrsa | - | - | - | - | - | (1) | - | - |
| NPSF | (1) | 1 | - | - | - | - | - | - |
| Total Joint Ventures | (1) | 1 | - | - | - | (1) | - | - |
| Other related parties | | | | | | | | |
| Estudio Zang, Bergel & Viñes | - | - | - | - | (2) | - | - | - |
| LRSA | 5 | - | - | - | - | - | - | - |
| Fundación IRSA | - | - | - | - | - | - | (2) | - |
| IFISA | - | - | - | - | - | 26 | - | - |
| Condor | - | - | - | - | - | 115 | - | - |
| Total Other related parties | 5 | - | - | - | (2) | 141 | (2) | - |
| Directors and Senior Management | | | | | | | | |
| Directors | - | - | - | - | - | - | - | (45) |
| Senior Management | - | - | - | - | - | - | - | (3) |
| Total Directors and Senior Management | - | - | - | - | - | - | - | (48) |
| Total | 11 | 1 | - | (10) | (2) | 158 | (2) | (48) |

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(All amounts in millions of Argentine Pesos, except otherwise indicated)

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27.

Related party transactions (Continued)

The following is a summary of the transactions with related parties for the three-month period ended September 30, 2015:

| Related party | Leases and/or rights of use | Management fees | Corporate services | Legal services | Financial operations | Donations | Fees and salaries |
|--|--------------------------------|--------------------|-----------------------|-------------------|-------------------------|-----------|----------------------|
| Parent Company | | | | | | | |
| Cresud | 1 | - | (26) | - | 5 | - | - |
| Total Parent Company | 1 | - | (26) | - | 5 | - | - |
| Associates | | | | | | | |
| BHSA | 1 | - | - | - | - | - | - |
| BACS | 1 | - | - | - | 5 | - | - |
| Tarshop | 3 | - | - | - | - | - | - |
| Total Associates | 5 | - | - | - | 5 | - | - |
| Joint Ventures | | | | | | | |
| Cyrsa | - | - | - | - | (1) | - | - |
| NPSF | - | 1 | - | - | - | - | - |
| Total Joint Ventures | - | 1 | - | - | (1) | - | - |
| Other related parties | | | | | | | |
| Estudio Zang, Bergel & Viñes | - | - | - | (1) | - | - | - |
| Condor | - | - | - | - | (126) | - | - |
| Total Other related parties | - | - | - | (1) | (126) | - | - |
| Directors and Senior Management | | | | | | | |
| Directors | - | - | - | - | - | - | (37) |
| Senior Management | - | - | - | - | - | - | (2) |
| Total Directors and Senior Management | - | - | - | - | - | - | (39) |
| Total | 6 | 1 | (26) | (1) | (117) | - | (39) |

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IRSA Inversiones y Representaciones Sociedad Anónima

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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28.

CNV General Resolution N° 622

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

| | |
|---|---|
| Exhibit A - Property, plant and equipment | Note 10 Investment properties and Note 11 Property, plant and equipment |
| Exhibit B - Intangible assets | Note 13 Intangible assets |
| Exhibit C - Equity investments | Note 8 Interest in joint ventures and Note 9 Interest in associates |
| Exhibit D - Other investments | Note 14 Financial instruments by category |
| Exhibit E - Provisions | Note 18 Provisions |
| Exhibit F - Cost of sales and services provided | Note 12 Trading properties and Note 24 Expenses by nature |
| Exhibit G - Foreign currency assets and liabilities | Note 29 Foreign currency assets and liabilities |

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IRSA Inversiones y Representaciones Sociedad Anónima

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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29.

Foreign currency assets and liabilities

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

| Items (3) | Amount of foreign currency (1) | Exchange rate prevailing (2) | Total as of 09.30.16 | Amount of foreign currency (1) | Exchange rate prevailing (2) | Total as of 06.30.16 |
|--|-----------------------------------|---------------------------------|-------------------------|-----------------------------------|---------------------------------|-------------------------|
| Assets | | | | | | |
| Trade and other receivables | | | | | | |
| US Dollar | 50 | 15.210 | 754 | 38 | 14.940 | 563 |
| Euros | 8 | 17.062 | 140 | 12 | 16.492 | 195 |
| Uruguayan Pesos | - | - | - | 2 | 0.489 | 1 |
| Receivables with related parties: | | | | | | |
| US Dollar | 45 | 15.310 | 686 | 41 | 15.040 | 624 |
| Total trade and other receivables | | | 1,580 | | | 1,383 |
| Investments in financial assets | | | | | | |
| US Dollar | 184 | 15.210 | 2,800 | 165 | 14.940 | 2,470 |
| Pounds | 1 | 19.718 | 13 | 1 | 19.763 | 10 |
| Investments with related parties: | | | | | | |
| US Dollar | 62 | 15.310 | 956 | 55 | 15.040 | 827 |
| Total investments in financial assets | | | 3,769 | | | 3,307 |
| Cash and cash equivalents | | | | | | |
| US Dollar | 155 | 15.210 | 2,351 | 84 | 14.940 | 1,248 |
| Euros | 2 | 17.062 | 36 | 4 | 16.492 | 60 |
| Total Cash and cash equivalents | | | 2,387 | | | 1,308 |
| Total Assets as of 09.30.16 | | | 7,736 | | | - |
| Total Assets as of 06.30.16 | | | - | | | 5,998 |
| Liabilities | | | | | | |
| Trade and other payables | | | | | | |
| US Dollar | 111 | 15.310 | 1,701 | 96 | 15.040 | 1,451 |
| Euros | 5 | 17.213 | 93 | 3 | 16.640 | 54 |
| New Israel Shekel | - | - | - | 2 | 3.892 | 7 |

| | | | | | | |
|----------------------------------|-------|--------|--------|-------|--------|--------|
| Payables with related parties: | | | | | | |
| US Dollar | - | 15.310 | 4 | 2 | 15.040 | 31 |
| Total Trade and other payables | | | 1,798 | | | 1,543 |
| Borrowings | | | | | | |
| US Dollar | 1,879 | 15.310 | 28,763 | 1,704 | 15.040 | 25,631 |
| Euros | 2 | 17.213 | 43 | 2 | 16.640 | 39 |
| Total Borrowings | | | 28,806 | | | 25,670 |
| Total Liabilities as of 09.30.16 | | | 30,604 | | | - |
| Total Liabilities as of 06.30.16 | | | - | | | 27,213 |

- (1) Considering foreign currencies those that differ from each Group's functional currency at each period / year-end.
(2) Exchange rate as of September 30, 2016 and June 30, 2016 according to Banco Nación Argentina records.
(3) The Group uses derivative instruments as complement in order to reduce its exposure to exchange rate movements.
(See Note 14).

IRSA Inversiones y Representaciones Sociedad Anónima

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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30.

Groups of assets and liabilities held for sale

IDB Tourism is currently negotiating the sale of its equity interests in Open Sky Ltd., but the terms and conditions of such sale have not yet been fully finalized. The assets and liabilities related to the Open Sky Ltd. transaction have been reclassified in the statement of financial position as of September 30, 2016 under the held for sale line.

In addition, the equity interest of the Group in Adama and the related non-recourse loan have been reported in the statement of financial position as of September 30, 2016 under the held for sale line, due to the sale intent of such associate company, as indicated in Note 9 to these unaudited financial statements.

Pursuant to IFRS 5, the assets and liabilities held for sale have been valued at the lower of their book value or fair value less selling cost. Since fair value is higher than book value of the group of assets held for sale, no impairment has been recorded.

The following table shows the main assets and liabilities classified as held for sale:

Group of assets held for sale:

| | September 30, 2016 |
|-------------------------------|-----------------------|
| Property, plant and equipment | 12 |
| Intangible assets | 4 |
| Investments in associates | 11,450 |
| Trade and other receivables | 28 |
| Cash and cash equivalents | 12 |
| Total | 11,506 |

Liabilities directly associated with the group of assets held for sale:

| | September 30, 2016 |
|--|-----------------------|
| Trade and other payables | 31 |
| Salaries and social security liabilities | 8 |
| Deferred income tax liability | 19 |
| Borrowings | 11,311 |
| Total | 11,369 |

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IRSA Inversiones y Representaciones Sociedad Anónima

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

(All amounts in millions of Argentine Pesos, except otherwise indicated)

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31.

Results from discontinued operations

The share of profit of Adama and the financial costs associated to the non-recourse loan have been reclassified in the Statement of Income under discontinued operations.

| | September 30, 2016 |
|---|-----------------------|
| Share of profit of joint ventures and associates | 157 |
| Profit from before financial results and income tax | 157 |
| Finance cost | (515) |
| Financial results, net | (515) |
| Loss before income tax | (358) |
| Loss from discontinued operations after tax | (358) |

Attributable to:

Equity holders of the parent (187)

Non-controlling interest (171)

Loss per share from discontinued operations attributable to equity holders of the parent during the period:

| | |
|---------|--------|
| Basic | (0.32) |
| Diluted | (0.32) |

32.

Subsequent events

Issuance by PBC

In October 2016, PBC issued two series of non-convertible notes in an aggregate amount of NIS 501 million (equivalent to Ps. 2,044 million).

Dividends IRSA CP

The Shareholders' Meeting of IRSA Propiedades Comerciales S.A., held on October 31, 2016, approved the distribution of a cash dividend in the amount of Ps. 460 million and the authority to effect payment of such dividends was delegated to the Board of Directors. On November 3, 2016, the Board made the dividend available to the shareholders as from November 17, 2016.

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REVIEW REPORT ON THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the unaudited condensed interim consolidated financial statements of IRSA Inversiones y Representaciones Sociedad Anónima and its subsidiaries (hereinafter “the Company”) which included the unaudited condensed interim consolidated statement of financial position as of September 30, 2016, and the unaudited condensed interim consolidated statements of income and comprehensive income for the three-month period ended September 30, 2016, the unaudited condensed interim consolidated statement of changes in shareholders’ equity and the unaudited condensed interim consolidated statement of cash flows for the three-month period ended September 30, 2016 and selected explanatory notes.

The balances and other information corresponding to the fiscal year ended June 30, 2016 and the interim periods within that fiscal period are an integral part of these financial statements and, therefore, they should be considered in relation to those financial statements.

Management responsibility

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

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

Scope of our review

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

Conclusion

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

Emphasis paragraph

Without modifying our conclusion, we want to refer to the information included in Note 1 of these unaudited condensed interim consolidated financial statements.

Report on compliance with current regulations

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

- a) the unaudited condensed interim consolidated financial statements of IRSA Inversiones y Representaciones Sociedad Anónima are being processed for recording in the "Inventory and Balance Sheet Book", and comply, as regards those matters that are within our competence, with the provisions set forth in the Commercial Companies Law and in the corresponding resolutions of the National Securities Commission;
- b) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima arise from accounting records carried in all formal respects in accordance with applicable legal provisions;

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

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

d)
at September 30, 2016, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentina Integrated Pension System which arises from accounting records and submissions amounted to Ps. 56,240 which was no callable at that date.

Autonomous City of Buenos Aires, November 11, 2016.

PRICE WATERHOUSE & Co. S.R.L.

ABELOVICH, POLANO & ASOCIADOS S.R.L.

(Partner)

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Eduardo A. Loíacono

Public Accountant (U.B.A.)

C.P.C.E.C.A.B.A. T° 326 F° 94

C.P.C.E. C.A.B.A. T° 1 F° 30

Noemí I. Cohn

Public Accountant (U.B.A.)

C.P.C.E.C.A.B.A. T° 116 F° 135

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Separate Financial Statements as of September 30, 2016 and for the three-month periods ended September 30, 2016 and 2015

IRSA Inversiones y Representaciones Sociedad Anónima
 Unaudited Condensed Interim Separate Statements of Financial Position
 as of September 30, 2016 and June 30, 2016
 (All amounts in millions 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 | 09.30.16 | 06.30.16 |
|--|------|--------------|--------------|
| ASSETS | | | |
| Non-current Assets | | | |
| Investment properties | 6 | 459 | 457 |
| Property, plant and equipment | 7 | 3 | 3 |
| Trading properties | 8 | 72 | 70 |
| Intangible assets | 9 | 52 | 52 |
| Investments in subsidiaries, associates and joint ventures | 5 | 4,028 | 4,054 |
| Deferred income tax assets | 17 | 431 | 345 |
| Income tax and minimum presumed income tax ("MPIT") credit | | 108 | 108 |
| Trade and other receivables | 11 | 114 | 62 |
| Investments in financial assets | 12 | 121 | 100 |
| Total Non-current Assets | | 5,388 | 5,251 |
| Current Assets | | | |
| Inventories | | 1 | 1 |
| Trading properties | 8 | 8 | 8 |
| Trade and other receivables | 11 | 90 | 101 |
| Income tax and minimum presumed income tax ("MPIT") credit | | 1 | - |
| Investments in financial assets | 12 | 10 | 24 |
| Cash and cash equivalents | 13 | 1,243 | 6 |
| Total Current Assets | | 1,353 | 140 |
| TOTAL ASSETS | | 6,741 | 5,391 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | 575 | 575 |
| Treasury shares | | 4 | 4 |
| Inflation adjustment of share capital and treasury shares | | 123 | 123 |
| Share premium | | 793 | 793 |
| Additional paid-in capital from treasury shares | | 16 | 16 |
| Legal reserve | | 117 | 117 |
| Special reserve | | 104 | 104 |
| Other reserves | | 555 | 628 |
| Accumulated deficit | | (1,820) | (1,243) |
| TOTAL SHAREHOLDERS' EQUITY | | 467 | 1,117 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Trade and other payables | 14 | 581 | 571 |
| Borrowings | 16 | 4,264 | 1,224 |
| Provisions | 15 | 8 | 7 |
| Total Non-Current Liabilities | | 4,853 | 1,802 |
| Current Liabilities | | | |
| Trade and other payables | 14 | 130 | 196 |
| Salaries and social security liabilities | | 2 | 1 |

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| | | | |
|--|----|-------|-------|
| Borrowings | 16 | 1,260 | 2,247 |
| Provisions | 15 | 29 | 28 |
| Total Current Liabilities | | 1,421 | 2,472 |
| TOTAL LIABILITIES | | 6,274 | 4,274 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 6,741 | 5,391 |

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

IRSA Inversiones y Representaciones Sociedad Anónima
 Unaudited Condensed Interim Separate Statements of Operations
 for the three-month periods beginning on July 1, 2016 and 2015 and
 ended September 30, 2016 and 2015
 (All amounts in millions 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 | 09.30.16 | 09.30.15 |
|---|------|----------|----------|
| Revenues | 19 | 8 | 19 |
| Costs | 20 | (6) | (8) |
| Gross Profit | | 2 | 11 |
| Gain from disposal of investment properties | 6 | - | 90 |
| General and administrative expenses | 21 | (35) | (24) |
| Selling expenses | 21 | (5) | (6) |
| Other operating results, net | 23 | (4) | (4) |
| (Loss) / Profit from operations | | (42) | 67 |
| Share of loss of subsidiaries, associates, and joint ventures | 5 | (400) | (203) |
| Loss before financial results and income tax | | (442) | (136) |
| Finance income | 24 | 33 | 140 |
| Finance cost | 24 | (254) | (226) |
| Other financial results | 24 | - | (1) |
| Financial results, net | 24 | (221) | (87) |
| Loss before income tax | | (663) | (223) |
| Income tax | 17 | 86 | (53) |
| Loss for the period | | (577) | (276) |
| Loss per share for the period: | | | |
| Basic | | (1.003) | (0.48) |
| Diluted | | (1.003) | (0.48) |

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

IRSA Inversiones y Representaciones Sociedad Anónima
 Unaudited Condensed Interim Separate Statements of Comprehensive Operations
 for the three-month periods beginning on July 1, 2016 and 2015 and
 ended September 30, 2016 and 2015
 (All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)
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| | 09.30.16 | 09.30.15 |
|---|----------|----------|
| Loss for the period | (577) | (276) |
| Items that may be reclassified subsequently to profit or loss: | | |
| The Company's interest in other earnings in relation with companies accounted for under the equity method | 17 | - |
| Currency translation adjustment of subsidiaries, associates, and joint ventures | 195 | 35 |
| Other comprehensive income for the period (i) | 212 | 35 |
| Total comprehensive loss for the period | (365) | (241) |

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

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

IRSA Inversiones y Representaciones Sociedad Anónima
 Unaudited Condensed Interim Separate Statements of Changes in Shareholders' Equity
 for the three-month periods ended September 30, 2016 and 2015
 (All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)
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| | Attributable to equity holders of the parent | | | | | | | | | |
|--|--|-----------------|---|---------------|---|---------------|---------------------|--------------------------|---------------------|----------------------------|
| | Share Capital | Treasury shares | Inflation adjustment of Share Capital and Treasury Shares (1) | Share premium | Additional Paid-in Capital from Treasury Shares | Legal reserve | Special reserve (1) | Other reserves (Note 18) | Accumulated deficit | Total Shareholders' Equity |
| Balance at June 30, 2016 | 575 | 4 | 123 | 793 | 16 | 117 | 104 | 628 | (1,243) | 1,000 |
| Loss for the period | - | - | - | - | - | - | - | - | (577) | (577) |
| Other comprehensive income for the period | - | - | - | - | - | - | - | 212 | - | 212 |
| Total comprehensive income / (loss) for the period | - | - | - | - | - | - | - | 212 | (577) | (365) |
| Changes in non-controlling interest | - | - | - | - | - | - | - | (288) | - | (288) |
| Reserve for share-based compensation | - | - | - | - | - | - | - | 3 | - | 3 |
| Balance at September 30, 2016 | 575 | 4 | 123 | 793 | 16 | 117 | 104 | 555 | (1,820) | 465 |

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

(1)
 Related to CNV General Resolution N° 609/12. See Note 18.

