

IRSA INVESTMENTS & REPRESENTATIONS INC  
Form 6-K  
February 25, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER  
PURSUANT TO RULE 13A-16 OR 15B-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of February, 2003

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
(Exact name of Registrant as specified in its charter)

IRSA INVESTMENTS AND REPRESENTATIONS INC.  
(Translation of registrant's name into English)

REPUBLIC OF ARGENTINA  
(Jurisdiction of incorporation or organization)

BOLIVAR 108  
(C1066AAB)  
BUENOS AIRES, ARGENTINA  
(Address of principal executive offices)

Form 20-F       FORM 40-F

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

Yes       No

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

REPORT ON FORM 6-K

Attached is a copy of the translation into English of the Quarterly Financial Statements for the period ended on December 31, 2002 filed with the Bolsa de Comercio de Buenos Aires and with the Comision Nacional de Valores

IRSA INVERSIONES Y REPRESENTACIONES  
SOCIEDAD ANONIMA  
AND SUBSIDIARIES

FREE TRANSLATION OF THE  
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
for the six-month periods ended  
December 31, 2002 and 2001

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES

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UNAUDITED CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2002 AND 2001

In thousands of pesos

	December 31, 2002 (Notes 2 and 3)	December 31, 2001 (Notes 2 and 3)	
<hr/>			
ASSETS			LIABILITIES
CURRENT ASSETS			CURRENT LIABILITIES
Cash and banks	33,995	11,857	Trade accounts payable
Investments (Note 7)	227,147	49,444	Mortgages payable
Mortgages and leases receivables	34,268	26,626	Customer advances
Other receivables (Note 5)	16,046	97,536	Short term-debt (Note 9)
Inventory (Note 6)	16,308	39,675	Salaries and social security charges
TOTAL CURRENT ASSETS	<hr/> 327,764 <hr/>	<hr/> 225,138 <hr/>	Taxes payable
			Other liabilities (Note 10)
			TOTAL CURRENT LIABILITIES
NON-CURRENT ASSETS			NON-CURRENT LIABILITIES
			Trade accounts payable
Mortgages receivables	3,727	9,475	Long term-debt (Note 9)
Other receivables (Note 5)	46,709	36,720	Customer advances
Inventory (Note 6)	9,300	59,512	Taxes payable
			Other liabilities (Note 10)
Investments (Note 7)	429,337	765,040	TOTAL NON-CURRENT LIABILITIES
Fixed assets (Note 8)	1,215,785	464,462	TOTAL LIABILITIES
Intangible assets	48,096	5,759	Minority interest
TOTAL NON-CURRENT ASSETS	<hr/> 1,752,954 <hr/>	<hr/> 1,340,968 <hr/>	SHAREHOLDERS' EQUITY
TOTAL ASSETS	<hr/> 2,080,718 <hr/>	<hr/> 1,566,106 <hr/>	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY
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The accompanying notes are an integral part of these unaudited consolidated financial statements.

Eduardo Sergio Elsztain  
President

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## IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA AND SUBSIDIARIES

### UNAUDITED CONSOLIDATED STATEMENTS OF INCOME For the six-month periods beginning on July 1, 2002 and 2001 and ended December 31, 2002 and 2001

In thousands of pesos

	December 31, 2002 (Notes 2 and 3)
Mortgages, leases and services	100,681
Costs of sales, leases and services	(72,831)
<b>GROSS INCOME</b>	<b>27,850</b>
Selling expenses	(8,314)
Administrative expenses	(17,793)
<b>SUBTOTAL</b>	<b>(26,107)</b>
Loss from operations and holding of real estate assets (Note 11)	(775)
<b>OPERATING INCOME (NOTE 4)</b>	<b>968</b>
Financial results, net (Note 12)	147,676
Net income in related companies	(2,976)
Other income and expenses, net (Note 13)	10,765
<b>SUBTOTAL</b>	<b>156,433</b>
Minority interest	(26,783)
Income tax and asset tax	(2,601)
<b>INCOME (LOSS) FOR THE PERIOD</b>	<b>127,049</b>

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

Eduardo Sergio Elsztain  
President



CASH AND CASH EQUIVALENTS AS OF END OF PERIOD

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(1) Includes cash, banks and investments with a realization term not exceeding three months. The accompanying notes are an integral part of these unaudited consolidated financial statements.

Eduardo Sergio Elsztain  
President

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES

UNAUDITED STATEMENTS OF CONSOLIDATED CASH FLOWS (CONTINUED)

For the six-month periods beginning on

July 1, 2002 and 2001

and ended December 31, 2002 and 2001

In thousands of pesos

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2  
(Notes

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SUPPLEMENTAL CASH FLOW INFORMATION

NON-CASH ACTIVITIES:

- o Increase in inventory through a decrease in fixed assets
- o Increase in fixed assets through a decrease in inventory
- o Decrease in mortgages receivable through the trust
- o Increase in investments through a decrease in mortgages receivable
- o Decrease in investments through an increase in mortgages receivable
- o Increase in customer advances through a decrease in other liabilities
- o Increase an undeveloped parcels of land through a decrease in inventory
- o Increase in fixed asset through an increase in mortgages payable
- o Increase in short and long term-debt though a decrease in other liabilities
- o Increase in investments through a decrease in mortgages receivable
- o Increase in other receivable through a decrease in mortgages receivable

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES

For the six-month periods beginning on  
July 1, 2002 and 2001  
and ended December 31, 2002 and 2001  
In thousands of pesos

NOTE 1: ARGENTINE ECONOMIC SITUATION

Argentina is immersed in a critical economic situation. The main features of the current economic context are a major external debt burden, a financial system in crisis, country risk indicators far above normal average and an economic recession that has already lasted more than four years. This situation has led to a significant decrease in the demand for goods and services and a large rise in the level of unemployment. The Government's ability to comply with its commitments has been impaired, which led it to default in the payment of external debt services at the beginning of 2002. Furthermore, it is expected that there will be presidential elections during 2003.

To overcome the crisis the country is undergoing, as from December 2001 the government issued measures to restrict the free availability and circulation of cash and the transfer of foreign currency abroad. Subsequently, as from January 2002, laws, decrees and regulations were enacted that involved profound changes to the prevailing economic model and the amendment of the Convertibility Law in force until then. Among the measures adopted was the establishment of a single free exchange market system, that led to a significant devaluation of the Argentine peso during the first months of 2002; the pesification of certain assets and liabilities in foreign currency held abroad and the resulting increase in local prices.

Impact on the Company's financial position

As mentioned in Note 13 to the unaudited financial statements, during November 2002, the Company successfully completed the restructuring of its financial debt. Along these lines, the current cash position will enable the Company to take advantage of the opportunities available on the real estate market, as it did over the previous decade.

The future development of the economic crisis might require the Government to modify some measures adopted or issue additional regulations. Therefore, the Company's financial statements should be considered in the light of these circumstances.

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## NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### NOTE 2: BASIS OF CONSOLIDATION - CORPORATE CONTROL

#### a) Basis of consolidation

The consolidated financial statements have been prepared following the guidelines of Technical Resolution No. 4 of the Argentine Federation of Professional Councils of Economic Sciences (F.A.C.P.C.E.), pursuant to which the Balance Sheets as of December 31, 2002 and 2001 of IRSA Inversiones y Representaciones Sociedad Anonima, the Statements of Income and the Statements of Cash Flows for the six month then ended were consolidated with the financial statements of those companies in which has the necessary votes to exercise control over the corporate decisions.

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

The following table shows the data concerning the corporate control:

COMPANIES	December 31, 2002	December 20
	DIRECT OR INDIRECT % O VOTING SHARES	
IRSA International Ltd (1)	-	10
Ritelco S.A. (1)	100,00	
Palermo Invest S.A.	66,67	6
Abril S. A.	83,33	8
Pereiraola S. A.	83,33	8
Baldovinos S. A.	83,33	8
Hoteles Argentinos S. A.	80,00	8
Buenos Aires Trade & Finance Center S.A (3)	100,00	5
Alto Palermo S.A ("APSA") (2)	49,99	4

(1) In accordance with mentioned in Note 16 to the Unaudited Consolidated Financial Statements, as of December 31, 2002 the Company decided the liquidation anticipated of IRSA International Ltd.

(2) As from the quarter ended on 30 September 2002 and as a result of the Company's acquisition of the convertible negotiable bonds (CNB) referred to in Note 21 to the consolidated financial statements, the Company is consolidating its financial statements with those of its subsidiary Alto Palermo S.A. Furthermore, during January 2003, we purchased an additional 3.4 million shares in Alto Palermo, for a total of U\$S 2.3 million, taking our equity interest to 54.9%. We also purchased 2.6 million CNB, for a value of U\$S 2.9 million, which, together with the 27.3 million underwritten at the time of the issue, has taken our position to 59.9% of the overall CNB issued by our subsidiary.



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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 2: (Continued)

- (3) On August 16, 2002, the Company and RAGHSA S.A. agreed: i) the redistribution of the block 5M, of the Old Puerto Madero of the City of Buenos Aires, ii) the division and distribution of the charge and commitment to build on those plots of land, previously undertaken before Corporacion Antiquo Puerto Madero S.A.(CAPM), iii) the renegotiation of the other commitments and obligations also assumed before CAPM and iv) the exchange of the shares issued by ARSA, BARSА and BAT&FCSA, respectively, which own the plots of land included in block 5M. As a result of the share exchange, the Company now owns 100% of the shares in BAT&FCSA, and transferred its 50% interest in ARSA and BARSА respectively, to RAGHSA S.A.

As a result of the consolidation of the related company Alto Palermo S.A., mentioned above, since the beginning of this fiscal year the Company has discontinued the application of the proportional consolidation method in the preparation of the income statements. Accordingly, the financial statement figures originally issued as of December 31, 2001 have been reclassified to conform them to the presentation as of December 31, 2002.

b) Consideration of the effects of inflation

The financial statements have been prepared in constant currency, reflecting the overall effects of inflation through August 31, 1995. As from that date, in accordance with professional accounting standards and the requirements of the control authorities, restatement of the financial statements was discontinued until December 31, 2001. As from January 1, 2002, in accordance with Resolution No. 3/2002 of the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires and Resolution No. 415 of the National Securities Commission, the effects of inflation are being recognized in the financial statements. To this end, the restatement method established by Technical Pronouncement No. 6 of the F.A.C.P.C.E. has been followed.

As a consequence of the above, the Company's financial statements are presented in constant currency of December 31, 2002, having considered that the accounting measurements restated by the change in the purchasing power of the currency until August 31, 1995 and those arising between that date and December 31, 2001 are stated in currency of the latter date.

The above restatement was made applying the coefficients prepared based on the domestic wholesale price index.

The Company used a conversion factor to restate the comparative financial statements in constant Argentine pesos of December 31, 2002 for comparative purposes.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 2: (Continued)

c. Reclassifications

Certain reclassifications of prior period information have been made to conform with the current period presentation.

d. Acquisition of related companies

During the quarter ended December 31, 2002, the Company acquired 30.955% of the capital stock and registered, non-endorsable, convertible negotiable obligations issued by Valle de Las Lenas S.A., falling due on October 31, 2005, with a face value of US\$ 3.7 million, for approximately US\$ 2.4 million.