IRSA Inversiones y Representaciones Sociedad Anónima
 Unaudited Condensed Interim Separate Statements of Changes in Shareholders' Equity
 for the three-month periods ended September 30, 2016 and 2015
 (All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)
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| | Attributable to equity holders of the parent | | | | | | | | | Total Shareholders' equity |
|---|--|-----------------|---|---------------|---|---------------|---------------------|--------------------------|-------------------|----------------------------|
| | Share capital | Treasury shares | Inflation adjustment of Share Capital and Treasury Shares (1) | Share premium | Additional Paid-in Capital from Treasury Shares | Legal reserve | Special reserve (1) | Other reserves (Note 18) | Retained earnings | |
| Balance at July 1, 2015 | 574 | 5 | 123 | 793 | 7 | 117 | 4 | 336 | 515 | 2,474 |
| Loss for the period | - | - | - | - | - | - | - | - | (276) | (276) |
| Other comprehensive income for the period | - | - | - | - | - | - | - | 35 | - | 35 |
| Total comprehensive income (loss) for the period | - | - | - | - | - | - | - | 35 | (276) | (241) |
| Changes in non-controlling interest | - | - | - | - | - | - | - | (7) | - | (7) |
| Constitution of special reserve GR 609/12 | - | - | - | - | - | - | (4) | - | 4 | - |
| Share-based compensation Reserve for share-based compensation | - | - | - | - | 4 | - | - | (3) | - | 1 |
| Balance at September 30, 2015 | 574 | 5 | 123 | 793 | 11 | 117 | - | 365 | 243 | 2,231 |

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

(1) Related to CNV General Resolution N° 609/12. See Note 18.

IRSA Inversiones y Representaciones Sociedad Anónima
 Unaudited Condensed Interim Separate Statements of Cash Flows
 for the three-month periods ended September 30, 2016 and 2015
 (All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)
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| | Note | 09.30.16 | 09.30.15 |
|---|------|----------|----------|
| Operating activities: | | | |
| Cash (used in) / generated by the operations | 13 | (107) | 108 |
| Net cash (used in) / generated by operating activities | | (107) | 108 |
| Investing activities: | | | |
| Capital contributions to subsidiaries, associates and joint ventures | 5 | (449) | (38) |
| Addition of investment properties | 6 | (2) | - |
| Proceeds from sale of investment properties | | 1 | 71 |
| Additions of investments in financial assets | | - | (194) |
| Proceeds from sale of investments in financial assets | | 1 | 223 |
| Acquisition of subsidiaries, associates and joint ventures | | - | (2) |
| Loans granted to subsidiaries, associates and joint ventures ... | | (21) | - |
| Net cash (used in) / generated by investing activities | | (470) | 60 |
| Financing activities: | | | |
| Bank overdrafts, net | | (846) | 265 |
| Payment of non-convertible notes | | (110) | (96) |
| Interest paid | | (85) | (175) |
| Payment of borrowings from subsidiaries, associates and joint ventures | | (279) | - |
| Proceeds from borrowings from subsidiaries, associates and joint ventures | | - | 2 |
| Repurchase of non-convertible notes | | - | (121) |
| Issuance of non-convertible notes | | 3,121 | 7 |
| Payment of derivative financial instruments | | - | (5) |
| Net cash generated by / (used in) financing activities | | 1,801 | (123) |
| Net Increase in cash and cash equivalents | | 1,224 | 45 |
| Cash and cash equivalents at the beginning of the year | 10 | 6 | 3 |
| Foreign exchange gain on cash and cash equivalents | | 13 | - |
| Cash and cash equivalents at end of period | | 1,243 | 48 |

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

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements

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

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1.

General information and company's business

IRSA was founded in 1943, primarily engaged in managing real estate holdings in Argentina since 1991.

IRSA is a corporation incorporated and domiciled in Argentina. The registered office is Bolívar 108, 1st Floor, Autonomous City of Buenos Aires, Argentina.

The Company owns, manages and develops, directly and indirectly through its subsidiaries, a portfolio of office and other rental properties in Buenos Aires. In addition, IRSA through its subsidiaries, associates and joint ventures manages and develops shopping centers and branded hotels across Argentina, and also office properties in the United States of America and Israel. As mentioned in Note 1 to the Unaudited Condensed Interim Consolidated Financial Statements, on October 11, 2015 IRSA obtained control over IDBD. This Israeli company is one of the largest and most significant conglomerates of Israel, which takes part in many markets and sectors of the industry.

These Unaudited Condensed Interim Separate Financial Statements have been approved for issue by the Board of Directors on November 11, 2016.

2.

Basis of preparation of the Unaudited Condensed Interim Separate Financial Statements

2.1.

Basis of preparation

The Unaudited Condensed Interim Separate Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

On April 1, 2016, the Argentine Federation of Professional Councils in Economic Sciences ("FACPCE", as per its Spanish acronym) approved Technical Resolution N° 43, which amends Technical Resolution N° 26, for fiscal years starting on January 1, 2016. Such Technical Resolution N° 43 provides that entities that file financial statements in accordance with the IFRSs, are expected to do it integrally and without modifications and that investments in subsidiaries, joint ventures and associates are to be accounted for under the equity method in the separate financial statements, as established by IFRS, pursuant to the amendment established by the IASB to IAS 27 in August 2014. Thus, valuation at cost or fair value (which are additional measurements) is not permitted for these types of investments. Before such amendment, Technical Resolution N° 26 did not require an integral adoption of IFRS in separate financial statements, since the equity method was not a valuation option for such investments.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements

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

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2.

Basis of preparation of the Unaudited Condensed Interim Separate Financial Statements (Continued)

The Company has adopted Technical Resolution N° 43 for this fiscal year ending on June 30, 2017. As a result, these unaudited condensed interim separate financial statements are the first to be prepared in accordance with the IFRS; its transition date is July 1, 2015 and, therefore, the provisions of IRFS 1 “First-Time Adoption of International Financial Reporting Standards” should be applied as of that date.

IFRS 1 mandatorily establishes that an entity must apply the requirements of IFRS 10 “Consolidated Financial Statements” for accounting of changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control prospectively. Under IFRS, the Company accounts for acquisitions and disposals of non-controlling interests that do not result in change of control as business combinations. The Company did not restate these acquisitions or disposals prior to transition date.

Furthermore, IFRS 1 also provides that, where a first time IFRS adopter entity decides to account for investments in subsidiaries under the equity method in accordance with IAS 28, the entity should apply the exemption for business combinations conducted before the transition date. This exemption involves applying IFRS 3 “Business Combinations” on a prospective basis to business combinations conducted after the transition date. Business combinations occurring prior to the transition date have not been restated.

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

Below there is a comparison between shareholders’ equity computed under the previous standards and in accordance with IFRS 1 as of July 1, 2015.

| | |
|---|----------|
| | 07.01.15 |
| Shareholders’ equity under Technical Resolution N° 26 | 2,474 |
| Acquisition of non-controlling interest | 6 |
| Retained earnings recognition | (6) |
| Total shareholders’ equity under IFRS | 2,474 |

Balance items as of June 30, 2016 and September 30, 2015 shown in these financial statements for comparative purposes have been modified in order to present the mentioned adjustments. The notes below include a reconciliation of shareholders’ equity of the Unaudited Condensed Interim Separate Financial Statements prepared in accordance with Technical Resolution N° 26 on the closing date of the comparative period and the statement of income and other comprehensive income for the three-month period ended September 30, 2015, and those presented in accordance with IFRS in these Unaudited Condensed Interim Separate Financial Statements, as well as the effects of the adjustments to cash flow.

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2.

Basis of preparation of the Unaudited Condensed Interim Separate Financial Statements (Continued)

The Unaudited Condensed Interim Separate Financial Statements of the Company for the three-month period ended September 30, 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

2.2

Reconciliations of Technical Resolution N° 26 to IFRS

The notes below include a reconciliation of shareholders' equity prepared in accordance with Technical Resolution N° 26 and those presented in accordance with IFRS as of June 30, 2016 and September 30, 2015 and the reconciliations of net income and cash flows for the year ended June 30, 2016 and for the three-month period ended September 30, 2015. The reconciliations included below were prepared based on the IFRS standards that are estimated to be applicable for the Company for the financial statements as of and for the year ended June 30, 2017. The items and amounts in the reconciliations included below are subject to change and should only be deemed final when the annual financial statements prepared under IFRS for the first time are issued.

The items and amounts included in the reconciliations could be modified to the extent that, when preparing financial statements as of and for the year ended June 30, 2017, applicable standards are different.

The first reconciliation provides an overview of the impact on shareholders' equity for the period ended September 30, 2015 and June 30, 2016 (Note 2.2.1). The second reconciliation provides an overview of the impact on net income for the three-month period ended September 30, 2015 (Note 2.2.2). The mentioned reconciliations do not have impact on other comprehensive income nor the statements of cash flows.

2.2.1

Summary of equity

| | 06.30.16 | 09.30.15 |
|---|----------|----------|
| Shareholders' equity under Technical Resolution N° 26 | 1,115 | 2,230 |
| Goodwill from the purchase of shares | 2 | 1 |
| Total shareholders' equity under IFRS | 1,117 | 2,231 |

2.2.2

Summary of profit / (loss)

| | 09.30.15 |
|---------------------------------------|----------|
| Loss under Technical Resolution N° 26 | (276) |
| Other operating results, net | - |
| Income tax | - |
| Loss under IFRS | (276) |

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2.

Basis of preparation of the Unaudited Condensed Interim Separate Financial Statements (Continued)

2.2.3

Explanation of the transition to IFRS

Technical Resolution N° 26 – The Company accounts for investments in subsidiaries under the equity method including any adjustment in the consolidated financial statements, so that the equity and income corresponding to the majority interest resulting from consolidated financial statements filed together with separate financial statements are the same in both sets of financial statements.

IFRS - Investment in entities in which the Company exercises control, are accounted for under equity method. Under this method, the investment is recognized at its original cost and periodically increased (decreased) for the investor share in profits / (losses) and other comprehensive income of the subsidiary and decreased by dividends received from the subsidiary.

In accordance with IFRS 28, paragraph 27, the interest in the investee is computed based on the consolidated financial statements of such investee after any adjustment related to unification of accounting criteria, without regard to any interest that the investee may have in other entities. As a result, the company has recognized its direct interest related to investments in subsidiaries, associates and companies under joint control, based on the consolidated financial statements of such companies.

Below is an outline of the adjustments recorded as explained above in relation to transactions affecting the non-controlling interest reserve of its subsidiaries, associates and entities under joint control where the company holds a direct interest:

-

Acquisition of additional interests in controlled companies: the acquisition price in excess of the book value of the subsidiary is recorded as an increase in assets.

-

Sale of interest in controlling companies where control is not lost: the difference between the sale price charged for the shares and the book value is recorded in the statement of income.

The non-controlling interest reserve set up before July 1, 2015 has been reclassified under retained earnings.

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2.3. Significant accounting policies

The accounting policies applied in the preparation of these Unaudited Condensed Interim Separate Financial Statements are consistent with those applied in the annual financial statements as of June 30, 2016, except for the changes generated by implementation of Technical Resolution N° 43, as described in Note 2.1.

2.4. Use of estimates

The preparation of financial statements at a certain date requires the Management to make estimates 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 Separate Financial Statements, the main significant judgments made by Management in applying the Company's accounting policies and the major sources of uncertainty were the same that the Company used in the preparation of the Separate Financial Statements for the fiscal year ended June 30, 2016.

2.5. Comparative Information

Balance items as of September 30, 2015 and June 30, 2016 shown in these Unaudited Condensed Interim Separate Financial Statements for comparative purposes arise from financial statements then ended. Certain reclassifications have been made in order to present figures comparatively with this period.

3.

Acquisitions and disposals

See description of acquisitions and disposals made by the Company and/or its subsidiaries for the three-month period ended September 30, 2016 in Note 4 to the Unaudited Condensed Interim Consolidated Financial Statements.

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4. Financial risk management and fair value estimates

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

The Unaudited Condensed Interim Financial Statements do not include all the information and disclosures of the risk management, so they should be read together with the annual separate financial statements as of June 30, 2016. There have been no changes in the risk management or risk management policies applied by the Company since the end of the annual fiscal year, except for those financial risks incorporated by IDBD's business combination.

5.

Information about principal subsidiaries, associates and joint ventures

The Company conducts its business through several operating and holding subsidiaries, associates and joint ventures. Its main subsidiaries include IRSA CP and Tyrus.

As indicated in Note 1 to the Unaudited Condensed Interim Consolidated Financial Statements, the Company has an indirect participation in IDBD through Tyrus. Factors namely (i) IDBD's current financial position and need for financing to honor its financial liabilities and other commitments, (ii) the renegotiation underway with financial creditors, and (iii) the term set by Israel's governmental authorities to sell the equity interest in Clal and the potential effects of such sale, in particular, on its market value, raise significant uncertainties as to IDBD's capacity to continue as a going-concern.

The main associates include BHSA and New Lipstick. The main joint ventures include Cyrsa, Puerto Retiro and Baicom.

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5.

Information about principal subsidiaries, associates and joint ventures (Continued)

Detailed below is the evolutions of investments in subsidiaries, associates and joint ventures of the Company, for the three-month period ended September 30, 2016 and for the year ended June 30, 2016:

Subsidiaries, Associates and Joint ventures

| | September 30, 2016 | June 30, 2016 |
|--|-----------------------|------------------|
| Beginning of period / year | 4,049 | 2,732 |
| Capital contribution (i) | 449 | 2,907 |
| Merger – spin-off | - | (165) |
| Share of loss, net | (400) | (896) |
| Currency translation adjustment | 195 | (222) |
| Cash dividends (ii) | - | (286) |
| Reimbursement of expired dividends | - | 10 |
| Acquisition of non-controlling interest | (288) | (19) |
| Acquisition of non-controlling interest (Technical Resolution N° 43) | - | 2 |
| Other comprehensive income / (loss) | 17 | (47) |
| Other reserves | - | 36 |
| Disposal of subsidiaries, associates and joint ventures | - | (3) |
| End of the period / year (iii) | 4,022 | 4,049 |

(i)

During the period capital contributions were made to Tyrus for Ps. 449. During the fiscal year ended as of June 30, 2016 capital contributions were made to Tyrus and Manibil for Ps. 2,897 and Ps. 10, respectively.

(ii)

During the year ended June 30, 2016 Palermo Invest S.A., Inversora Bolivar S.A., ECLSA, CYRSA and IRSA CP distributed dividends to the Company for an amount of Ps. 3, Ps. 3, Ps. 3, Ps. 6 and Ps. 271, respectively.

(iii)

Includes a balance of (Ps. 6) reflecting interests in companies with negative equity as of September 30, 2016 and (Ps. 5) as of June 30, 2016, corresponding to the equity interest in HASA, included in Provisions (Note 15).

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5.

Information about principal subsidiaries, associates and joint ventures (Continued)

| Issuer and type of securities | Class / Items | Amount | Value | | | Issuer's information | | | Last financial statements issued | | | |
|-------------------------------|--------------------------|-------------|-------------------------|-------------------------|-----------------------------|----------------------|-------------------|----------|----------------------------------|------------------------------|---------------------|--|
| | | | recorded as of 09.30.16 | recorded as of 06.30.16 | Market value as of 09.30.16 | Main activity | Registered office | Date | Common stock (nominal value) | Profit (loss) for the period | Shareholders Equity | |
| IRSA CP | Common shares 1 vote | 118,972,580 | 1,482 | 1,408 | | | | | | | | |
| | Higher value | | 383 | 387 | 109.00 | Real estate | Argentina | 09.30.16 | 126 | 79 | 1,570 | |
| | Intergroup transactions | | (1,653) | (1,671) | | | | | | | | |
| BHSA | Common (1) shares 1 vote | 75,000,000 | 271 | 264 | 5.65 | Financial | Argentina | 09.30.16 | 1,500 | 128 | 5,363 | |
| BACS | Common (1) shares 1 vote | 3,984,375 | 23 | 21 | Not publicly traded | Financial | Argentina | 09.30.16 | 663 | 27 | 356 | |
| Cyrsa | Common shares 1 vote | 8,748,270 | 19 | 18 | Not publicly traded | Real estate | Argentina | 09.30.16 | 18 | 2 | 37 | |
| ECLSA | Common shares 1 vote | 83,913,950 | 288 | 282 | Not publicly traded | Investment | Argentina | 09.30.16 | 80 | 6 | 298 | |
| | Higher value | | (1) | (2) | | | | | | | | |

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5.