Those shares and negotiable obligations have temporarily been valued at their acquisition cost, restated in currency values as of December 2002.

e. Sales in jointly controlled affiliated companies incorporated abroad

- i) Latin American Econetworks N.V (LAE) : On November 7, 2001, the Company sold its interest in LAE for a total consideration of US\$ 5,250. The price was fully collected on that date. In July 2000, this company was conceived as a developer of software, technology and internet services.
- ii) Brazil Realty S.A. Empreendimentos e Participacoes ("Brazil Realty"): As established by the agreement signed on February 28, 2002 and the First Amendment dated May 3, 2002, between Ritelco S.A, IRSA International Limited, IRSA and Creed Holding Ltd, through its subsidiary Ritelco S.A., the Company sold 100% of its participation in Brazil Realty for US\$ 44,187 thousand, which had been collected in full at the date of issue of these financial statements.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the subsidiaries mentioned in Note 2 have been prepared on a consistent basis with those applied by IRSA Inversiones y Representaciones Sociedad Anonima.

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 3: (Continued)

a. Jointly controlled affiliated companies incorporated abroad

The financial statements of the related companies under joint control set up abroad, used for application of the equity method of accounting to value the investment in those companies, were converted into Argentine pesos at the year-end rate of exchange based on the financial statements of those companies stated in the currency of the country of origin. The conversion method envisages the conversion of monetary assets and liabilities at the exchange rate in force at the end of each period and the non-monetary assets and liabilities and equity accounts based on amounts adjusted for inflation, if applicable, at the exchange rate in force at the end of each period. Average exchange rates were used for the conversion of financial statements that reflect the results for the periods. The net gain/loss for monetary conversion is included in the Financial results, net.

Since March 31, 1999, as a consequence of changes in the variables to measure fluctuations in domestic prices, and the performance of the Brazilian currency compared to the Argentine peso, IRSA International Limited has decided to value its investments in fixed assets and other intangible assets that cannot be disposed of by its subsidiary, Brazil Realty S.A. Empreendimentos e Participacoes, at their original cost in pesos, less applicable accumulated depreciation, following the calculation method laid down by Technical Resolution No. 13, which was approved by the March 1999 Resolution of the Administrative Board of the Argentine Federation of Professional Councils in Economic Sciences.

b. Shares and options of Banco Hipotecario S.A.

The shares in Banco Hipotecario S.A. held by Ritelco S.A. (a wholly-owned subsidiary) have been valued at their quotation at the end of the period, less estimated selling expenses, while options were valued at restated cost as mentioned in Note 1.b) to the individual unaudited financial statements or estimated net realizable value, whichever is lower.

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 3: (Continued)

c. Revenue Recognition

The Company's revenues mainly stem from office rental, shopping center operations, development and sale of real estate, hotel operations and, to a lesser extent, from e-commerce activities.

See Note 4 for details on the Company's business segments. As

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discussed in Note 2.a., the consolidated statements of income were prepared following the guidelines of Technical Resolution No. 4 of the F.A.C.P.C.E.

o Leases and services from shopping center operations

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

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

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 3: (Continued)

c. Revenue Recognition (Continued)

o Leases and services from shopping center operations  
(Continued)

Generally, the Company's lease agreements vary from 36 to 120 months. Law No. 24,808 provides that tenants may rescind commercial lease agreements after the initial six months, upon not less than 60 days' written notice, subject to penalties which vary from one to one and a half months rent if the tenant rescinds during the first year of its lease, and one month of rent if the tenant rescinds after the first year of its lease. The Company also charges its tenants a monthly administration fee, prorated among the tenants according to their leases, which varies from shopping center to shopping center, relating to the administration and maintenance of the common area and the administration of contributions made by tenants to finance promotional efforts for the overall shopping centers operations. Administration fees are recognized monthly when earned. In addition to rent, tenants are generally charged "admission rights", a non-refundable admission fee that tenants may be required to pay upon entering into a lease and upon lease renewal. Admission right is normally paid in one lump sum or in a small number of monthly installments. Admission rights are recognized using the straight-line method over the life of the respective lease agreements. Furthermore, the lease agreements

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generally provide for the reimbursement of real estate taxes, insurance, advertising and certain common area maintenance costs. These additional rents and tenant reimbursements are accounted for on the accrual basis.

o Credit card operations

Revenues derived from credit card transactions consist of commissions and financing income. Commissions are recognized at the time the merchants' transactions are processed, while financing income is recognized when earned.

o Hotel operations

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

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 3: (Continued)

c. Revenue Recognition (Continued)

o International operations

As of December 31, 2001, the Company held a 49.34% ownership interest in Brazil Realty, a company operating in Brazil, which business primarily comprised the same type of operations related to real estate conducted by the Company in Argentina. See Note 2.e.ii), the Company sold its ownership interest in Brazil of february 28, 2002.

d. Intangible assets, net

Intangible assets are carried at cost adjusted for inflation, less accumulated depreciation.

o Trademarks

Trademarks include the expenses and fees related to their registration.

o Advertising expenses

Advertising expenses relate to the Torres de Abasto project, the opening of Abasto Shopping and promotion costs related to Paseo Alcorta. The expenses incurred in relation to Torres de Abasto project are recognized in the statement of operations as determined under the percentage-of-completion method. Other advertising expenses are amortized under the straight-line method over a term of 3 years.

o Investment projects

Investment projects represent expenses primarily related to marketing efforts incurred by the Alto Palermo S.A. for the selling of

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merchandise through certain means of communication. These costs are capitalized and amortized to income under the straight-line method as from the start up date of the project. These expenses are written off upon abandonment or disposal of project.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 3: (Continued)

d. Intangible assets, net (Coninued)

o Goodwill

Representing the excess of cost over the fair value of net identifiable assets acquired, is stated at cost adjusted for inflation at the end of the period, and is amortized on a straight-line basis over its estimated economic life, not exceeding 10 years. The goodwill included in this caption was generated by the purchase of shares in Tarshop S.A., Inversha S.A., Pentigras S.A. and Fibesa S.A.

o Tenants list-Patio Bullrich

This item represents the acquired tenant list of the Patio Bullrich shopping mall and is amortized using the straight-line method over a five-year period.

e. Issuance of new technical pronouncements

In accordance with mentioned in Note 1.c) to the individual unaudited financial statements, the main amendments to the new Technical Pronouncements, which would mean significant adjustments being made to the Company's financial statements, are related to the recognition of income tax according to the deferred tax method and of the interest rate swap contract at the subsidiary Alto Palermo S.A.