Information about principal subsidiaries, associates and joint ventures (Continued)

| Issuer and type of securities | Class / Items | Amount | Value recorded as of 09.30.16 | Value recorded as of 06.30.16 | Market value as of 09.30.16 | Issuer's information | | Last financial statements issued | | | Interim in 'com stock | |
|-------------------------------|-----------------------------------|-------------|-------------------------------|-------------------------------|-----------------------------|----------------------|-------------------|----------------------------------|------------------------------|------------------------------|-----------------------|----------------------|
| | | | | | | Main activity | Registered office | Date | Common stock (nominal value) | Profit (loss) for the period | | Shareholders' Equity |
| EFANUR | Common shares 1 vote | 213,743,711 | 1401 | 301 | Not publicly traded | Investment | Uruguay | 09.30.16 | 110 | 100 | 401 | 100 |
| HASA | Common shares 1 vote Higher value | 15,366,840 | (6) | (4) | Not publicly traded | Hotel | Argentina | 09.30.16 | 19 | (1) | (8) | 80.0 |
| Inversora Bolívar S.A. | Common shares 1 vote Higher value | 80,622,207 | 327 | 321 | Not publicly traded | Investment | Argentina | 09.30.16 | 84 | 6 | 344 | 95.1 |
| Llao Llao Resort S.A. | Common shares 1 vote | 73,580,206 | 13 | 13 | Not publicly traded | Hotel | Argentina | 09.30.16 | 147 | - | 27 | 50.0 |
| Manibil | Common shares 1 vote | 47,747,880 | 69 | 62 | Not publicly traded | Real estate | Argentina | 09.30.16 | 97 | 14 | 141 | 49.0 |
| NFSA | Common shares 1 vote Lower value | 38,068,999 | 35 | 36 | Not publicly traded | Hotel | Argentina | 09.30.16 | 50 | (2) | 45 | 76.3 |

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5.

Information about principal subsidiaries, associates and joint ventures (Continued)

| Issuer and type of securities | Class / Items | Amount | Value recorded as of 09.30.16 | Value recorded as of 06.30.16 | Market value as of 09.30.16 | Issuer's information | | | Common stock (nominal value) | Profit (loss) for the period | Shareholders Equity |
|---|--|---------------|-------------------------------|-------------------------------|-----------------------------|----------------------|-------------------|---------------------------------------|------------------------------|------------------------------|---------------------|
| | | | | | | Main activity | Registered office | Last financial statements issued Date | | | |
| Palermo Invest S.A. | Common shares 1 vote Intergroup transactions | 153,283,988 | 284 (30) | 278 (30) | Not publicly traded | Investment Argentina | Argentina | 09.30.16 | 158 | 6 | 293 |
| Ritelco S.A. | Common shares 1 vote Irrevocable contributions | 181,016,717 | 487 - | 449 27 | Not publicly traded | Investment Uruguay | Uruguay | 09.30.16 | 94 | 9 | 487 |
| Tyrus | Common shares 1 vote Irrevocable contributions | 4,000,000,000 | 1,188 449 | (1,887) 3,783 | Not publicly traded | Investment Uruguay | Uruguay | 09.30.16 | 5,423 | (630) | 1,646 |
| Total investments in subsidiaries, associates and joint ventures as of 09.30.16 | | | 4,022 | - | | | | | | | |
| Total investments in subsidiaries, associates and joint ventures as of 06.30.16 | | | - | 4,049 | | | | | | | |

(1)

The balances correspond to the financial statements of BHSA and BACS prepared in accordance with the BCRA standards. For the purpose of the valuation of the investment in the Company, adjustments necessary to adequate the financial statements to IFRS have been considered.

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6. Investment properties

Changes in the Company's investments properties for the three-month period ended September 30, 2016 and for the year ended June 30, 2016 were as follows:

| | Period ended September 30, 2016 | | | Fiscal year ended June 30, 2016 | |
|---|------------------------------------|--------------------------------|------------------------------------|---------------------------------------|-------|
| | Rental properties | Undeveloped parcels of land | Properties under development | Total | Total |
| Beginning of the period / year: | | | | | |
| Costs | 258 | 164 | 48 | 470 | 447 |
| Accumulated depreciation | (13) | - | - | (13) | (35) |
| Residual value | 245 | 164 | 48 | 457 | 412 |
| Changes of the period / year | | | | | |
| Additions | - | - | 2 | 2 | 5 |
| Additions as a result of the merger | - | - | - | - | 172 |
| Reclassification to trading properties | - | - | - | - | (67) |
| Disposals | - | - | - | - | (63) |
| Depreciation (i) | - | - | - | - | (2) |
| Residual value at the period / year-end | 245 | 164 | 50 | 459 | 457 |
| End of the period / year: | | | | | |
| Costs | 258 | 164 | 50 | 472 | 470 |
| Accumulated depreciation | (13) | - | - | (13) | (13) |
| Residual value | 245 | 164 | 50 | 459 | 457 |

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

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

| | September 30, 2016 | September 30, 2015 |
|-----------------------------------|--------------------------|--------------------------|
| Sales, rental and services income | 8 | 19 |
| Cost of rental and services | (3) | (6) |
| Cost of sales and developments | (3) | (2) |

| | | |
|---|---|----|
| Gain from disposal of investment property | - | 90 |
|---|---|----|

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Notes to the Unaudited Condensed Interim Separate Financial Statements

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7. Property, plant and equipment

Changes in Company's property, plant and equipment for the three-month period ended September 30, 2016 and for the year ended June 30, 2016 were as follows:

| | Period ended September 30, 2016 | | | Fiscal year ended June 30, 2016 | |
|---|------------------------------------|---------------------------|----------------------------|---------------------------------------|-------|
| | Other buildings and facilities | Furniture and fixtures | Machinery and equipment | Total | Total |
| Beginning of the period / year: | | | | | |
| Costs | 14 | 3 | 13 | 30 | 29 |
| Accumulated depreciation | (12) | (3) | (12) | (27) | (26) |
| Residual value | 2 | - | 1 | 3 | 3 |
| Changes of the period / year | | | | | |
| Additions | - | - | - | - | 1 |
| Depreciation (i) | - | - | - | - | (1) |
| Residual value at the period / year-end | 2 | - | 1 | 3 | 3 |
| End of the period / year: | | | | | |
| Costs | 14 | 3 | 13 | 30 | 30 |
| Accumulated depreciation | (12) | (3) | (12) | (27) | (27) |
| Residual value | 2 | - | 1 | 3 | 3 |

(i)

Depreciation charges of property, plant and equipment were included in "Cost" and "General and administrative expenses" in the statement of income.

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8. Trading properties

Changes in the Company's trading properties for the three-month period ended September 30, 2016 and for the year ended June 30, 2016 were as follows:

| | Period ended September 30, 2016 | | Fiscal year ended June 30, 2016 | |
|---|------------------------------------|---------------------------------|---------------------------------------|-------|
| | Completed properties | Properties under development | Total | Total |
| Beginning of the period / year | 3 | 75 | 78 | 11 |
| Additions | - | 2 | 2 | - |
| Reclassification of investment properties | - | - | - | 67 |
| End of the period / year | 3 | 77 | 80 | 78 |
| | | September 30, 2016 | June 30, 2016 | |
| Net book amount | | | | |
| Non-current | | 72 | 70 | |
| Current | | 8 | 8 | |
| Total | | 80 | 78 | |

9. Intangible assets

Changes in Company's intangible assets for the three-month period ended September 30, 2016 and for the year ended June 30, 2016 were as follows:

| | Period ended September 30, 2016 | | Fiscal year ended June 30, 2016 | |
|---|--|--------|------------------------------------|-------|
| | Rights to receive future units from barter (i) | Others | Total | Total |
| Beginning of the period / year: | | | | |
| Costs | 52 | 2 | 54 | 54 |
| Accumulated depreciation | - | (2) | (2) | (2) |
| Residual value | 52 | - | 52 | 52 |
| Residual value at the period / year-end | 52 | - | 52 | 52 |
| End of the period / year: | | | | |
| Costs | 52 | 2 | 54 | 54 |
| Accumulated depreciation | - | (2) | (2) | (2) |
| Residual value | 52 | - | 52 | 52 |

(i)

As of September 30, 2016 and June 30, 2016 receivables in kind representing the right to receive residential apartments in the future by way of barter agreements, are included for an amount of Ps. 52 (see Note 38 to the Annual Consolidated Financial Statements as of June 30, 2016).

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10.

Financial instruments by category

Determination of fair values

See determination of fair value in Note 14 to the Unaudited Condensed Interim Consolidated Financial Statements.

The following tables show the financial assets and financial liabilities of the Company that are measured at fair value as of September 30, 2016 and June 30, 2016 and their allocation to the fair value hierarchy:

| | Financial assets at amortized cost | Financial assets at fair value through profit or loss | | | Subtotal financial assets | Non-financial assets | Total |
|---|------------------------------------|---|---------|---------|---------------------------|----------------------|-------|
| | | Level 1 | Level 2 | Level 3 | | | |
| September 30, 2016 | | | | | | | |
| Assets as per statements of financial position | | | | | | | |
| Trade and other receivables (excluding allowance for doubtful accounts and other receivables) (Note 11) | 152 | - | - | - | 152 | 56 | 208 |
| Investments in financial assets (Note 12): | | | | | | | |
| - Mutual funds | - | 2 | - | - | 2 | - | 2 |
| - NCN related parties | 129 | - | - | - | 129 | - | 129 |
| Cash and cash equivalents (Note 13): | | | | | | | |
| - Cash at bank and on hand | 1,243 | - | - | - | 1,243 | - | 1,243 |
| Total | 1,524 | 2 | - | - | 1,526 | 56 | 1,582 |

| | Financial liabilities at amortized cost | Financial liabilities at amortized cost | | | Subtotal financial liabilities | Non-financial liabilities | Total |
|---|---|---|---------|---------|--------------------------------|---------------------------|-------|
| | | Level 1 | Level 2 | Level 3 | | | |
| Liabilities as per statements of financial position | | | | | | | |
| Trade and other payables (Note 14) | 96 | - | - | - | 96 | 615 | 711 |
| Borrowings (Note 16) | 5,524 | - | - | - | 5,524 | - | 5,524 |
| Total | 5,620 | - | - | - | 5,620 | 615 | 6,235 |

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10.

Financial instruments by category (Continued)

| | Financial assets at amortized cost | Financial assets at fair value through profit or loss | | | Subtotal financial assets | Non-financial assets | Total |
|---|------------------------------------|---|---------|---------|---------------------------|----------------------|-------|
| | | Level 1 | Level 2 | Level 3 | | | |
| | | 1 | 2 | 3 | | | |
| June 30, 2016 | | | | | | | |
| Assets as per statements of financial position | | | | | | | |
| Trade and other receivables (excluding allowance for doubtful accounts and other receivables) (Note 11) | 127 | - | - | - | 127 | 40 | 167 |
| Investments in financial assets (Note 12): | | | | | | | |
| - Mutual funds | - | 2 | - | - | 2 | - | 2 |
| - Government bonds | - | 1 | - | - | 1 | - | 1 |
| - NCN related parties | 121 | - | - | - | 121 | - | 121 |
| Cash and cash equivalents (Note 13): | | | | | | | |
| - Cash at bank and on hand | 6 | - | - | - | 6 | - | 6 |
| Total | 254 | 3 | - | - | 257 | 40 | 297 |

| | Financial liabilities at amortized cost | Financial liabilities at amortized cost | | | Subtotal financial liabilities | Non-financial liabilities | Total |
|---|---|---|---------|---------|--------------------------------|---------------------------|-------|
| | | Level 1 | Level 2 | Level 3 | | | |
| | | 1 | 2 | 3 | | | |
| Liabilities as per statements of financial position | | | | | | | |
| Trade and other payables (Note 14) | 101 | - | - | - | 101 | 666 | 767 |
| Borrowings (Note 16) | 3,471 | - | - | - | 3,471 | - | 3,471 |
| Total | 3,572 | - | - | - | 3,572 | 666 | 4,238 |

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11.

Trade and other receivables

Company's trade and other receivables, as of September 30, 2016 and June 30, 2016 are as follows:

| | Note | September 30, 2016 | June 30, 2016 |
|--|------|-----------------------|------------------|
| Non-current | | | |
| Leases and services receivables | | 9 | 8 |
| Receivables from the sale of properties | 25 | 27 | 29 |
| Non-current trade receivables | | 36 | 37 |
| Prepaid expenses | | 21 | 19 |
| Loans granted | | 38 | - |
| VAT receivables | | 19 | 6 |
| Non-current other receivables | | 78 | 25 |
| Total non-current trade and other receivables | | 114 | 62 |
| Current | | | |
| Sale, leases and services receivables | 25 | 35 | 35 |
| Less: Allowance for trade accounts receivables | | (4) | (4) |
| Trade accounts receivables | | 31 | 31 |
| Tax receivables | | 7 | 6 |
| Prepaid expenses | | 3 | 4 |
| Advance payments | | 5 | 4 |
| Borrowings, deposits and other debit balances | 25 | 41 | 53 |
| Others | 25 | 3 | 3 |
| Current other receivables | | 59 | 70 |
| Total current trade and other receivables | | 90 | 101 |
| Total trade and other receivables | | 204 | 163 |

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11.

Trade and other receivables (Continued)

Movements on the Company's allowance for trade and other receivables are as follows:

| | September 30, 2016 | June 30, 2016 |
|---|-----------------------|------------------|
| Beginning of the period / year | 4 | 10 |
| Charges for the period / year (Note 21) | - | 6 |
| Unused amounts reversed (Note 21) | (1) | (12) |
| Others | 1 | - |
| End of the period / year | 4 | 4 |

The creation and release of provision for impaired receivables have been included in "Selling expenses" in the statement of income (Note 21). Amounts charged to the allowance account are generally written off, when there is no expectation of recovery.

12.

Investments in financial instruments

Company's investments in financial assets as of September 30, 2016 and June 30, 2016 are as follows:

| | September 30, 2016 | June 30, 2016 |
|---|-----------------------|------------------|
| Non-current | | |
| Financial assets at amortized cost | | |
| NCN related parties (Note 25) | 121 | 100 |
| Total non-current investments in financial assets | 121 | 100 |
| Current | | |
| Financial assets at fair value | | |
| Mutual funds | 2 | 2 |
| Government bonds | - | 1 |
| Financial assets at amortized cost | | |
| NCN related parties (Note 25) | 8 | 21 |
| Total current investments in financial assets | 10 | 24 |
| Total investments in financial assets | 131 | 124 |

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13.

Cash flow information

Following is a detailed description of cash flows generated by the Company's operations for the three-month periods ended September 30, 2016 and 2015:

| | Note | September 30, 2016 | September 30, 2015 |
|---|--------------|--------------------------|--------------------------|
| Loss for the period | | (577) | (276) |
| Adjustments for: | | | |
| Income tax | 17 | (86) | 53 |
| Depreciation and amortization | 21 | - | 1 |
| Gain from disposal of investment properties | 6 | - | (90) |
| Share-based payments | 22 | 1 | 1 |
| Changes in fair value of investments in financial assets | 24 | - | (5) |
| Loss from derivative financial instruments | 24 | - | 6 |
| Financial results, net | | 221 | 81 |
| Additions of trading properties | 8 | (2) | |
| Provisions and allowances | 21 and 23 | 2 | 2 |
| Share of loss from subsidiaries, associates and joint ventures | 5 | 400 | 203 |
| (Increase) / Decrease in trade and other receivables | | (1) | 93 |
| (Decrease) / Increase in trade and other payables | | (64) | 39 |
| Decrease in provisions | | (1) | - |
| Net cash (used in) / generated by operating activities | | (107) | 108 |
| Additional information | | 09.30.16 | 09.30.15 |
| Reserve for share-based payments | | 3 | 4 |
| Cumulative translation adjustment | | 195 | 35 |
| Acquisition of non-controlling interest | | 288 | 9 |
| Acquisition of non-controlling interest Technical Resolution N° 43 | | - | (7) |
| Increase in borrowings through an increase in investments in financial assets | | - | 140 |
| Decrease in borrowings from subsidiaries, associates and joint ventures through a decrease in borrowings granted to subsidiaries, associates and joint ventures | | 16 | - |

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14.