NOTA 4: SEGMENT INFORMATION

The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting. Accordingly, the Company has six reportable segments. These segments are Development and sales of properties, Office and other non-shopping center rental properties, Shopping centers, Hotel operations, International and Others. As discussed in Note 2.a., the consolidated statements of income were prepared following the guidelines of Technical Resolution No. 4 of the F.A.C.P.C.E.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTA 4: (Continued)

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A general description of each segment follows:

- o Development and sale of properties

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

- o Office and other non-shopping center rental properties

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

- o Shopping centers

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

- o Hotel operations

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

- o International

This segment includes the results of operations:  
-Brazil: for the period ended December 31, 2001. As mentioned in Note 2.e.ii), the Company sold its ownership interest in Brazil in February 2002

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 4: (Continued)

- o Others

This segment primarily includes revenues and associated costs generated from the sale of equity securities, other securities-related transactions and other non-core activities of the Company. This segment also includes the results in equity investees of the Company relating to Internet, telecommunications and other technology-related activities of the Company.

The Company measures its reportable segments based on net income. Inter-segment transactions, if any, are accounted for at current market prices. The Company evaluates performance of its segments and allocates resources to them based on

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net income. The Company is not dependent on any single customer.

The accounting policies of the segments are the same as those described in Note 2 to the unaudited financial statements and in Note 3 to the consolidated unaudited financial statements.

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

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 4: (Continued)

As of December 31, 2002:

	Sales and developments	Office and Others (a)	International
Income	21,465	9,580	-
Costs	(24,901)	(4,369)	-
Gross income	(3,436)	5,211	-
Administrative expenses	(2,975)	(1,370)	-
Selling expenses	(1,409)	(2)	-
Loss on purchasers rescissions of sales contracts	-	-	-
Results from operations and holding of real estate assets	(775)	-	-
<b>OPERATING INCOME</b>	<b>(8,595)</b>	<b>3,839</b>	<b>-</b>

Depreciation and amortization (b)	1,550	3,055	-
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	Financial and other operations	Total
Income	-	100,681
Costs	-	(72,831)
Gross income	-	27,850
Administrative expenses	-	(17,793)
Selling expenses	-	(8,314)
Loss on purchasers rescissions of sales contracts	-	-
Results from operations and holding of real estate	-	-



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assets	-	(775)
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OPERATING INCOME	-	968
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Depreciation and amortization (b)	-	36,669
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- (a) Includes offices, commercial and residential premises.  
(b) Included in operating income/loss.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 4: (Continued)

As of December 31, 2001

	Sales and developments	Office and Others (a)	Internat
	-----	-----	-----
Income	23,346	26,796	
Costs	(11,113)	(6,464)	
Gross income	12,233	20,332	
Administrative expenses	(6,565)	(3,097)	
Selling expenses	(2,474)	(70)	
Loss on purchasers rescissions of sales contracts	-	-	
Results from operations and holding of real estate assets	(4,754)	-	
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OPERATING INCOME	(1,560)	17,165	
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Depreciation and amortization (b)	629	3,908
-----		

	Financial and other operations	Total
	-----	-----
Income	-	71,531

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Costs	-	(33,694)
Gross income	-	37,837
Administrative expenses	-	(16,807)
Selling expenses	-	(4,515)
Loss on purchasers rescissions of sales contracts	-	-
Results from operations and holding of real estate assets	-	(4,563)
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OPERATING INCOME	-	11,952
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Depreciation and amortization (b)	-	8,543
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- (a) Includes offices, commercial and residential premises.  
(b) Included in operating income/loss.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 5: OTHER RECEIVABLES

The breakdown for this item is as follows:

	December 31, 2002		December 2001
	Current	Non- Current	Current
-----			
Asset tax and prepayments	2,331	38,823	5,841
Value Added Tax (VAT)	1,647	1,814	2,300
C.N. Hacoaj Project	-	-	1,294
Related parties	247	136	62,480
Services to be billed	130	-	111
Guarantee deposits	2,142	545	-
Personnel loans and prepayments	2,621	-	-
Suppliers advances	572	-	657
Interest rate swap receivable	189	4,674	-
Gross sales tax	351	253	-
Debtors under legal proceedings	44	-	-
Sundry debtors	1,160	-	2,298
Operation pending settlement	244	-	10,031
Income tax prepayments and withholdings	523	31	694
Country club debtors	338	-	1,909
Tax on debits and credits	2	-	358
Trust accounts receivable	-	433	5,704
Credit Fiscal Certificates	2,141	-	-
Other	1,384	-	3,859
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16,046                      46,709                      97,536  
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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
 AND SUBSIDIARIES  
 NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 6: INVENTORY

The breakdown for this item is as follows:

	December 31, 2002	
	Current	Non- Current
Constitucion 1111	-	
Dique IV	-	
Minetti "D"	-	2
Figueroa Alcorta		
Madero 1020	1,620	
Caballito plots of land	-	
Pilar	-	
Rivadavia 2243	-	
Rivadavia 2768	-	1
Sarmiento 517	-	3
Torres Jardin	185	3
V.Celina	-	
Abril/Baldovinos	7,389	8,0
Alto Palermo Park	4,171	
Alto Palermo Plaza	1,247	
Benavidez	-	
Torres de Abasto	607	
Resale merchandise	7	
Other properties	743	
Other	339	
	-----	-----
	16,308	9,3
	=====	=====
	December 31, 2001	
	Current	Non- Current
Constitucion 1111	2,599	
Dique IV	-	6,1

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Minetti "D"	216	3
Madero 1020	-	
Caballito plots of land	-	19,7
Pilar	-	3,3
Rivadavia 2243	-	
Rivadavia 2768	3,352	
Sarmiento 517	-	
Torres Jardin	166	5
V.Celina	838	3
Abril/Baldovinos	65	
Alto Palermo Park	18,873	14,5
Alto Palermo Plaza	12,955	
Benavidez	2	
Torres de Abasto	-	14,1
Resale merchandise	-	
Other properties	184	4
Other	425	
	-----	
	39,675	59,5
	=====	

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 7: INVESTMENTS

The breakdown for this item is as follows:

	December 31, 2002	December 2001
	-----	-----
CURRENT		
Cedro	127	
Lebacs	20	
Bocanova	202	
Boden	1,080	
Bocon Pro 1	-	
Telecom Argentina	-	
Banco Hipotecario S.A.	13,678	
Time deposits and money markets	92,651	
Mutual funds	113,348	
Patriotic Bond	-	
Tarshop Trust	6,041	
	-----	
	227,147	
	=====	
NON-CURRENT		
Alto Palermo S.A.	-	3
Brazil Realty S.A	-	1
Llao - Llao Resorts S.A.	12,805	

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Alto Invest S.A.	197
Banco de Credito y Securitizacion S.A.	6,956
IRSA Telecomunicaciones N.V.	-
Valle de las Lenas S.A	8,391
Perez Cuesta S.A.C.I.	13,202
E-Commerce Latina S.A	4,695
Banco Hipotecario S.A.	4,174
IRSA I Trust Exchangeable Certificate Class B	1,188
IRSA I Trust Exchangeable Certificate Class C	1,912
IRSA I Trust Exchangeable Certificate Class D	5,796
IRSA I Trust Exchangeable Certificate Class A	558
Tarshop Trust	2,825
Art work	37
Other investments	-
	62,736
	5

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 7: (Continued)

	December 31, 2002	December 2001
Undeveloped parcels of land:		
Constitucion 1111	1,869	
Dique IV	6,115	
Caballito plots of land	13,516	
Padilla 902	244	
Pilar	3,382	
Torres Jardin IV	2,215	3,00
Puerto Retiro	45,899	46,18
Benavidez	14,106	
Santa Maria del Plata	115,133	123,41
Pereiraola	21,711	21,64
Bs. As. Trade and Finance Center S.A	25,781	3,36
Buenos Aires Realty S.A.	-	3,97
Argentine Realty S.A.	-	4,11
Air space Supermercado Coto	8,976	
Caballito	24,621	
Rosario	55,776	
Neuquen	8,458	
Alcorta Plaza	15,727	
Other parcels of undeveloped land	3,072	3,07
	366,601	208,77
	429,337	765,04
	429,337	765,04

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NOTE 8: FIXED ASSETS

The breakdown for this item is as follows:

	December 31, 2002	December 2001
<hr/>		
HOTELS		
Hotel Intercontinental	58,297	68,
Hotel Libertador	40,956	42,
Hotel Piscis	5,139	
	<hr/>	<hr/>
	104,392	110,
	<hr/>	

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 8: (Continued)

	December 31, 2002	December 2001
<hr/>		
OFFICE BUILDINGS		
Avda. de Mayo 595	4,126	6,
Avda. Madero 942	2,277	5,
Edificios costeros (Dique II)	23,488	26,
Laminar Plaza	28,042	32,
Libertador 498	34,992	53,
Libertador 602	2,489	3,
Madero 1020	7,625	20,
Maipu 1300	40,831	47,
Puerto Madero Dock 5	-	2,
Reconquista 823	17,480	21,
Rivadavia 2768	-	
Sarmiento 517	253	
Suipacha 652	9,968	14,
Alto Palermo Plaza	1,868	4,
Intercontinental Plaza	63,938	71,
Costeros Dique IV	17,551	23,
	<hr/>	<hr/>
	254,928	332,
<hr/>		
COMMERCIAL REAL ESTATE		
Alsina 934	1,488	1,
Constitucion 1111	403	6,
	<hr/>	<hr/>
	1,891	7,
<hr/>		
OTHER FIXED ASSETS		
Alto Palermo Park	793	3,

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Thames	3,849	4,
Other	6,012	5,
	-----	-----
	10,654	13,
	-----	-----
SHOPPING CENTER		
Alto Avellaneda	95,064	
Alto Palermo	254,874	
Paseo Alcorta	74,039	
Abasto	219,742	
Patio Bullrich	130,085	
Buenos Aires Design	23,115	
Nuevo Noa	21,343	
Other properties	11,294	
Other	14,364	
	-----	-----
	843,920	
	-----	-----
	1,215,785	464,
	=====	=====

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 9: SHORT AND LONG TERM DEBT

The breakdown for this item is as follows:

	December 31, 2002	
	Current	Non- Current
	-----	-----
Convertible bond APSA 2006 (1)	-	76,415
Accrued interest- Convertible bond APSA 2006 (1)	3,404	-
Negotiable obligations APSA (2)	8,051	99,662
Accrued interest- Negotiable obligations APSA (2)	2,275	-
Bank debts (3)	44,476	171,870
Accrued interest - bank loans (3)	778	-
Bond 100 M. (4)	-	337,000
Interest-Bond 100 M. (4)	3,520	-
Negotiable obligations 2009 - principal amount (4)	-	125,970
Negotiable obligations 2009 - accrued interest (4)	479	-
Other	52	-
	-----	-----
	63,035	810,917
	=====	=====

(1) Corresponds to the Negotiable Bonds Convertible to stock (CNB) issued by APSA for a value of U\$S 50,000 million, as detailed in Note 21 to the consolidated financial statements, net of the CNB underwritten by the Company for \$ 92,085 thousand.