Trade and other payables

Company's trade and other payables as of September 30, 2016 and June 30, 2016 are as follows:

| | Note | September 30, 2016 | June 30, 2016 |
|--|------|-----------------------|------------------|
| Non-current | | | |
| Tax amnesty plan for payable taxes | 2 | 2 | 2 |
| Total non-current other payables | 2 | 2 | 2 |
| Customers advances | 578 | 568 | 568 |
| Tenant deposits | 1 | 1 | 1 |
| Total non-current trade payables | 579 | 569 | 569 |
| Total non-current trade and other payables | 581 | 571 | 571 |
| Current | | | |
| Trade payables | 25 | 72 | 66 |
| Invoices to be received | | 22 | 34 |
| Customers advances | 25 | 2 | 5 |
| Total current trade payables | | 96 | 105 |
| Tax on shareholders' personal assets | | 1 | 1 |
| Long-term incentive plan | 25 | 21 | 22 |
| Other tax payables | | 12 | 68 |
| Total current other payables | | 34 | 91 |
| Total current trade and other payables | | 130 | 196 |
| Total trade and other payables | | 711 | 767 |

15.

Provisions

The table below shows the movements in Company's provisions:

| | Labor, legal and other claims | Investments in associates and joint ventures (i) | Total |
|--------------------------|-------------------------------------|--|-------|
| At June 30, 2016 | 30 | 5 | 35 |
| Additions | 2 | 1 | 3 |
| Decreases | (1) | - | (1) |
| At September 30, 2016 | 31 | 6 | 37 |

(i)

Corresponds to the equity interest in HASA with negative equity.

The breakdown of total current and non-current provisions is as follows:

| | September 30, 2016 | June 30, 2016 |
|-------------|-----------------------|------------------|
| Non-current | 8 | 7 |
| Current | 29 | 28 |
| | 37 | 35 |

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16.

Borrowings

Company's borrowings as of September 30, 2016 and June 30, 2016 are as follows:

| | | | | | Book value | | |
|----------------------------------|------------------------|----------|-----------------------------|---------------------------------|---|--------------------------|------------------|
| | Secured / unsecured | Currency | Fixed Rate / Floating | Effective interest rate % | Nominal value of share capital | September 30, 2016 | June 30, 2016 |
| Non-current | | | | | | | |
| IRSA NCN due 2020 | Unsecured | US\$ | Fixed | 11.50% | 75 | 1,082 | 1,063 |
| IRSA NCN due 2019 | Unsecured | Ps. | Floating | Badlar + 299 points | 384 | 380 | - |
| IRSA NCN due 2019 | Unsecured | US\$ | Fixed | 7.00% | 184 | 2,795 | - |
| Non-current borrowings | | | | | | 4,257 | 1,063 |
| Related parties (Note 25) (1) | | | | | | 7 | 161 |
| Total non-current borrowings | | | | | | 4,264 | 1,224 |
| Current | | | | | | | |
| IRSA NCN due 2017 | Unsecured | Ps. | Floating | Badlar + 450 points | 11 | 11 | 11 |
| IRSA NCN due 2017 | Unsecured | US\$ | Fixed | 8.50% | 75 | 1,156 | 1,159 |
| IRSA NCN due 2020 | Unsecured | US\$ | Fixed | 11.50% | 75 | 24 | 56 |
| IRSA NCN due 2019 | Unsecured | Ps. | Floating | Badlar + 299 points | 384 | 6 | - |

| | | | | | | |
|----------------------------------|----------------|----------|-------|-----|-------|-------|
| IRSA NCN due 2019 | Unsecured US\$ | Fixed | 7.00% | 184 | 12 | - |
| Bank overdrafts | Unsecured Ps. | Floating | - | - | 5 | 859 |
| Borrowings current | | | | | 1,214 | 2,085 |
| Related parties (Note 25) (1) | | | | | 46 | 162 |
| Total current borrowings | | | | | 1,260 | 2,247 |
| Total borrowings | | | | | 5,524 | 3,471 |

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16. Borrowings (Continued)

(1)

Related parties breakdown:

| | | | | | | Book value | |
|---|------------------------|----------|--------------------------|---------------------------------|---|--------------------------|---------------------|
| | Secured / unsecured | Currency | Fixed Rate / Floating | Effective interest rate % | Nominal value of share capital | September 30, 2016 | June 30, 2016 |
| Non-current | | | | | | | |
| Inversora Bolivar S.A. | Unsecured | Ps. | Floating | Badlar | 6 | 7 | 6 |
| Nuevas Fronteras S.A. | Unsecured | Ps. | Floating | Badlar | - | - | 30 |
| Ritelco S.A. | Unsecured | US\$ | Floating | Libor 3m + 200 points | - | - | 125 |
| Total non-current related parties borrowings | | | | | | 7 | 161 |
| Current | | | | | | | |
| Cyrsa S.A. | Unsecured | Ps. | Floating | Badlar | 13 | 14 | 14 |
| Nuevas Fronteras ..S.A. | Unsecured | Ps. | Floating | Badlar | 21 | 32 | - |
| IRSA CP | Unsecured | US\$ | Fixed | | - | - | 66 |

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| | | | | Libor 12m + 200 points | | | |
|--|-----------|------|----------|------------------------------|---|----|-----|
| Ritelco S.A. | Unsecured | US\$ | Floating | Libor 3m + 200 points | - | - | 9 |
| Ritelco S.A. | Unsecured | US\$ | Floating | 4% | - | - | 73 |
| Total current related parties borrowings | | | | | | 46 | 162 |
| Total related parties borrowings | | | | | | 53 | 323 |

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17.

Current and deferred income tax

The provision for the Company's income tax are as follows:

| | September 30, 2016 | September 30, 2015 |
|---------------------|-----------------------|-----------------------|
| Current income tax | - | (9) |
| Deferred income tax | 86 | (44) |
| Income tax | 86 | (53) |

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

| | September 30, 2016 | June 30, 2016 |
|--------------------------------|-----------------------|------------------|
| Beginning of the period / year | 345 | 283 |
| Use of tax loss carryforwards | - | (318) |
| Income tax expense | 86 | 380 |
| End of period / year | 431 | 345 |

Below is a reconciliation between income tax expense and the amount that would arise using the income tax rate applicable to Profit Before Income Tax for the three-month periods ended September 30, 2016 and 2015:

| | September 30, 2016 | September 30, 2015 |
|--|-----------------------|-----------------------|
| Net income at tax rate | (232) | (78) |
| Permanent differences: | | |
| Share of profit of subsidiaries, associates and joint ventures | 146 | 130 |
| Non-deductible expenses and others | - | 1 |
| Income tax | (86) | 53 |

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18.
Equity

See Note 21 to the Unaudited Condensed Interim Consolidated Financial Statements.

19.
Revenue

| | September 30, 2016 | September 30, 2015 |
|--------------------------------------|-----------------------|-----------------------|
| Rental and scheduled rent escalation | 6 | 15 |
| Property management fee | 1 | 1 |
| Total income from rents and services | 7 | 16 |
| Expenses | 1 | 3 |
| Total revenue | 8 | 19 |

20.
Costs

| | September 30, 2016 | September 30, 2015 |
|-----------------------------------|-----------------------|-----------------------|
| Leases and services costs | 3 | 6 |
| Cost of sales and developments | 3 | 2 |
| Total cost of property operations | 6 | 8 |
| Total costs (Note 21) | 6 | 8 |

21.
Expenses by nature

The Company disclosed expenses in the statements of income by function as part of the line items “Costs”, “General and administrative expenses” and “Selling expenses”.

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

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21. Expenses by nature (Continued)

For the period ended September 30, 2016:

| | Costs Rental and services' costs | Cost of sales and developments | General and administrative expenses | Selling expenses | Total |
|---|--|--------------------------------------|---|---------------------|-------|
| Salaries, social security costs and other personnel expenses | - | - | 20 | 3 | 23 |
| Director's fees | - | - | 6 | - | 6 |
| Fees and payments for services | - | - | 5 | - | 5 |
| Maintenance, security, cleaning, repairs and others | 3 | 1 | - | - | 4 |
| Taxes, rates and contributions | - | 2 | - | 1 | 3 |
| Advertising and other selling expenses | - | - | - | 2 | 2 |
| Traveling, transportation and stationery | - | - | 2 | - | 2 |
| Leases and service charges | - | - | 1 | - | 1 |
| Public services and others | - | - | 1 | - | 1 |
| Allowances for trade and other receivables (charge and recovery, net) | - | - | - | (1) | (1) |
| Total expenses by nature | 3 | 3 | 35 | 5 | 46 |

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21. Expenses by nature (Continued)

For the period ended September 30, 2015:

| | Costs Rental and services' costs | Cost of sales and developments | General and administrative expenses | Selling expenses | Total |
|---|--|--------------------------------------|---|---------------------|-------|
| Salaries, social security costs and other personnel expenses | 2 | - | 11 | 2 | 15 |
| Director's fees | - | - | 5 | - | 5 |
| Fees and payments for services | - | - | 3 | - | 3 |
| Maintenance, security, cleaning, repairs and others | 2 | 1 | 1 | - | 4 |
| Taxes, rates and contributions | 1 | 1 | - | 2 | 4 |
| Advertising and other selling expenses | - | - | - | 1 | 1 |
| Traveling, transportation and stationery | - | - | 1 | - | 1 |
| Leases and service charges | - | - | 1 | - | 1 |
| Public services and others | - | - | 1 | - | 1 |
| Allowances for trade and other receivables (charge and recovery, net) | - | - | - | 1 | 1 |
| Others | - | - | 1 | - | 1 |
| Depreciation and amortization | 1 | - | - | - | 1 |
| Total expenses by nature | 6 | 2 | 24 | 6 | 38 |

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22.

Employee costs

| | September 30, 2016 | September 30, 2015 |
|---|--------------------------|--------------------------|
| Salaries, bonuses and social security costs | 18 | 12 |
| Pension plans and defined contributions costs (i) | 4 | 2 |
| Other expenses and benefits | 1 | 1 |
| Total employee costs | 23 | 15 |

(i)

Include a charge of Ps. 1 and Ps. 1 for the three-month periods ended September 30, 2016 and 2015, respectively, related to the Equity Incentive Plan.

23.

Other operating results, net

| | September 30, 2016 | September 30, 2015 |
|--|--------------------------|--------------------------|
| Tax on shareholders' personal assets | (1) | (1) |
| Donations | (2) | (2) |
| Judgements and other contingencies (1) | (2) | (1) |
| Others | 1 | - |
| Total other operating results, net | (4) | (4) |

(1)

Includes legal costs and expenses

24.

Financial results, net

| | September 30, 2016 | September 30, 2015 |
|--------------------------|--------------------------|--------------------------|
| Finance income: | | |
| - Interest income | 9 | 56 |
| - Foreign exchange gains | 24 | 84 |
| Total finance income | 33 | 140 |
| Finance costs: | | |

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| | | |
|--|-------|-------|
| - Interest expense | (145) | (116) |
| - Foreign exchange losses | (94) | (105) |
| - Other finance costs | (15) | (5) |
| Total finance costs | (254) | (226) |
| Other financial results: | | |
| - Fair value gain on financial assets | - | 5 |
| - Loss on derivative financial instruments, net | - | (6) |
| Total other financial results | - | (1) |
| Total financial results, net | (221) | (87) |

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25.

Related party transactions

The following is a summary of the balances with related parties as of September 30, 2016:

| Related party | Description of Transaction | Investments in financial assets current | Investments in financial assets non-current | Trade and other receivables current | Trade and other receivables non-current | Trade and other payables current | Trade and other payables non-current | Borrowings current | Borrowings non-current |
|------------------------|-----------------------------|---|---|-------------------------------------|---|----------------------------------|--------------------------------------|--------------------|------------------------|
| Parent Company | | | | | | | | | |
| | Corporate services | - | - | - | - | (19) | - | - | - |
| | Leases | | | | | | | - | - |
| CRESUD | Reimbursement of expenses | | | | | | | - | - |
| | Long-term incentive program | | | | | | | - | - |
| Total Parent Company | | - | - | 4 | - | (22) | - | - | - |
| Subsidiaries | | | | | | | | | |
| ECLSA | Other receivables | - | - | 1 | - | - | - | - | - |
| | Reimbursement of expenses | - | - | - | - | (11) | - | - | - |
| IRSA CP | Corporate services | | | | | | | - | - |
| | Long-term incentive program | | | | | | | - | - |
| | Sale of property | | | | | | | - | - |
| Palermo Invest S.A. | Dividends receivables | - | - | 3 | - | - | - | - | - |
| | Other receivables | | | | | | | - | - |
| | Borrowings | | | | | | | - | - |
| Inversora Bolívar S.A. | Borrowings | - | - | - | - | - | - | - | (7) |
| HASA | Hotel services | - | - | - | - | (3) | - | - | - |
| Llao Llao Resorts S.A. | Hotel services | - | - | 1 | - | - | - | - | - |
| Manibil S.A. | Borrowings | - | - | - | 38 | - | - | - | - |
| NFSA | Management fees | - | - | 4 | - | - | - | - | - |
| | Borrowings | | | | | | | (31) | - |
| Total Subsidiaries | | - | - | 14 | 38 | (61) | (377) | (31) | (7) |

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25. Related party transactions (Continued)

| Related party | Description of Transaction | Investments in financial assets current | Investments in financial assets non-current | Trade and other receivables current | Trade and other receivables non-current | Trade and other payables current | Trade and other payables non-current | Borrowings current | Borrowings non-current |
|------------------------|-----------------------------|---|---|-------------------------------------|---|----------------------------------|--------------------------------------|--------------------|------------------------|
| Subsidiaries | | | | | | | | | |
| IRSA CP | | | | | | | | | |
| Fibesa S.A. | Long-term incentive program | - | - | 12 | - | - | - | - | - |
| PAMSA | Long-term incentive program | - | - | 1 | - | - | - | - | - |
| Total Subsidiaries | | - | - | 13 | - | - | - | - | - |
| IRSA CP Subsidiaries | | | | | | | | | |
| TYRUS | | | | | | | | | |
| Irsa International LLC | Reimbursement of expenses | - | - | 1 | - | - | - | - | - |
| New Lipstick | Reimbursement of expenses | - | - | 4 | - | - | - | - | - |
| Total Subsidiaries | | - | - | 5 | - | - | - | - | - |
| TYRUS Associates | | | | | | | | | |
| BHSA | Reimbursement of expenses | - | - | - | - | (1) | - | - | - |
| BACS | NCN | 8 | 121 | - | - | - | - | - | - |
| Total Associates | | 8 | 121 | - | - | (1) | - | - | - |
| Joint Ventures | | | | | | | | | |
| CYRSA | Other receivables | - | - | 3 | - | - | - | - | - |
| | Borrowing | - | - | - | - | - | - | (15) | - |
| NPSF | Long-term incentive program | - | - | 1 | - | - | - | - | - |
| | | - | - | 4 | - | - | - | (15) | - |

| | | | | | | | | | |
|--|---------------------|---|-----|----|----|------|-------|------|-----|
| Total Joint Ventures Other related parties Consultores | Asset Reimbursement | | | | | | | | |
| Management of expenses S.A. | | - | - | 4 | - | - | - | - | - |
| Total Other related parties Directors and Senior Management | | - | - | 4 | - | - | - | - | - |
| Directors | Guarantee deposits | - | - | - | - | (1) | - | - | - |
| Total Directors and Senior Management | | - | - | - | - | (1) | - | - | - |
| Total | | 8 | 121 | 44 | 38 | (85) | (377) | (46) | (7) |

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25. Related party transactions (Continued)

The following is a summary of the balances with related parties as of June 30, 2016:

| Related party | Description of Transaction | Investments in financial instruments current | Investments in financial instruments non-current | Trade and other receivables current | Trade and other payables current | Trade and other payables non-current | Borrowings current | Borrowings non-current |
|----------------------|-----------------------------|--|--|-------------------------------------|----------------------------------|--------------------------------------|--------------------|------------------------|
| Parent Company | Corporate services | - | - | - | (23) | - | - | - |
| CRESUD | Reimbursement of expenses | - | - | - | - | - | - | - |
| | Long-term incentive program | - | - | - | - | - | - | - |
| | Leases | - | - | 3 | - | - | - | - |
| Total Parent Company | | - | - | 4 | (28) | - | - | - |
| Subsidiaries | | | | | | | | |
| | Reimbursement of expenses | - | - | - | (9) | - | - | - |
| | Corporate services | - | - | - | (20) | - | - | - |
| | Long-term incentive program | - | - | - | (22) | - | - | - |
| IRSA CP | Sale of properties | - | - | - | - | - | - | - |
| | Leases | - | - | - | (1) | - | - | - |
| | Borrowings | - | - | - | - | - | (66) | - |
| | Other Liabilities | - | - | - | (2) | - | - | - |
| ECLSA | Other receivables | - | - | 1 | - | - | - | - |
| | Dividends receivables | - | - | 3 | - | - | - | - |
| Palermo Invest S.A. | Other receivables | - | - | 1 | - | - | - | - |
| | Borrowings | - | - | 4 | - | - | - | - |
| Ritelco S.A. | Borrowings | - | - | - | - | - | (82) | (125) |

| Related party | Description of Transaction | Investments in financial instruments current | Investments in financial instruments non-current | Trade and other receivables current | Trade and other payables current | Trade and other payables non-current | Borrowings current | Borrowings non-current |
|----------------------------|-----------------------------|--|--|-------------------------------------|----------------------------------|--------------------------------------|--------------------|------------------------|
| Subsidiaries | | | | | | | | |
| Inversora Bolívar S.A. | Borrowings | - | - | - | - | - | - | (6) |
| HASA | Hotel services | - | - | - | (3) | - | - | - |
| Llao Llao Resorts S.A. | Hotel services | - | - | 2 | - | - | - | - |
| NFSA | Management fees | - | - | 3 | - | - | - | - |
| | Borrowings | | | | | | | (30) |
| Total Subsidiaries | | - | - | 14 | (57) | (377) | (148) | (161) |
| Subsidiaries IRSA CP | | | | | | | | |
| Fibesa S.A. | Long-term incentive program | - | - | 11 | - | - | - | - |
| PAMSA | Long-term incentive program | - | - | 1 | - | - | - | - |
| Total subsidiaries IRSA CP | | - | - | 12 | - | - | - | - |