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- (2) Includes:
- (a) \$ 50,330 thousand in unsecured general liabilities belonging to APSA, originally issued for a total value of V\$N 85,000,000, which mature on 7 April 2005, on which date the principal will be amortized in full. At 31 December 2002, APSA recorded certain time lags in the relationships of the financial covenants required under the Trust Fund Agreement. As a result of this situation, APSA and its subsidiaries are subject to restrictions for taking out additional loans.
  - (b) \$ 18.737 thousand corresponding to secured general liabilities of APSA originally issued for a value of U\$S 40.000 thousand, and which mature on 13 January 2005, on which date the full amount of the principal will be amortized. The current negotiable bonds are secured by the fiduciary assignment in the interest of the holders of the total share capital in Shopping Alto Palermo S.A. At 31 December 2002, owing to the prevailing economic difficulties, the Company recorded certain time lags in the relationships of the financial covenants required under the Trust Fund Agreement signed in connection with the issue of the negotiable bonds. After the financial closing date, APSA summoned an Extraordinary Meeting of Bondholders to be held on 10 February 2003, which resolved to exempt the Company owing to the failure to meet commitments during the semester running from 1 July 2002 to 31 December 2002.
  - (c) \$ 38.646 thousand corresponding to secured general liabilities in Shopping Alto Palermo S.A. (SAPSA). The terms of the liabilities require SAPSA to maintain certain financial ratios and conditions, specific debt/equity ratios, and establish restrictions to the procurement of new loans. At 31 December 2002, as a result of the prevailing economic recession, SAPSA recorded certain time lags in the relationships of the financial covenants required by the Trust Fund Agreement signed in connection with the issue of negotiable bonds. After the financial closing date, the Extraordinary Meeting of bondholders held on 10 February 2003 granted an exemption owing to failure to comply with commitments during the semester running from 1 July 2002 to 31 December 2002.
- (3) Includes mainly:
- (a) U\$S 51,000 thousand corresponding to an unsecured loan falling due in the year 2009, as detailed in Note 6 to the unaudited financial statements.
  - (b) \$ 39,095 thousand current, corresponding to a loan secured with real estate assets belonging to Hoteles Argentinos S.A., as detailed in Note 14 to the unaudited consolidated financial statements.



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- (c) \$ 5.381 thousand corresponding to other current bank loans.
- (4) Corresponding to the issue of Convertible Negotiable Bonds of the Company for a total value of U\$S 100 million as set forth in Note 6 to the unaudited financial statements. Corresponding to the issue of Negotiable Bonds secured with certain Company assets maturing in the year 2009, as detailed in Note 6 and 12 c. a to the unaudited financial statements.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 10: OTHER LIABILITIES

The breakdown for this item is as follows:

	December 31, 2002	
	Current	Non-current
Seller financing	6,391	-
Dividends payable	3,005	-
Intercompany	300	-
Guarantee deposits	806	703
Provision for discounts	15	-
Provision for lawsuits and contingencies	639	4,378
Fees payable	-	-
Rebilled condominium expenses	366	-
Directors' deposits	-	8
Fund administration	299	491
Operation pending settlement	133	-
Other provisions	240	-
Collections on behalf of third parties	48	-
Pending settlements for sales of plots	347	-
Profits not yet realized	211	1,001
Other	1,577	48
	-----	-----
	14,377	6,629
	=====	=====

NOTE 11: RESULTS FROM OPERATIONS AND HOLDINGS OF REAL ESTATE ASSETS

The breakdown for this item is as follows:

	December 20
Results from transactions related to shares of real estate companies	
Results from holding of real estate assets	

(1)

(1) This item includes losses from the quotation of shares in real estate companies, premiums on issuance of shares earned and losses from the impairment of real estate assets.

NOTE 12: FINANCIAL RESULTS, NET

The breakdown for this item is as follows:

FINANCIAL RESULTS GENERATED BY ASSETS:  
 Interest income  
 Gain/(loss) on financial operations  
 Exchange loss  
 (Loss)/gain on exposure to inflation

December  
200

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
 AND SUBSIDIARIES  
 NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 12: (Continued)

FINANCIAL RESULTS GENERATED BY LIABILITIES:  
 Discounts  
 Exchange gain/(loss)  
 Gain on exposure to inflation  
 Financial expenses

FINANCIAL RESULTS, NET

NOTE 13: OTHER INCOME AND EXPENSES; NET

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OTHER INCOME:

Gain on early redemption of debt  
Gain from the sale of fixed assets  
Other

OTHER EXPENSES:

Unrecoverable VAT  
Donations  
Gain/ (loss) from the sale of fixed assets  
Contingencies for lawsuits  
Debit and credit tax  
Other

OTHER INCOME AND EXPENSES, NET

NOTE 14: RESTRICTED ASSETS

Puerto Retiro S.A.: extension of the bankruptcy

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

Indarsa had purchased 90% of the capital stock of Tandanor, a formerly state owned company privatized in 1991, engaged in the shipyard industry.

In June 1993, Tandanor sold the plot of land near Puerto Madero denominated "Planta 1" to Puerto Retiro S.A.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 14: (Continued)

Indarsa did not comply with the payment of the outstanding price for the purchase of the stock of Tandanor, and therefore the Ministry of Defense requested the bankruptcy of Indarsa. Since the only asset of Indarsa were the shareholdings in Tandanor, the Ministry of Defense is pursuing to extend the bankruptcy to other companies or individuals which, according to its view, acted as an economic group, and therefore, requested the extension of the bankruptcy to Puerto Retiro which acquired Planta 1 from Tandanor. The lawsuit is at its first stages. Puerto Retiro S.A. answered the claim and appealed the

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preventive measures ordered. This appeal was overruled on December 14, 2000.

Puerto Retiro S.A. believes, pursuant to the advice of its legal advisors, that the plaintiff's claim shall be rejected by the courts.