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25. Related party transactions (Continued)

| Related party | Description of Transaction | Investments in financial instruments current | Investments in financial instruments non-current | Trade and other receivables current | Trade and other payables current | Trade and other payables non-current | Borrowings current | Borrowings non-current |
|---------------------------------|-----------------------------|--|--|-------------------------------------|----------------------------------|--------------------------------------|--------------------|------------------------|
| Subsidiaries | | | | | | | | |
| TYRUS | | | | | | | | |
| Irsa International LLC | Reimbursement of expenses | - | - | 1 | - | - | - | - |
| Real Estate Strategies Group LP | Reimbursement of expenses | - | - | 4 | - | - | - | - |
| New Lipstick | Reimbursement of expenses | - | - | 4 | - | - | - | - |
| Imadison LLC | Reimbursement of expenses | - | - | 3 | - | - | - | - |
| Total Subsidiaries | | - | - | 12 | - | - | - | - |
| TYRUS Associates | | | | | | | | |
| BHSA | Reimbursement of expenses | - | - | - | (1) | - | - | - |
| BACS | NCN | 21 | 100 | - | - | - | - | - |
| Total Associates | | 21 | 100 | - | (1) | - | - | - |
| Joint Ventures | | | | | | | | |
| CYRSA | Other receivables | - | - | 3 | - | - | - | - |
| | Borrowings | - | - | - | - | - | (14) | - |
| Total Joint Ventures | | - | - | 3 | - | - | (14) | - |
| Joint Ventures IRSA CP | | | | | | | | |
| NPSF | Long-term incentive program | - | - | 1 | - | - | - | - |
| Quality | Reimbursement of expenses | - | - | 1 | - | - | - | - |
| Total Joint Ventures IRSA CP | | - | - | 2 | - | - | - | - |
| Other related parties | | | | | | | | |

| | | | | | | | | |
|---|---------------------------|----|-----|----|------|-------|-------|-------|
| Consultores | | | | | | | | |
| Asset Management S.A. | Reimbursement of expenses | - | 4 | - | - | - | - | - |
| Total Other related parties | | - | 4 | - | - | - | - | - |
| Directors and Senior Management Directors | Advances | - | 4 | - | - | - | - | - |
| Total Directors and Senior Management | | - | 4 | - | - | - | - | - |
| Total | | 21 | 100 | 55 | (86) | (377) | (162) | (161) |

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25. Related party transactions (Continued)

The following is a summary of the transactions with related parties for the three-month period ended September 30, 2016:

| Related party | Leases and/or rights of use | Fees | Corporate services | Financial operations | Donations |
|---------------------------------------|-----------------------------|------|--------------------|----------------------|-----------|
| Parent Company | | | | | |
| CRESUD | - | - | (12) | - | - |
| Total Parent Company | - | - | (12) | - | - |
| Subsidiaries | | | | | |
| IRSA CP | (1) | - | (7) | (3) | - |
| Ritelco S.A. | - | - | - | (1) | - |
| NFSA | - | 1 | - | (1) | - |
| Total Subsidiaries | (1) | 1 | (7) | (5) | - |
| Associates | | | | | |
| BACS | - | - | - | 8 | - |
| Total Associates | - | - | - | 8 | - |
| Joint Ventures | | | | | |
| CYRSA | - | - | - | (1) | - |
| Total Joint Ventures | - | - | - | (1) | - |
| Other related parties | | | | | |
| Estudio Zang, Bergel & Viñes | - | (1) | - | - | - |
| Fundación IRSA | - | - | - | - | (1) |
| Total Other related parties | - | (1) | - | - | (1) |
| Directors and Senior Management | | | | | |
| Senior Management | - | (1) | - | - | - |
| Directors | - | (6) | - | - | - |
| Total Directors and Senior Management | - | (7) | - | - | - |
| Total | (1) | (7) | (19) | 2 | (1) |

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements

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

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25. Related party transactions (Continued)

The following is a summary of the transactions with related parties for the three-month period ended September 30, 2015:

| Related party | Leases and/or rights of use | Fees | Corporate services | Financial operations |
|---------------------------------------|--------------------------------|------|-----------------------|----------------------|
| Parent Company | | | | |
| CRESUD | - | - | (7) | (1) |
| Total Parent Company | - | - | (7) | (1) |
| Subsidiaries | | | | |
| IRSA CP | (1) | - | (5) | 131 |
| Ritelco S.A. | - | - | - | (5) |
| NFSA | - | - | - | (1) |
| Total Subsidiaries | (1) | - | (5) | 125 |
| Associates | | | | |
| BACS | - | - | - | 5 |
| Total Associates | - | - | - | 5 |
| Joint Ventures | | | | |
| CYRSA | - | - | - | (1) |
| Total Joint Ventures | - | - | - | (1) |
| Senior Management | | | | |
| Directors | - | (5) | - | - |
| Total Directors and Senior Management | - | (6) | - | - |
| Total | (1) | (6) | (12) | 128 |

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Notes to the Unaudited Condensed Interim Separate Financial Statements

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26.

CNV General Resolution N° 622/13

As required by Section 1°, Chapter III, Title IV of CNV General Resolution N° 622/13, below there is a detail of the notes to the Unaudited Condensed Interim Separate Financial Statements that disclosure the information required by the Resolution in Exhibits.

| | |
|---|--|
| Exhibit A - Property, plant and equipment | Note 6 Investment properties and Note 7 Property, plant and equipment |
| Exhibit B - Intangible assets | Note 9 Intangible assets |
| Exhibit C - Equity investments | Note 5 Information about principal subsidiaries, associates and joint ventures |
| Exhibit D - Other investments | Note 10 Financial instruments by category |
| Exhibit E - Provisions | Note 11 Trading and other receivables and Note 15 Provisions |
| Exhibit F - Cost of sales and services provided | Note 8 Trading properties and Note 21 Expenses by nature |
| Exhibit G - Foreign currency assets and liabilities | Note 27 Foreign currency assets and liabilities |

IRSA Inversiones y Representaciones Sociedad Anónima

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27.

Foreign currency assets and liabilities

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

| Items | Amount of foreign currency (1) | Prevailing exchange rate (2) | Total as of 09.30.16 | Amount of foreign currency (1) | Prevailing exchange rate (2) | Total as of 06.30.16 |
|--|-----------------------------------|---------------------------------|----------------------------|-----------------------------------|---------------------------------|----------------------------|
| Assets | | | | | | |
| Trade and other receivables | | | | | | |
| US Dollar | 3.35 | 15.21 | 51 | 3.70 | 14.600 | 55 |
| Receivables with related parties: | | | | | | |
| US Dollar | 3.27 | 15.31 | 50 | 1.161 | 14.700 | 16 |
| Total Trade and other receivables | | | 101 | | | 71 |
| Investments in financial assets | | | | | | |
| US Dollar | | | 2 | 0.2 | 14.600 | 3 |
| Total Investments in financial assets | | | 2 | | | 3 |
| Cash and cash equivalents | | | | | | |
| US Dollar | 81.53 | 15.21 | 1,240 | 0.34 | 14.600 | 5 |
| Euros | 0.0586 | 17.06 | 1 | 0.06 | 16.6075 | 1 |
| Total Cash and cash equivalents | | | 1,241 | | | 6 |
| Total Assets as of 09.30.16 | | | 1,344 | | | - |
| Total Assets as of 06.30.16 | | | | | | 80 |
| Liabilities | | | | | | |
| Trade and other payables | | | | | | |
| US Dollar | 2.48 | 15.31 | 38 | 2 | 14.700 | 31 |
| Payables with related parties: | | | | | | |
| US Dollar | 0.5225 | 15.31 | 8 | 0.48 | 14.700 | 7 |

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| | | | | | | |
|----------------------------------|--------|-------|-------|-------|--------|-------|
| Israeli Shekel | - | - | - | 0.46 | 3.8921 | 2 |
| Total Trade and other payables | | | 46 | | | 40 |
| Borrowings | | | | | | |
| US Dollar | 333.18 | 15.31 | 5,101 | 155 | 14.700 | 2,279 |
| Borrowings with related parties: | | | | | | |
| US Dollar | - | - | - | 18.57 | 14.700 | 273 |
| Total Borrowings | | | 5,101 | | | 2,552 |
| Total Liabilities as of 09.30.16 | | | 5,147 | | | - |
| Total Liabilities as of 06.30.16 | | | | | | 2,592 |

(1) Considering foreign currencies those that differ from Company's functional currency at each period/year-end.

(2) Exchange rate as of September 30, 2016 and June 30, 2016 according to Banco Nación Argentina records.

IRSA Inversiones y Representaciones Sociedad Anónima

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28.

CNV General Resolution N° 629/14 – Storage of documentation

On August 14, 2014, the CNV issued General Resolution N° 629 whereby it introduced amendments to rules related to storage and conservation of corporate books, accounting books and commercial documentation. In this sense, it should be noted that the Company has entrusted the storage of certain non-sensitive and old information to the following providers:

| Storage of documentation responsible | Location |
|--------------------------------------|--|
| Iron Mountain Argentina S.A. | Av. Amancio Alcorta 2482, Autonomous City of Buenos Aires |
| | Pedro de Mendoza 2143, Autonomous City of Buenos Aires |
| | Saraza 6135, Autonomous City of Buenos Aires |
| | Azara 1245, Autonomous City of Buenos Aires |
| | Polígono industrial Spegazzini, Autopista Ezeiza Km 45, Cañuelas, Province of Buenos Aires |
| | Cañada de Gómez 3825, Autonomous City of Buenos Aires |

It is further noted that a detailed list of all documentation held in custody by providers, as well as documentation required in section 5 a.3) of section I, Chapter V, Title II of the RULES (2013 as amended) are available at the registered office.

On February 5, 2014 there was a widely known fire in Iron Mountain's warehouse. Such company is a supplier of the Company and Company's documentation was being kept in the mentioned warehouse. Based on the internal review carried out by the Company, duly reported to the CNV on February 12, 2014, the information kept at the Iron Mountain premises that were on fire do not appear to be sensitive or capable of affecting normal operations.

29.

Negative working capital

As of September 30, 2016, the Company has recorded negative working capital of Ps. 68, which is permanently under consideration of the Board of Directors and Management.

30.

Accumulated losses

The Company's losses accumulated as of September 30, 2016 absorb more than 50% of the capital stock; as a result, the provisions of section 206 of Law N° 19,550 would apply to the Company.

The Board of Directors of the Company is currently analyzing alternatives to address this situation and present them to the Shareholders.

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31.

Subsequent events

See other subsequent events in Note 32 to Unaudited Condensed Interim Consolidated Financial Statements.

Ordinary and Extraordinary Shareholders' meeting as of October 31, 2016

· On October 31, 2016, the Company's Annual Shareholders' Meeting for the fiscal year ended June 30, 2016 appointed two new proxies for The Bank of New Mellon, ANSES FGS and Cresud SACIFyA to approve and sign the minutes of Shareholders' Meeting. The Meeting approved the appropriation of loss for the fiscal year ended June 30, 2016 in the amount of Ps. 1,254, which is to be partially absorbed by the special reserve that was set up in an amount of Ps. 3 to record initial adjustments related to the adoption of IFRS. The remaining balance, that is a loss of Ps. 1,251, was charged to Retained Earnings. The Meeting also approved the performance of the Board of Directors, the appointment of new permanent and alternate members to the Statutory Audit Committee, and resolved to pay fees in the amount of Ps. 0.6. It further approved: the appointment of an independent accountant for the coming fiscal year and its remuneration, an update run of the report on shared services agreement, the amount of personal asset tax payable, the extension of the Global Program of simple, non-convertible notes, both secured and unsecured, or guaranteed by third parties by a maximum outstanding amount of up to US\$ 300 million, as well as the indemnities granted to members of the Board, Statutory Auditors and Managers that perform or have performed services for the Company under D&O policies; it also resolved to approve the modification of section 24 of the Company's bylaws to allow for Shareholders' Meetings without physical gathering.

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1.
 Specific and significant systems that imply contingent lapsing or rebirth of benefits envisaged by such provisions.

None.

2.
 Significant changes in the Company's activities or other similar circumstances that occurred during the fiscal years included in the financial statements, which affect their comparison with financial statements filed in previous fiscal years, or that could affect those to be filed in future fiscal years.

See Note 2.1.

3.
 Receivables and liabilities by maturity date.

| Items | Falling due | Without term | Without term | To be due | | | | | | | | | Total |
|--|-------------|--------------|--------------|----------------|--------------------|--------------------|---------------------|-------------------|-------------------|-------------------|-----------------|-------|-------|
| | 09.30.16 | Current | Non-current | Up to 3 months | From 3 to 6 months | From 6 to 9 months | From 9 to 12 months | From 1 to 2 years | From 2 to 3 years | From 3 to 4 years | From 4 years on | | |
| Accounts receivable | | | | | | | | | | | | | |
| Trade and other receivables | 35 | 2 | 1 | 27 | 3 | 4 | 19 | 74 | 16 | 16 | 7 | 204 | |
| Total | 35 | 2 | 1 | 27 | 3 | 4 | 19 | 74 | 16 | 16 | 7 | 204 | |
| Liabilities | | | | | | | | | | | | | |
| Trade and other payables | 44 | - | - | 85 | - | - | 1 | 2 | 578 | - | 1 | 711 | |
| Borrowings | - | - | - | 23 | 1,207 | 30 | - | - | 3,209 | 1,050 | 5 | 5,524 | |
| Salaries and social security liabilities | - | 1 | - | 1 | - | - | - | - | - | - | - | 2 | |
| Provisions | - | 29 | 8 | - | - | - | - | - | - | - | - | 37 | |
| Total | 44 | 30 | 8 | 109 | 1,207 | 30 | 1 | 2 | 3,787 | 1,050 | 6 | 6,274 | |

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4.a.
 Breakdown of accounts receivable and liabilities by currency and maturity.

| Items | | Current | | | Non-current | | | Totals | | |
|------------------------|---|-------------------|---------------------|-------|-------------------|---------------------|-------|-------------------|---------------------|-------|
| | | Local currency | Foreign currency | Total | Local currency | Foreign currency | Total | Local currency | Foreign currency | Total |
| Accounts receivable | Trade and other receivables | 54 | 36 | 90 | 49 | 65 | 114 | 103 | 101 | 204 |
| | Total | 54 | 36 | 90 | 49 | 65 | 114 | 103 | 101 | 204 |
| Liabilities | Trade and other payables | 105 | 25 | 130 | 560 | 21 | 581 | 665 | 46 | 711 |
| | Borrowings | 67 | 1,193 | 1,260 | 356 | 3,908 | 4,264 | 423 | 5,101 | 5,524 |
| | Salaries and social security liabilities | 2 | - | 2 | - | - | - | 2 | - | 2 |
| | Provisions | 29 | - | 29 | 8 | - | 8 | 37 | - | 37 |
| | Total | 203 | 1,218 | 1,421 | 924 | 3,929 | 4,853 | 1,127 | 5,147 | 6,274 |

4.b.
 Breakdown of accounts receivable and liabilities by adjustment clause.

On September 30, 2016 there are no receivables and liabilities subject to adjustment clause.

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4.c.
 Breakdown of accounts receivable and liabilities by interest clause.

| Items | Current Accruing interest | | | Total | Non-current Accruing interest | | | Total | Accruing interest | | | Non- Accruing | |
|--|---------------------------------|------------------|--------------------------|-------|-------------------------------------|------------------|--------------------------|-------|----------------------|------------------|------------------------------|------------------|--|
| | Fixed rate | Floating rate | Non-accruing interest | | Fixed rate | Floating rate | Non-accruing interest | | Fixed rate | Floating rate | Non- Accruing interest | Total | |
| Accounts receivable | | | | | | | | | | | | | |
| Trade and other receivables | 17 | 4 | 69 | 90 | 66 | - | 48 | 114 | 83 | 4 | 117 | 204 | |
| Total | 17 | 4 | 69 | 90 | 66 | - | 48 | 114 | 83 | 4 | 117 | 204 | |
| Liabilities | | | | | | | | | | | | | |
| Trade and other payables | 1 | - | 129 | 130 | 2 | - | 579 | 581 | 3 | - | 708 | 711 | |
| Borrowings | 1,192 | 68 | - | 1,260 | 3,877 | 387 | - | 4,264 | 5,069 | 455 | - | 5,524 | |
| Salaries and social security liabilities | - | - | 2 | 2 | - | - | - | - | - | - | 2 | 2 | |
| Provisions | - | - | 29 | 29 | - | - | 8 | 8 | - | - | 37 | 37 | |
| Total | 1,193 | 68 | 160 | 1,421 | 3,879 | 387 | 587 | 4,853 | 5,072 | 455 | 747 | 6,274 | |

IRSA Inversiones y Representaciones Sociedad Anónima

Information required by Section 68 of the Buenos Aires Stock Exchange Regulations and Section 12, Chapter III, Title IV of the National Securities Commission Regulations

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5. Related parties.

a.

Interest in related parties:

| Name of the entity | % of ownership interest held by the Group |
|--------------------------------------|---|
| Direct Controlling interest of IRSA: | |
| IRSA CP | 94.41% |
| ECLSA | 96.74% |
| Efanur S.A. | 100.00% |
| Hoteles Argentinos S.A. | 80.00% |
| Inversora Bolívar S.A. | 95.13% |
| Llao Llao Resorts S.A. | 50.00% |
| Nuevas Fronteras S.A. | 76.34% |
| Palermo Invest S.A. | 97.00% |
| Ritelco S.A. | 100.00% |
| Tyrus S.A. | 100.00% |

b.

Related parties debit/credit balances. See Note 25 to the Unaudited Condensed Interim Separate Financial Statements.

6.

Loans to directors.

See Note 25 to the Unaudited Condensed Interim Separate Financial Statements.

7.

Physical inventory.

In view of the nature of the inventories, no physical inventories are performed and there are no slow turnover assets.

8.

Current values.

See Notes 6, 7, 8 and 10 to the Unaudited Condensed Interim Separate Financial Statements.

9.

Appraisal revaluation of property, plant and equipment.

None.

IRSA Inversiones y Representaciones Sociedad Anónima

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10.

Obsolete unused property, plant and equipment.

None.

11.

Equity interest in other companies in excess of that permitted by section 31 of Law N° 19,550.

None.

12.

Recovery values.

See Notes 6, 7, 8 and 10 to the Unaudited Condensed Interim Separate Financial Statements.

13.

Insurances.

Insured Assets.

| Real Estate | Insured amounts (1) | Accounting values | Risk covered |
|------------------------------|------------------------|----------------------|---|
| Bouchard 551 | 2 | 8 | All operational risk with additional coverage and minor risks |
| Maipú 1300 | 2 | 5 | All operational risk with additional coverage and minor risks |
| Libertador 498 | 3 | 4 | All operational risk with additional coverage and minor risks |
| Santa María del Plata | 0.053 | 171 | All operational risk with additional coverage and minor risks |
| Casona Abril | 4 | 3 | All operational risk with additional coverage and minor risks |
| Catalinas Norte plot of land | 2 | 115 | All operational risk with additional coverage and minor risks |
| Subtotal | 13 | 306 | |
| Single policy | 15,000 | - | Third party liability |

(1)

The insured amounts are in US dollars.

In our opinion, the above-described insurance policies cover current risks adequately.

IRSA Inversiones y Representaciones Sociedad Anónima

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14.
Allowances and provisions that, taken individually or as a whole, exceed 2% of the shareholder's equity.

None.

15.
Contingent situations at the date of the financial statements which probabilities are not remote and the effects on the Company's financial position have not been recognized.

Not applicable.

16.
Status of the proceedings leading to the capitalization of irrevocable contributions towards future subscriptions.

Not applicable.

17.
Unpaid accumulated dividends on preferred shares.

None.

18.
Restrictions on distributions of profits.

According to the Argentine laws, 5% of the profit of the year is separated to constitute legal reserves until they reach legal capped amounts (20% of total capital). These legal reserves are not available for dividend distribution.

In addition, according to CNV General Resolution N°. 609/12, a special reserve was constituted which could not be released to make distributions in cash or in kind. See Note 21 to the Unaudited Condensed Interim Consolidated Financial Statements.

IRSA NCN due 2017 and IRSA NCN due 2020 both contain certain customary covenants and restrictions, including amount others, limitations for the incurrence of additional indebtedness, restricted payments, disposal of assets, and entering into certain transactions with related companies. Restricted Payments include restrictions on the payment of dividends.

Autonomous City of Buenos Aires November 11, 2016.

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REVIEW REPORT ON THE UNAUDITED CONDENSED
INTERIM SEPARATE FINANCIAL STATEMENTS

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

Introduction

We have reviewed the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima (hereinafter “the Company”) which included the unaudited condensed interim separate statement of financial position as of September 30, 2016, and the unaudited condensed interim separate statements of income and comprehensive income for the three-month period ended September 30, 2016 the unaudited condensed interim separate statements of changes in shareholders’ equity and the unaudited condensed interim separate statements of cash flows for the three-month period ended September 30, 2016 and selected explanatory notes.

The balances and other information corresponding to the fiscal year ended June 30, 2016 and the interim periods within that fiscal period are an integral part of these financial statements and, therefore, they should be considered in relation to those financial statements.

Management responsibility

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

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

Scope of our review

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

Conclusion

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

Emphasis paragraph

Without modifying our conclusion, we want to refer to the information included in Note 5 of these unaudited condensed interim separate financial statements.

Report on compliance with current regulations

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

- a)
the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima are being processed for recording in the "Inventory and Balance Sheet Book", and comply, as regards those matters that are within our competence, with the provisions set forth in the Commercial Companies Law and in the corresponding resolutions of the National Securities Commission;
- b)
the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima arise from accounting records carried in all formal respects in accordance with applicable legal provisions;

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

c)
we have read the additional information to the notes to the unaudited condensed interim separate statements required by section 68 of the listing regulations of the Buenos Aires Stock Exchange and by section 12 of Chapter III Title IV of the text of the National Securities Commission, on which, as regards those matters that are within our competence, we have no observations to make;

d)
at September 30, 2016, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentina Integrated Pension System which arises from accounting records and submissions amounted to Ps. 56,240 which was no callable at that date.

Autonomous City of Buenos Aires, November 11, 2016.

PRICE WATERHOUSE & CO. S.R.L. ABELOVICH, POLANO & ASOCIADOS S.R.L.

| | | | |
|-------------------------------|-----------|--------------------------------|-----------|
| | (Partner) | | (Partner) |
| C.P.C.E.C.A.B.A. T° 1 F° 17 | | C.P.C.E. C.A.B.A. T° 1 F° 30 | |
| Eduardo A. Loíacono | | Noemí I. Cohn | |
| Public Accountant (U.B.A.) | | Public Accountant (U.B.A.) | |
| C.P.C.E.C.A.B.A. T° 326 F° 94 | | C.P.C.E.C.A.B.A. T° 116 F° 135 | |

I. Brief comment on the Company's activities during the period, including references to material events occurred after the end of the period.

Buenos Aires, November 11, 2016 - IRSA Inversiones y Representaciones Sociedad Anónima (NYSE: IRS) (BASE: IRSA), Argentina's leading real estate company, announces today the results of its operations for three-month period of fiscal year 2017 ended September 30, 2016.

Consolidated Results

| In ARS Million | IQ 17 | IQ 16 | YoY Var |
|--|------------|-------|----------|
| Revenues | 18,687,968 | | 1,830.5% |
| Operating income | 1,147,724 | | 58.4% |
| Depreciation and amortization | 1,409,54 | | 2,509.3% |
| EBITDA | 2,556,778 | | 228.5% |
| Net Loss | -782,-316 | | 147.5% |
| Attributable to controlling company's shareholders | -577,-276 | | 109.1% |
| Attributable to non-controlling interest | -205,-40 | | 412.5% |

The Company's consolidated results reflect in all lines the material accounting impact of the consolidation of the Israeli holding company IDB Development Corporation ("IDBD"). Operating income and EBITDA for the 3-month period of 2017 increased 58.4% and 228.5%, respectively, as compared to the same period of 2016. In turn, the Company recorded a net loss of ARS 782 million for the 3-month period of 2017, compared to a net loss of ARS 316 million for the same period of 2016.

Operations Center in Argentina

II. Shopping Centers (through our subsidiary IRSA Propiedades Comerciales S.A.)

During the first three months of fiscal year 2017, our tenants' sales reached ARS 7,971.2 million, 21.0% higher than in the same period of 2016. Our portfolio's leasable area totaled 335,032 square meters during the quarter under review, whereas the occupancy rate stood at optimum levels of 98.4%, reflecting the quality of our portfolio.

Shopping Centers' Financial Indicators (in ARS million)

| | IQ 17 | IQ 16 | YoY Var |
|-------------------------------|-------|-------|---------|
| Revenues | 682 | 532 | 28.2% |
| Operating income | 469 | 379 | 24.1% |
| Depreciation and amortization | 43 | 42 | 2.4% |
| EBITDA | 512 | 421 | 21.6% |

Shopping Centers' Operating Indicators (in ARS million, except as indicated)

| | IQ 17 | IVQ 16 | IIIQ 16 | IIQ 16 | IQ 16 |
|-------------------------------------|---------|---------|---------|---------|---------|
| Total leaseable area (sqm) | 335,032 | 333,155 | 334,079 | 333,719 | 334,056 |
| Tenants' sales (3 month cumulative) | 7,971.2 | 7,910.9 | 6,132.2 | 8,272.8 | 6,589.0 |
| Occupancy | 98.4% | 98.4% | 98.6% | 99.0% | 98.9% |

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Revenues from this segment grew 28.0% during this three-month period, whereas EBITDA reached ARS 512 million (+ 21.9% compared to the same period of 2016). The EBITDA margin, excluding income from expenses and collective promotion fund, was 75.0%, 3.8 pp below the figure recorded in the previous fiscal year.

Operating data of our Shopping Centers

| Shopping Center | Date of Acquisition | Gross Leaseable Area (sqm)(1) | Stores | IRSA Propiedades Comerciales S.A.'s Interest | Occupancy(2) | Book Value (ARS million) (3) |
|---------------------------------|---------------------|-------------------------------|--------|--|--------------|------------------------------|
| Alto Palermo Abasto Shopping(4) | Nov-97 | 18,983 | 143 | 100.0% | 99.5% | 206 |
| Alto Avellaneda | Jul-94 | 36,744 | 171 | 100.0% | 100.0% | 241 |
| Alcorta Shopping | Nov-97 | 36,360 | 135 | 100.0% | 100.0% | 125 |
| Patio Bullrich | Jun-97 | 15,810 | 111 | 100.0% | 90.0% | 119 |
| Buenos Aires Design | Oct-98 | 11,711 | 83 | 100.0% | 99.6% | 107 |
| Dot Baires Shopping | Nov-97 | 13,857 | 62 | 53.7% | 95.8% | 6 |
| Soleil | May-09 | 49,736 | 151 | 80.0% | 99.8% | 364 |
| Distrito Arcos | Jul-10 | 13,991 | 78 | 100.0% | 100.0% | 91 |
| Alto Noa Shopping | Dec-14 | 12,256 | 63 | 90.0% | 97.7% | 275 |
| Alto Rosario Shopping(5) | Mar-95 | 19,040 | 89 | 100.0% | 100.0% | 35 |
| Mendoza Plaza Shopping | Nov-04 | 29,213 | 144 | 100.0% | 100.0% | 128 |
| Córdoba Shopping | Dec-94 | 41,975 | 140 | 100.0% | 94.9% | 91 |
| La Ribera Shopping(6) | Dec-06 | 15,582 | 109 | 100.0% | 99.8% | 51 |
| Alto Comahue Patio Olmos(7) | Aug-11 | 9,885 | 63 | 50.0% | 96.9% | 24 |
| Total | Mar-15 | 9,890 | 104 | 99.6% | 97.2% | 316 |
| | | 335,032 | 1,646 | | 98.4% | 2,204 |

(1) Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.

(2) Calculated dividing occupied square meters by leasable area as of the last day of the period.

(3) Cost of acquisition plus improvements, less cumulative depreciation, plus adjustment for inflation.

(4) Excludes Museo de los Niños (3,732 square meters).

(5) Excludes Museo de los Niños (1,261 square meters).

(6) Through our joint venture Nuevo Puerto Santa Fe S.A.

(7) IRSA CP owns the historic building of the Patio Olmos shopping center in the province of Córdoba, operated by a third party.

Cumulative tenants' sales as of September 30
(per Shopping Center: for the quarter of each fiscal year, in ARS million)

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| Shopping Center | IQ 17 | IQ 16 | YoY Var |
|------------------------|---------|---------|---------|
| Alto Palermo | 973.5 | 760.2 | 28.1% |
| Abasto Shopping | 1,098.0 | 953.7 | 15.1% |
| Alto Avellaneda | 1,014.1 | 875.1 | 15.9% |
| Alcorta Shopping | 481.9 | 412.2 | 16.9% |
| Patio Bullrich | 278.5 | 246.5 | 13.0% |
| Buenos Aires Design | 130.4 | 102.7 | 27.0% |
| Dot Baires Shopping | 842.8 | 717.2 | 17.5% |
| Soleil | 400.2 | 292.1 | 37.0% |
| Distrito Arcos | 319.6 | 213.4 | 49.8% |
| Alto Noa Shopping | 372.3 | 312.7 | 19.0% |
| Alto Rosario Shopping | 742.6 | 593.2 | 25.2% |
| Mendoza Plaza Shopping | 650.7 | 574.5 | 13.3% |
| Córdoba Shopping | 269.6 | 220.4 | 22.3% |
| La Ribera Shopping(1) | 180.8 | 152.9 | 18.2% |
| Alto Comahue | 216.2 | 162.2 | 33.3% |
| Total | 7,971.2 | 6,589.0 | 21.0% |

(1) Through our joint venture Nuevo Puerto Santa Fe S.A.

Cumulative tenants' sales as of September 30
(per Type of Business: for the quarter of each fiscal year, in ARS million)

| Type of Business | IQ 17 | IQ 16 | YoY Var |
|-----------------------|---------|---------|---------|
| Anchor Store | 417.5 | 366.9 | 13.8% |
| Clothes and Footwear | 4,130.3 | 3,318.0 | 24.5% |
| Entertainment | 349.2 | 290.1 | 20.4% |
| Home | 219.5 | 189.6 | 15.8% |
| Restaurant | 900.4 | 665.0 | 35.4% |
| Miscellaneous | 910.1 | 736.0 | 23.7% |
| Services | 54.8 | 88.6 | -38.2% |
| Electronic appliances | 989.4 | 934.8 | 5.8% |
| Total | 7,971.2 | 6,589.0 | 21.0% |

Revenues from cumulative leases as of September 30
(Breakdown per quarter of each fiscal year, in ARS million)

| | IQ 17 | IQ 16 | YoY ar |
|---|-------|-------|--------|
| Base Rent (1) | 373.7 | 272.7 | 37.0% |
| Percentage Rent | 150.3 | 141.0 | 6.6% |
| Total Rent | 525.1 | 413.7 | 26.9% |
| Admission rights | 61.9 | 45.1 | 37.3% |
| Fees | 10.7 | 7.2 | 48.5% |
| Parking | 46.1 | 36.9 | 24.8% |
| Commissions | 21.3 | 15.7 | 35.0% |
| Revenues from non-traditional advertising | 16.1 | 12.5 | 28.5% |

| | | | |
|--|-------|-------|-------|
| Others | 2.2 | 1.6 | 33.5% |
| Net Revenues from Expenses and Collective Promotion Fund | 682.2 | 532.8 | 28.0% |
| Expenses and Collective Promotion Fund | 313.9 | 251.9 | 24.6% |
| Total (2) | 996.1 | 784.7 | 26.9% |

(1) Includes Revenues from stands for ARS 43.2 million

(2) Does not include Patio Olmos.

III. Offices

The A+ office market in the City of Buenos Aires remains robust. Demand for Premium commercial spaces continues its upward trend, with sale prices in the whereabouts of USD 5,000 per square meter, 25% higher than at the closing of 2015, while rental prices increased slightly as compared to the previous year, averaging USD 30 per square meter for the A+ segment. The vacancy rate stood at 6%, significantly below the figures recorded at the closing of 2015.

As concerns the A+ office market in the Northern Area, we have noted a significant improvement in the price of units during the last 10 years, and we believe in its potential during the next decade. Rental prices have remained at USD 24.5 per square meter.