Hoteles Argentinos S.A.: mortgage loan

The Extraordinary Shareholders' Meeting of Hoteles Argentinos S.A. held on January 5, 2001, approved taking a long-term mortgage loan from Bank Boston N.A. Buenos Aires for a total of US\$ 12,000,000 to be used to refinance existing debts. The term of the loan was agreed at 60 months payable in 19 equal and quarterly installments of US\$ 300,000 and one final payment of US\$ 6,300,000. The agreement was signed on January 26, 2001.

Interest is paid quarterly in arrears at an annual interest rate equivalent to LIBOR for nine-month loans plus the applicable mark-up per the contract, which consists in a variable interest rate applicable during the interest bearing periods, which ranges from 6.56% to 8.46% per year.

The guarantee granted was a senior mortgage on a Company property, which houses the Hotel Sheraton Libertador Buenos Aires.

At the date of issue of these financial statements, as a result of the current economic situation, the lack of credit and the crisis of the Argentine financial system, principal installments of US\$ 300 thousand falling due on January 26, April 29, July 29, October 26, 2002 and January 26 2003, respectively and the interest installment amounting to US\$ 315 thousand falling due on July 29, October 26, 2002 and January 26, 2003 were not paid. Although Hoteles Argentinos' Management is renegotiating the debt with its creditors, as failure to pay the installments when due entitles the bank to require acceleration of principal and interest maturities, the loan has been classified and is shown under current financial loans in these financial statements.

Alto Palermo S.A.- Restricted assets.

- a) As of December 31, 2002, APSA records funds for \$ 108 thousand in other current receivables, which have been restricted by the Federal Court of First Instance dealing with Labor Matters No. 40 - Single Clerk's Office, in relation to the case entitled "Del Valle Soria, Delicia v. New Shopping S.A.", dismissal without legal justification.
- b) As of December 31, 2002, the Company records \$ 14.5 million for shares in Emprendimiento Recoleta S.A. on which a pledge has been set up.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 14: (Continued)

- c) As of December 31, 2002, the Company records a balance of \$ 4.7 million in non-current financial debts, corresponding to

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derivative financial instruments used as collateral for operations.

- d) As of December 31, 2002, Shopping Neuquen S.A. includes \$ 52 thousand in financial loans, corresponding to a mortgage set up on acquired land for \$ 3,289 thousand.
- e) On January 18, 2001, Shopping Alto Palermo S.A. issued negotiable obligations secured by all the shares representing its corporate capital transferred in trust in favor of their holders.
- f) On December 19, 2001 a "Guarantee Trust" agreement was entered into by and between Tarshop S.A., as Trustor, and HSBC Participaciones (Argentina) S.A., as Trustee, to secure compliance by Tarshop S.A with its obligations with the beneficiary, HSBC Bank Argentina S.A.. Those obligations include a loan for \$ 1.5 million requested by Tarshop S.A. on November 9, 2000. The trust assets include receivables in favor of Tarshop S.A. for coupons issued for amounts charged to certain users of the Shopping card (Tarjeta Shopping) issued by Tarshop S.A..

Buenos Aires Trade & Finance Center S.A.

On October 18, 1999, the Company set up a first mortgage in favor of Corporacion Antiguo Puerto Madero Sociedad Anonima as collateral for the balance of the price of U\$S 6,428,943,90 (principal and interest) for the acquisition of the Plot of Land 1 of Block 5 M of Dock 3 of Puerto Madero, in the City of Buenos Aires, which will fall due on December 9, 2002. The debt balance amounts to \$5,823 thousand (principal, VAT and interest), and has been disclosed net of VAT and interest not yet accrued for \$ 125 thousand under Mortgages payable. At the financial closing date the full amount of the debt was settled (principal, VAT and interest), and at the date of issue of these financial statements the registration of the cancellation of the mortgage is in process

### NOTE 15: TARSHOP CREDIT CARD RECEIVABLE SECURITIZACION

Alto Palermo S.A. has ongoing revolving period securitization programs through which Tarshop, a majority-owned subsidiary of APSA, transfers a portion of its customer credit card receivable balances to a master trust (the "Trust") that issues certificates to public and private investors.

To the extent the certificates are sold to third parties, the receivables transferred qualify as sales for financial statement purposes and are removed from the APSA balance sheet. The remaining receivables in the Trust which have not been sold to third parties are reflected on the APSA balance sheet as a retained interest in transferred credit card receivables. Under these programs, APSA acts as the servicer on the accounts and receives a fee for its services.

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### NOTE 15: (Continued)

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

Alto Palermo S.A. entered into two-year revolving-period securitization programs, through which Tarshop sold an aggregate amount of Ps. 83.1 million of its customer credit card receivable. Under the securitization programs, the Trusts issued Ps. 12.4 million nominal value subordinated CPs, Ps. 23.8 million 12% fixed-rate interest TDFs and Ps. 20.0 million 18% fixed-rate interest TDFs, and Ps. 6.9 million variable rate interest TDFs. Tarshop acquired all the CPs at an amount equal to their nominal value while the TDFs were sold to other investors through a public offering in Argentina. As a credit protection for investors, Tarshop has established cash reserves for losses amounting to Ps. 0.2 million.

### NOTE 16: REDUCTION OF CAPITAL STOCK OF IRSA INTERNATIONAL LIMITED AND RITELCO S.A.

On December 22, 2000, the shareholders of IRSA International Limited decided to redeem shares and retained earnings in that company for US\$ 59,260. On the same date, the shareholders of Ritelco S.A. decided to redeem shares for US\$ 58,727. These reductions are pending of approval from the respective control authorities.

On March 7, 2001, the shareholders of IRSA International Limited decided to redeem shares for US\$ 4,370. On the same date, the shareholders of Ritelco S.A. decided to redeem shares for US\$ 4,560. Both decisions are pending of approval from the respective control authorities.