Sale and Rental Prices of A+ Offices – City of Buenos Aires

Source: LJ Ramos

Sale and Rental Prices of A+ Offices – Northern Area

Source: LJ Ramos

| In ARS Million | IQ 17 | IQ 16 | YoY Var |
|-------------------------------|-------|-------|---------|
| Revenues | 101 | 75 | 34.7% |
| Operating Income | 63 | 44 | 43.2% |
| Depreciation and amortization | 7 | 10 | -30.0% |
| EBITDA | 70 | 54 | 29.6% |

Revenues from the Offices segment increased by 34.7% in the three-month period of fiscal year 2017 due to higher rental prices in ARS/sqm, as lease agreements are denominated in U.S. dollars. In addition, the portfolio's occupancy reached 100%. The portfolio's rental prices in USD/sqm were slightly lower, at USD 25.5 per sqm due to the occupancy of 2 floors at the Suipacha building, whose rental prices are lower than the portfolio's average. The segment's EBITDA grew by 29.6% during the period under review, reaching ARS 70 million.

IQ 17 IVQ 16 IIIQ 16 IIQ 16 IQ 16

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| | | | | | |
|----------------------|--------|--------|--------|--------|--------|
| Gross leaseable area | 81,020 | 81,020 | 81,020 | 81,918 | 94,862 |
| Occupancy | 100.0% | 98.7% | 93.3% | 94.2% | 96.9% |
| Rent (ARS/sqm) | 389 | 390 | 384 | 338 | 243 |
| Rent (USD/sqm) | 25.5 | 26.1 | 26.3 | 26.0 | 25.9 |

The portfolio's rental prices rose, reaching USD 25.5 per square meter.

Below is information on our offices and other rental properties' segment as of September 30, 2016.

| | Date of Acquisition | Leaseable Area sqm (1) | Occupancy Rate (2) | IRSA's Effective Interest | Book Value (3) (ARS million) |
|---------------------------------|---------------------|------------------------|--------------------|---------------------------|------------------------------|
| Offices | | | | | |
| Edificio República (4) | 04/28/08 | 19,885 | 100% | 100% | 188 |
| Torre Bankboston (4) | 08/27/07 | 14,873 | 100% | 100% | 135 |
| Bouchard 551 | 03/15/07 | - | - | 100% | 7 |
| Intercontinental Plaza (4) | 11/18/97 | 6,569 | 100% | 100% | 9 |
| Bouchard 710 (4) | 06/01/05 | 15,014 | 100% | 100% | 59 |
| Maipú 1300 | 09/28/95 | 1,353 | 100% | 100% | 5 |
| Libertador 498 | 12/20/95 | 620 | 100% | 100% | 4 |
| Suipacha 652/64 (4) | 11/22/91 | 11,465 | 100% | 100% | 8 |
| Dot Building (5) | 11/28/06 | 11,242 | 100% | 80% | 128 |
| Subtotal Offices | | 81,020 | 100% | N/A | 543 |
| Other Properties | | | | | |
| Santa María del Plata S.A. | 10/17/97 | 106,100 | 100% | 100% | 13 |
| San Martín plot (6) | 05/31/11 | 109,610 | 78% | 50% | 59 |
| Other Properties (7) | N/A | 43,505 | 29% | N/A | 265 |
| Subtotal Other Properties | | 259,215 | 79% | N/A | 337 |
| TOTAL OFFICES AND OTHERS | | 340,235 | 84% | N/A | 880 |

Notes:

(1) Total leaseable area for each property as of September 30, 2016. Excludes common areas and parking.

(2) Calculated dividing occupied square meters by leaseable area as of September 30, 2016.

(3) The contracts in effect as of September 30, 2016 in each property were computed.

(4) Corresponds to total consolidated leases.

(5) Through IRSA Propiedades Comerciales S.A.

(6) Through Quality Invest S.A.

(7) Includes the following properties: Ferro, Dot adjacent plot, Anchorena 665, Chanta IV, Constitución 1111, Rivadavia 2774, Intercontinental plot and Abril Manor House.

IV. Sales and Developments

| | | | |
|----------|-------|-------|---------|
| | IQ 17 | IQ 16 | YoY Var |
| Revenues | 1 | 3 | -66.7% |

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| | | | |
|---|-----|-----|---------|
| Gain from disposal of investment properties | 0 | 390 | -100.0% |
| Operating (loss) / Income | -51 | 350 | -114.6% |
| Depreciation and amortization | - | - | 0.0% |
| EBITDA | -51 | 350 | -114.6% |

For the three-month period of fiscal year 2017, EBITDA from the Sales and Developments segment was negative for ARS 51 million as compared to EBITDA for ARS 350 million during the first quarter of 2016, in which higher gain from disposal of investment properties had been recorded. While no sales of investment properties were made in the first quarter of FY 2017, 1,761 sqm had been sold in the first quarter of FY 2016, corresponding to 4 floors of the Maipú 1300 building, 7 floors and 56 parking spaces of the Intercontinental Plaza building (through IRSA Propiedades Comerciales) and the Isla Sirgadero plot, located in the Province of Santa Fe.

Accumulated sales as of September 30 of the fiscal year (ARS Million)

| DEVELOPMENT | IQ 17 | IQ 16 | Var % |
|---|-------|-------|--------|
| Residential apartments | | | |
| Condominios I and II(1) | 1 | - | - |
| Libertador 1703 and 1755 (Horizons) (2) | - | 2 | - |
| Other residential apartments (3) | - | 1 | - |
| TOTAL | 1 | 3 | -67.0% |

(1)
Through IRSA Propiedades Comerciales S.A.

(2)
Owned by CYRSA S.A.

(3)
Corresponds to Entre Ríos 465.

(4)
Includes sale of shares in Abril.

V. CAPEX 2017

| | Developments | Expansions | Acquisitions + Developments |
|---|------------------------|-----------------|-----------------------------------|
| | Greenfields | Alto Palermo | Catalinas |
| | Polo Dot (First Stage) | | |
| Beginning of works | FY2017 | FY2017 | FY2017 |
| Estimated opening date | FY2019 | FY2018 | FY2020 |
| Total GLA (sqm) | 31,635 | 3,884 | 16,012 |
| IRSA Propiedades Comerciales % | 80% | 100% | 45% |
| Investment amount at 100% (USD million) | 54 | 28.5 | 101 |
| Work progress (%) | 0% | 0% | 0% |
| Estimated Stabilized EBITDA (USD million) | USD 8-10 | USD 6-8 | USD 6-8 |

Alto Palermo Expansion

The expansion project of Alto Palermo will add a gross leaseable area of approximately 4,000 square meters to the shopping center that has the highest sales per square meter and consists in moving the food court to a third level by using the area of an adjacent building acquired in 2015. The demolition stage started during the first quarter of FY2017, and construction works are estimated to take between 18 and 24 months.

First Stage of Polo Dot

The project called “Polo Dot”, located in the commercial complex adjacent to our Dot Baires shopping center, has experienced significant growth since our first investments in the area. The total project will consist in 3 office buildings (one of them could include a hotel) in land reserves owned by the Company and the expansion of the shopping center by approximately 15,000 square meters of gross leaseable area. At a first stage, we will develop an 11-floor office building with an area of approximately 30,000 square meters on an existing building, in respect of which we have already executed a lease agreement for approximately half the footage, before starting the works. The demolition stage started in the first quarter of FY2017, and has reached 30% degree of progress, and construction works are estimated to last between 18 and 24 months before the building is operational. The second stage of the project will include two office/hotel buildings that will add 38,400 square meters of gross leaseable area to the complex. We have seen a significant demand for Premium office spaces in this new commercial hotspot, and we are confident that we will be able to open these buildings with attractive rent levels and full occupancy.

Catalinas Building

The “Catalinas” project is located in one of the most sought-after spots for Premium office development in Argentina. The building to be constructed will have 35,468 square meters of gross leaseable area in 30 office floors and 316 parking spaces. Construction is scheduled to begin towards the end of the current calendar year and will take about 3 years.

VI.

Hotels

During the three-month period of fiscal year 2017, the hotel segment recorded an increase in revenues of 55.9% mainly due to the depreciation of the exchange rate, which resulted in an increase in the average rate per room, offsetting the slight decline in average occupancy in the 3 hotels, which stood at 65.3% during the first quarter of 2017. The segment’s EBITDA reached ARS 8 million during the quarter under review.

| Hotels (in millions of ARS) | IQ 17 | IQ 16 | YoY Var |
|-------------------------------|-------|-------|---------|
| Revenues | 173 | 111 | 55.9% |
| Operating Income / (loss) | 4 | -7 | -157.1% |
| Depreciation and amortization | 4 | 4 | 0.0% |
| EBITDA | 8 | -3 | 366.7% |

| | IQ 17 | IVQ 16 | IIIQ 16 | IIQ 16 | IQ 16 |
|-----------------------------------|-------|--------|---------|--------|-------|
| Average Occupancy | 65.3% | 65.8% | 67.7% | 67.6% | 66.7% |
| Average Rate per Room (ARS/night) | 2,737 | 2,102 | 2,074 | 1,760 | 1,660 |
| Average Rate per Room (USD/night) | 183 | 175 | 181 | 178 | 179 |

The following is information on our hotel segment as of September 30, 2016:

| Hotels | Date of Acquisition | IRSA’s Interest | Number of Rooms | Average Occupancy (1) | Average Rate | Average Book Value (in millions of ARS) |
|-------------------------|---------------------|-----------------|-----------------|-----------------------|--------------|---|
| Intercontinental (3) | 11/97 | 76.34% | 309 | 69.1% | 2,101 | 50 |
| Sheraton Libertador (4) | 03/98 | 80.00% | 200 | 74.3% | 1,793 | 28 |

| | | | | | | |
|---------------|-------|--------|-----|-------|-------|-----|
| Llao Llao (5) | 06/97 | 50.00% | 205 | 50.8% | 5,385 | 75 |
| Total | | | 714 | 65.3% | 2,737 | 153 |

Notes:

- 1) Cumulative average for the 3-month period.
- 2) Cumulative average for the 3-month period.
- 3) Through Nuevas Fronteras S.A. (IRSA's subsidiary).
- 4) Through Hoteles Argentinos S.A. (IRSA's subsidiary).
- 5) Through Llao Llao Resorts S.A. (IRSA's subsidiary).

VII.
International
Lipstick Building, New York, United States
The Lipstick Building is a landmark building in the City of New York, located at Third Avenue and 53th Street in Midtown Manhattan, New York. It was designed by architects John Burgee and Philip Johnson (Glass House and Seagram Building, among other renowned works) and it is named after its elliptical shape and red façade. Its gross leaseable area is approximately 57,500 sqm and consists of 34 floors.

As of September 30, 2016, the building reached an occupancy rate of 97.33%, thus generating an average rent of USD 67.04 per sqm.

| Lipstick | Sep-16 | Jun-16 | YoY Var |
|----------------------------|--------|--------|---------|
| Gross Leaseable Area (sqm) | 58,092 | 58,094 | - |
| Occupancy | 97.33% | 97.33% | 0pp |
| Rental price (USD/sqm) | 67.04 | 66.67 | 0.56% |

In March 2016, two lease agreements were executed: one for the lease of the entire Floor 28 and another one for a portion of the underground floor, at an average rental price of USD 85 per square meter; which will be effectively occupied as from October 2016. This will cause occupancy to rise to over 97% of the total surface area.

Moreover, we successfully completed the building's certification process and obtained the LEED EB: O&M Gold certification. The implementation of this project started in July 2015, and it has concluded with a certification that endorses best environmental practices, transforming the building's operational standards.

Investment in Condor Hospitality Inc.

We maintain our 49% investment in the Condor Hospitality Trust hotel REIT's voting rights (NASDAQ: CDOR) through our subsidiary Real Estate Strategies L.P. ("RES"), in which we hold a 66.3% interest. Condor is a REIT listed in Nasdaq focused on medium-class and long-stay hotels located in various states of the United States of America, operated by various operators and franchises.

During the last months, the company's results have shown an improvement in operating levels and it has continued with its strategy of selectively disposing of lower-class hotels at very attractive prices and replacing them with higher-class hotels. The Company is studying different alternatives for developing its expansion plan.

VIII. Financial Operations and Others

Interest in Banco Hipotecario S.A. ("BHSA") through IRSA

BHSA is a leading bank in the mortgage lending industry, in which IRSA held an equity interest of 29.91% as of September 30, 2016 (excluding treasury shares). During the three-month period of fiscal year 2017, the investment in Banco Hipotecario generated income of ARS 39.5 million, 42.4% lower than in the same period of 2016. For further information, visit <http://www.cnv.gob.ar> or <http://www.hipotecario.com.ar>.

Operations Center in Israel

IX. Investment in IDB Development Corporation

As of September 30, 2016, the investment made in IDBD is USD 515 million, and IRSA's indirect equity interest reached 68.3% of IDBD's stock capital.

Operating Income – In Millions of ARS

| | June 30, 2016 (for the period 04/01 through 06/30) | June 30, 2016 (for the period 04/01 through 06/30) | | | | | | |
|---|--|--|--------------|---------------|--------------------|------------|---------|-------|
| | Operations Center in Israel | Real Estate | Supermarkets | Agrochemicals | Telecommunications | Insurances | Others | Total |
| Revenues | 1,049 | 11,535 | - | 3,901 | - | 914 | 17,399 | |
| Costs | -612 | -8,615 | - | -2,608 | - | -841 | -12,676 | |
| Gross profit | 437 | 2,920 | - | 1,293 | - | 73 | 4,723 | |
| Gain from disposal of investment properties | | | | | | 19 | 19 | |
| General and administrative expenses | -63 | -149 | - | -388 | - | -184 | -784 | |

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| | | | | | | | |
|---|---------|---------|---------|---------|-------|---------|----------|
| Selling expenses | -19 | -2,307 | - | -818 | - | -66 | -3,210 |
| Other operating results, net | - | -15 | - | -7 | - | -27 | -49 |
| Profit/(loss) from operations | 355 | 449 | - | 80 | - | -185 | 699 |
| Share of profit / (loss) of associates and joint ventures | -63 | - | 157 | - | - | -19 | 75 |
| Segment profit / (loss) | 292 | 449 | 157 | 80 | - | -204 | 774 |
| Operating assets | 58,985 | 29,057 | 11,240 | 28,982 | 4,792 | 15,645 | 148,701 |
| Operating liabilities | -48,115 | -23,021 | -11,272 | -23,228 | | -28,609 | -134,245 |
| Operating assets / (liabilities), net | 10,870 | 6,036 | -32 | 5,754 | 4,792 | -12,964 | 14,456 |

The revenues and operating income from the Real Estate segment through the subsidiary Property & Building (“PBC”) reached ARS 1,049 million and ARS 355 million, respectively (USD 73 million and USD 25 million, respectively) during the consolidated quarter (March 31, 2016 to June 30, 2016). During this quarter, there was an increase in rental income and occupancy rates from PBC’s investment properties, mainly the HSBC building in the City of New York.

The Supermarkets segment, through Shufersal, recorded revenues of ARS 11,535 million (USD 795 million) for the quarter, mainly due to an increase in revenues from the retail segment, offset by a 6.8% decrease in revenues from the real estate segment. Same-store sales rose 14.2% during the quarter under review, compared to the same quarter of fiscal year 2015. Operating income from this segment reached ARS 449 million (USD 26 million).

The Telecommunications segment, operated by Cellcom, recorded revenues of ARS 3,901 million (USD 266 million). There was a decrease in revenues as compared to the same quarter of 2015 in both revenues from services and revenues from handsets. The reduction in revenues from services during the quarter under review mainly reflected lower revenues from cell telephone services due to the continued erosion of the price of these services as a result of stronger competition in the cell telephone market and lower revenues from international call services. The reduction in the revenues from handsets during the fourth quarter of 2015 was mainly due to the reduction in the number of cell phones sold during the quarter under review as compared to the same quarter of 2015, partially offset by an increase in revenues from handsets for Netvision’s final users. Operating income for the quarter under review was ARS 80 million (USD 4 million).

The Others segment recorded revenues for ARS 914 million (USD 72 million), and an operating loss of ARS 185 million (USD 7 million).

As concerns “Clal”, the Group values its interest in this insurance company as a financial asset at fair value. The valuation of Clal’s shares was ARS 4,792 million (USD 316 million) as of September 30, 2016.

Finally, the results from the agrochemical company “Adama” are recorded as a group of assets and liabilities held for sale. For the consolidated quarter, a profit of ARS 157 million (USD 11 million) was recorded in this regard.

X. EBITDA by segment (ARS million)

Operations Center in Argentina

| 3M 17 | Shopping Centers | Offices | Sales and Developments | Hotels | International | Financial Operations and Others | Total |
|-------------------------------|------------------|---------|------------------------|--------|---------------|---------------------------------|-------|
| Operating income / (loss) | 469 | 63 | -51 | 4 | -26 | -1 | 458 |
| Depreciation and Amortization | 43 | 7 | - | 4 | - | - | 54 |
| EBITDA | 512 | 70 | -51 | 8 | -26 | -1 | 512 |
| 3M 16 | Shopping Centers | Offices | Sales and Developments | Hotels | International | Financial Operations and Others | Total |
| Operating income / (loss) | 379 | 44 | 350 | -7 | -34 | -1 | 731 |

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| | | | | | | | |
|-------------------------------|-------|-------|---------|---------|--------|------|--------|
| Depreciation and Amortization | 42 | 10 | - | 4 | - | - | 56 |
| EBITDA | 421 | 54 | 350 | -3 | -34 | -1 | 787 |
| EBITDA Var | 21.6% | 29.6% | -114.6% | -366.7% | -23.5% | 0.0% | -34.9% |

XI. Reconciliation with Consolidated Income Statement (ARS million)

Below is an explanation of the reconciliation of the company's income by segment with its consolidated income statement. The difference lies in the presence of joint ventures included in the segment but not in the income statement.

| | Total as per Segment information | Adjustment for share of profit/(loss) of Joint Ventures * | Expenses and Collective Promotion Funds | Discontinued Operations | Adjustment to income for elimination of inter-segment transactions | Total as per Statement of Income |
|---|----------------------------------|---|---|-------------------------|--|----------------------------------|
| Revenues | 18,356 | -9 | 341 | - | -1 | 18,687 |
| Costs | -12,924 | 5 | -348 | - | - | -13,267 |
| Gross Profit / (loss) | 5,432 | -4 | -7 | - | -1 | 5,420 |
| Gain from disposal of investment properties | 19 | - | - | - | - | 19 |
| General and administrative expenses | -936 | 1 | - | - | 1 | -934 |
| Selling expenses | -3,297 | 1 | - | - | - | -3,296 |
| Other operating results, net | -61 | -1 | - | - | - | -62 |
| Profit/ (Loss) from Operations | 1,157 | -3 | -7 | - | - | 1,147 |
| Share of profit / (loss) of associates and joint ventures | 112 | 2 | - | -157 | - | -43 |
| Net segment profit/(loss) before financing and taxation | 1,269 | -1 | -7 | -157 | - | 1,104 |

*Includes Puerto Retiro, Baicom, CYRSA, Nuevo Puerto Santa Fe and Quality (San Martín lot).

XII. Financial Debt and Other Indebtedness

Operations Center in Argentina

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Financial debt as of September 30, 2016:

| Description | Currency | Amount (1) | Interest Rate | Maturity |
|---|----------|------------|---------------------|------------|
| Bank Overdrafts | ARS | 3.5 | Floating | < 180 days |
| IRSA 2017 Non-Convertible Notes, Series I | USD | 74.6 | 8.50% | Feb-17 |
| IRSA 2020 Non-Convertible Notes, Series II | USD | 71.4 | 11.50% | Jul-20 |
| Series VI Non-Convertible Notes | ARS | 0.7 | Badlar + 450 bps | Feb-17 |
| Series VII Non-Convertible Notes | ARS | 25.1 | Badlar + 299 | Sep-19 |
| Series VII Non-Convertible Notes | USD | 184.5 | 7.00% | Sep-19 |
| Loans (2) | USD | 45.0 | Floating | Jun-17 |
| Other loans | | 0.4 | | |
| IRSA's Total Debt | | 405.1 | | |
| IRSA's Cash + Cash Equivalents + Investments (3) | USD | 89.8 | | |
| IRSA's Net Debt | USD | 315.3 | | |
| Bank Overdrafts | ARS | 2.2 | Floating 26.5% / | < 360 days |
| IRCP Series I Non-Convertible Notes | ARS | 26.6 | Badlar + 400 bps | May-17 |
| IRSA CP Series II Non-Convertible Notes | USD | 360.0 | 8.75% | Mar-23 |
| Other loans | ARS | 0.5 | - | - |
| IRSA CP's Total Debt | | 389.3 | | |
| IRSA CP's Cash + Cash Equivalents + Investments (4) | USD | 194.8 | | |
| IRSA CP's Net Debt | USD | 194.5 | | |

(1) Principal amount in USD (million) at an exchange rate of ARS 15.31/USD, without considering accrued interest or eliminations of balances with subsidiaries.

(2) Corresponds to a loan from IRSA CP.

(3) "Cash & Cash Equivalents plus Investments, IRSA" includes Cash & Cash Equivalents, IRSA + Investments in current and non-current financial assets, IRSA.

(4) "Cash & Cash Equivalents plus Investments, IRSA CP" includes Cash & Cash Equivalents, IRSA CP + Investments in current financial assets plus a loan from its controlling company IRSA Inversiones y Representaciones S.A.

Operations Center in Israel

Financial debt as of June 30, 2016

| Indebtedness | Amount (1) |
|------------------------|------------|
| IDBD's Total Debt | 730 |
| DIC's Total Debt | 1,090 |
| Shufersal's Total Debt | 652 |
| Cellcom's Total Debt | 1,059 |
| PBC's Total Debt | 2,349 |
| Others' Total Debt (2) | 59 |

(1) Principal amount in USD (million) at an exchange rate of 3.82 NIS/USD, without considering accrued interest or elimination of balances with subsidiaries. Includes bonds and loans.

(2) Includes IDB Tourism, Bartan and IDBG.

XIII. Material and Subsequent Events

Operations Center in Argentina

July 2016: Sale of functional units in the Intercontinental Plaza building (through its subsidiary IRSA Propiedades Comerciales)

On July 29, 2016, IRSA Propiedades Comerciales executed a preliminary agreement with an unrelated party for the sale of 1,702 square meters consisting of two office floors and 16 parking units in the Intercontinental Plaza building. The total price of the transaction was fixed in USD 6.0 million, USD 4.4 million of which have been paid, whereas the balance of USD 1.6 million is payable upon the execution of the deed of conveyance and surrender of possession, which is scheduled for December 2016, as provided in the preliminary sale agreement.

September 2016: Issue of Notes

On September 8, 2016, IRSA issued USD 210 million in principal amount of Series VII and VIII Notes:

a)

Series VII Notes for a principal amount of ARS 384.2 million, accruing interest at BADLAR rate + 299 bps, and falling due on September 9, 2019;

b)

Series VIII Notes for a principal amount of USD 184.5 million, accruing interest at a fixed rate of 7%, and falling due on September 9, 2019.

The proceeds were mainly used to repay existing indebtedness.

September 2016: Partial redemption of Notes

On September 9, 2016, it was resolved to redeem all the Company's Series 1 Notes due 2017 that were outstanding, for an aggregate principal amount of USD 74,554,000. The proposed redemption was made on October 11, 2016.

October 2016: General Ordinary and Extraordinary Shareholders' Meeting

At the General Ordinary and Extraordinary Shareholders' Meeting held on October 31, 2016, at 1:00 p.m., the following matters, inter alia, were dealt with:

Updating of Report on Shared Services Agreement

Treatment of amounts paid as personal assets tax levied on the shareholders.

Consideration of (I) approval of extension of Global Note Program for a maximum outstanding principal amount of up to USD 300,000,000 approved by the shareholders' meeting dated October 31, 2011 for a term of five years or such longer term as permitted under the applicable laws; and (II) increase of program amount by an additional amount of up to USD 200,000,000.

Grant of indemnities to the Directors, Statutory Auditors and Managers who perform or have performed duties for the Company accessorially to the D&O policies.

Operations Center in Israel

July 2016: Agreement for the sale of equity interest in Adama

On July 17, 2016, DIC publicly announced it had accepted ChemChina's offer to purchase 40% of Adama's shares of stock held by Koor, a company indirectly controlled by IDBD through DIC. In August 2016, Koor and a subsidiary of ChemChina executed the related agreement. The consideration for the transaction is a cash payment of USD 230 million (equivalent to ARS 3,498 million at the exchange rate prevailing on September 30, 2016), plus the full repayment of a non-recourse loan, plus interest, a Chinese bank had granted to Koor. The sale transaction is expected to be completed by November 2016, subject to compliance with certain conditions, such as securing the applicable approvals from China's regulatory and antitrust authorities.

August 2016: Issue of Notes

On August 2, 2016, IDBD issued a new series of Notes in the Israeli market for an amount of NIS 325 million and due in 2019, at an annual interest rate to be adjusted by the CPI (inflation index), plus 4.25%. These Notes are secured by Clal's shares of stock, contingent upon the approval of the Israeli Capital Markets, Insurance and Savings Commission. On September 15, 2016, the Israeli Supreme Court rendered an opinion on the security on Clal's shares, in which it asked the Capital Markets, Insurance and Savings Commission to specify the reasons why it challenges IDBD's security of the notes with up to 5% of Clal's shares. The hearing has been scheduled for January 2017.

In compliance with the Supreme Court decision rendered in reply to the petition filed by IDBD in September 2016 in connection with the pledge of Clal's shares, on October 13, 2016, IDBD's Board of Directors decided to make a partial early repurchase of the notes, which was consummated on November 1, 2016. The repurchase was made for an amount of approximately NIS 244 as principal, interest and an early repurchase compensation, representing 73.7% of the principal amount of the notes, and the interest rate payable on the redeemed portion of principal in connection with the partial early repurchase was approximately 1.8%.

On August 4, 2016, DIC increased its series of Notes due 2025 by an additional amount of NIS 360 million (equivalent to ARS 1,344 million). The placement was made at an IRR of 5.70%.

September 2016: Purchase of DIC's shares

On September 23, 2016, IRSA, acting through a subsidiary, purchased 8,888,888 shares in Discount Investment Corporation ("DIC") (DISI: TASE) from IDB Development Corporation ("IDBD") for NIS 99,999,990 (approximately USD 26.7 million), representing 8.8% of DIC's share capital.

September 2016: Increase of interest in Shufersal

On September 12, 2016, the Group, acting through DIC, purchased 9,097,127 shares in Shufersal. Therefore, the company's equity interest in Shufersal's stock capital rose from approximately 53.89% to approximately 58.17%. It also received an option (the "option") to purchase up to 9,097,127 additional shares in Shufersal, at a strike price of NIS 14.62 (equivalent to ARS 223.4) for each Shufersal share (subject to adjustment). The option expires on December 12, 2016.

XIV. Comparative Summary Consolidated Balance Sheet Data

| | 09.30.16 | 09.30.15 | 09.30.14 | 09.30.13 |
|---|----------|----------|----------|----------|
| Non-current assets | 58,645 | 2,694 | 2,253 | 1,302 |
| Current assets | 104,099 | 7,955 | 7,350 | 7,096 |
| Total Assets | 162,744 | 10,650 | 9,603 | 8,398 |
| Non-current liabilities | 98,928 | 5,375 | 4,799 | 3,853 |
| Current liabilities | 50,329 | 2,694 | 2,061 | 1,351 |
| Sub-total | 149,257 | 8,068 | 6,860 | 5,204 |
| Non-controlling Interest | 13,022 | 352 | 680 | 396 |
| Capital and reserves attributable to equity holders of the parent | 465 | 2,230 | 2,063 | 2,797 |
| Total | 162,744 | 10,650 | 9,603 | 8,397 |

XV. Comparative Summary Consolidated Income Statement Data

| | 09.30.16 | 09.30.15 | 09.30.14 | 09.30.13 |
|--|----------|----------|----------|----------|
| Profit from operations | 1,147 | 724 | 640 | 229 |
| Share of loss of associates and joint ventures | -43 | -491 | -112 | 39 |
| Profit before financial results and income tax | 1,104 | 233 | 528 | 268 |
| Finance income | 388 | 46 | 24 | 47 |
| Finance expenses | -2,124 | -335 | -327 | -294 |
| Other financial results | 262 | -148 | 87 | 28 |
| Financial results, net | -1,474 | -437 | -216 | -219 |
| (Loss) / Income before income tax | -370 | -204 | 312 | 49 |
| Income tax expense | -54 | -112 | -176 | -13 |
| Loss for the period from continuing operations | -424 | -316 | 136 | 36 |
| Loss from discontinued operations after income tax | -358 | - | - | - |
| Loss for the period | -782 | -316 | 136 | 36 |
| Attributable to: | | | | |
| Equity holders of the parent | -577 | -276 | 3 | 33 |
| Non-controlling interest | -205 | -40 | 133 | 3 |

XVI. Comparative Summary Consolidated Cash Flow Data

| | 09.30.16 | 09.30.15 | 09.30.14 | 09.30.13 |
|---|----------|----------|----------|----------|
| Net cash generated by operating activities | 2,575 | 374 | 252 | 203 |
| Net cash (used in) / generated by investment activities | -1,252 | -281 | 1,069 | -494 |
| Net cash generated by (used in) financing activities | 238 | 213 | -711 | -246 |
| Net increase / (decrease) in cash and cash equivalents | 1,561 | 306 | 609 | -537 |
| Cash and cash equivalents at beginning of fiscal year | 13866 | 375 | 610 | 797 |
| Foreign exchange gain on cash and cash equivalents | 22 | 17 | 26 | 21 |
| Cash and cash equivalents at the end of the period | 15,449 | 698 | 1,245 | 281 |

XVII. Comparative Ratios

| | 09.30.16 | 09.30.15 | 09.30.14 | 09.30.13 | |
|----------------------|----------|------------|-----------|-----------|------|
| Liquidity | | | | | |
| CURRENT ASSETS | 58,645 | 1.17 2,694 | 1.002,253 | 1.091,302 | 0.96 |
| CURRENT LIABILITIES | 50,329 | 2,694 | 2,061 | 1,351 | |
| Indebtedness | | | | | |
| TOTAL LIABILITIES | 149,257 | 11.078,068 | 3.136,860 | 2.505,208 | 1.63 |
| SHAREHOLDERS' EQUITY | 13,487 | 2,581 | 2,743 | 3,194 | |
| Solvency | | | | | |
| SHAREHOLDERS' EQUITY | 13,487 | 0.09 2,581 | 0.322,743 | 0.403,194 | 0.61 |
| TOTAL LIABILITIES | 149,257 | 8,068 | 6,860 | 5,205 | |
| Restricted Assets | | | | | |
| NON-CURRENT ASSETS | 104,099 | 0.64 7,955 | 0.757,350 | 0.777,906 | 0.94 |
| TOTAL ASSETS | 162,744 | 10,650 | 9,603 | 8,398 | |

XVIII. Brief comment on prospects for the next period

Our real estate businesses in Argentina and abroad have posted sound results in the first three-month period of fiscal year 2017. We believe that the diversification of our business, with real estate assets in Argentina and abroad, favorably positions us to face all the challenges and opportunities that may arise in the coming years.

Our subsidiary IRSA Propiedades Comerciales S.A. continues to record growth in both its shopping center and Premium office businesses. Although our tenants' sales decelerated during the first quarter of 2017 as compared to the previous fiscal year, occupancy remains significantly high and the public keeps choosing each of our proposals; besides, top-notch domestic and international corporations continue to select our office spaces, which reached full occupancy at the end of the quarter.

We will remain active during the year by promoting marketing actions, events and promotions in our shopping centers, which have proved to be highly effective in terms of sales and have been eagerly endorsed by the public. Moreover, we plan to optimize even further the performance of our current shopping centers through improvements that result in taking better advantage of the leaseable square meters and creating higher functionality and appeal for the benefit of consumers, retailers and tenants alike. Along these lines, at the beginning of fiscal year 2017 we launched a project for expanding our Alto Palermo shopping center, which is strategically located in the heart of the

city and generates the highest sales per square meter in our portfolio. The project, that consists in moving the food court to a third level, will add approximately 4,000 square meters of gross leaseable area to the shopping center; the demolition stage has already started, and construction works are expected to last between 18 and 24 months.

During this fiscal year we launched an office building project in the commercial complex adjacent to our Dot Baires shopping center. The project, known as “Polo Dot”, will include, in a first stage, the development of a 11-floor, 30,000-square meter office building in a property owned by the company. The demolition stage started during the first quarter of fiscal year 2017 and has reached 30% of progress, and construction works are expected to last between 18 and 24 months before the building becomes operational. We have had a large demand for Premium office spaces in this emerging new commercial hotspot, and we hope to secure high occupancy at this building upon completion of construction works.

We are optimistic about the opportunities that may arise in Argentina in 2017. We have a large reserve of lands for future shopping center and office development projects in an industry scenario with high growth potential.

As concerns our investments outside Argentina, we will continue working in the improvement of the operating ratios of our “Lipstick” building in New York. Our investment in “Condor Hospitality Trust” hotel REIT (NASDAQ: CDOR) has shown very good results in the last months derived from its sales of hotels, whilst it has managed to seize good opportunities for purchasing higher class hotels. We believe that Stepstone’s recent entry as partner to the investment and the simplification of the shareholding structure will help unleash value in Condor. We trust in the new senior management and hope to reap the benefits of this investment in the future.

Regarding our investment in the Israeli company IDBD, during this fiscal year we have been reducing the company’s indebtedness level and rolling out a strategy intended to improve operating margins in each of its business units. A new CEO and CFO were appointed, who are working proactively toward simplifying and optimizing its capital structure. In 2017, we will continue to work for deleveraging the company and improving the results of its operating subsidiaries. We trust in the value of this investment, which we expect will deliver very good results in the medium term.

Taking into account the quality of the real estate assets in our portfolio, the Company’s financial position and low indebtedness level and its franchise for accessing the capital markets, we remain confident that we will continue consolidating the best real estate portfolio in Argentina and diversifying our operations by adding businesses abroad with attractive value-creation opportunities.