During the period ended December 31, 2001, the shareholders of IRSA International Limited decided to redeem shares and retained earnings for US\$ 12,464. The decision is pending of approval from the respective control authorities.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 16: (Continued)

On June 30, 2002 the shareholders of IRSA International Limited approved the liquidation of the Company, which is pending approval by the control authorities. On that date, the shareholders of Ritelco S.A. decided to make a reduction in capital stock and unappropriated retained earnings amounting to US\$ 46,879 thousand. That reduction has not yet been submitted to the approval of the corresponding control authorities.

NOTE 17: IRSA INTERNATIONAL LIMITED INVESTMENT'S IN IRSA TELECOMUNICACIONES N.V.

In the fourth quarter of the year ended June 30, 2000, the Company had invested US\$ 3.0 million, in the form of irrevocable capital contributions, into two unrelated companies, namely, Red Alternativa S.A., a provider of satellite capacity to Internet service providers, and Alternativa Gratis S.A., an Internet service provider (referred to herein as the "Companies"). At that date, the Companies were development stage companies with no significant operations.

Between July 2000 and August 2000, the Company, together with Dolphin Fund Plc, increased their respective investments in the abovementioned Companies, in exchange for shares of common stock. In a series of transactions, which occurred between August 2000 and December 2000, (i) the Company formed IRSA Telecomunicaciones N.V. ("ITNV"), a holding company organized under the laws of the Netherlands Antilles, for the purposes of completing a reorganization of the Companies (the "Reorganization") and (ii) the Company, Dolphin Fund Plc and the previous majority shareholder of the Companies contributed their respective ownership interests in the Companies into ITNV in exchange for shares of common stock of ITNV.

In September and December 2000, the Company had made additional contributions to ITNV for US\$ 3 million, generating an increase in its participation in the capital stock at that date of 62%.

As a result of the Reorganization, the Companies are now wholly owned subsidiaries of ITNV. Following the Reorganization, the Company held a 49.36% interest in ITNV.

NOTE 17: (Continued)

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On December 27, 2000, the shareholders of ITNV entered into an agreement with Quantum Industrial Partners LDC ("QIP") and SFM Domestic Investment LLC ("SFM" and together with QIP referred to herein as the "Investors") (the "Shareholders Agreement"), under which the Investors contributed US\$ 4.0 million in cash in exchange for 1,751,453 shares of Series A mandatorily redeemable convertible preferred stock and an option to purchase 2,627,179 additional shares of mandatorily redeemable convertible preferred stock. Pursuant to the terms of the Shareholders Agreement, options were granted for a period up to five years and at an exercise price equal to the quotient of US\$ 6.0 million by 2,627,179 preferred shares. On or after December 27, 2005, ITNV might be required, at the written request of holders of the then outstanding Series A preferred stock to redeem such holders' outstanding shares of series A preferred stock for cash at the greater of (i) 200% of the original issue price multiplied by the number of preferred stock to be redeemed, and (ii) the fair market value of the common shares each holder of Series A preferred stock would have been entitled to receive if such holder had converted the number of Series A preferred stock to be redeemed into common stock at the redemption date; plus in the case of (i) and (ii), any accrued or declared but unpaid dividends.

NOTE 18: SETTING UP OF A FINANCIAL TRUST FOR THE SECURITIZATION OF RECEIVABLES OF IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA (IRSA), INVERSORA BOLIVAR S.A. AND BALDOVINOS S.A.

The Board of Directors of IRSA, in the meeting held on November 2, 2001, authorized the setting up of a financial trust for the securitization of Company receivables. The trust program for issuing participation certificates, under the terms of Law No. 24.441, was approved by the National Securities Commission by means of Resolution No. 13.040, dated October 14, 1999, as regards the program and in particular as regards the Trust called IRSA I following a decision of the Board of Directors dated December 14, 2001.

On December 17, 2001, IRSA, Inversora Bolivar S.A. and Baldovinos S.A., parties of the first part (hereinafter the "Trustors") and Banco Sudameris Argentina S.A., party of the second part (hereinafter the "Trustee"), have agreed to set up the IRSA I Financial Trust under the Global Program for the Issuance of FIDENS Trust Values, pursuant to the contract entered into on November 2, 2001.

Under the above program, the trustors have sold their personal and real estate credits, secured with mortgages or arising from bills of sale with the possession of the related properties, for the total amount US\$ 26,585,774 to the Trustee, in exchange for cash and the issuance by the Trustee of Participation Certificates for the same nominal value and in accordance with the following classes:



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NOTE 18: (Continued)

- o Class A Participation Certificates ("CPA"): Nominal value of US\$ 13,300,000, with a 15% fixed annual nominal yield, with monthly Service payments due on the 15th of each month or on the immediately following working day. These certificates grant the right to collect the following Services: (a) a fixed yield calculated on the Class' principal balance, with monthly capitalization, payable monthly as from the total settlement of the CPAs, and (b) an amortization.
- o Class B Participation Certificates ("CPB"): Nominal value of US\$ 1,000,000, with a 15.50% fixed annual, nominal yield, with monthly Service payments due on the 15th of each month or on the immediately following working day. These certificates grant the right to collect the following Services: (a) a fixed yield calculated on the Class' principal balance, with monthly capitalization, payable monthly as from the total settlement of the CPAs, and (b) an amortization equivalent to the sums paid as from the Last Service Payment Date on which the total settlement of the CPA Certificates may have taken place, net of their fixed yield.
- o Class C Participation Certificates ("CPC"): Nominal value of US\$ 1,600,000, with a 16% fixed annual nominal yield, with monthly Service payments due on the 15th of each month or on the immediately following working day. These certificates grant the right to collect the following Services: (a) a fixed yield calculated on the Class' principal balance, with monthly capitalization, payable monthly as from the total settlement of the CPBs, and (b) an amortization equivalent to the sums paid as from the Last Service Payment Date on which the total settlement of the CPBs may have taken place, net of their fixed yield. The fixed yield will accrue as from the Cut-Off Date and will be capitalized on a monthly basis.
- o Class D Participation Certificates ("CPD"): Nominal Value of US\$ 10,685,774. These grant the right to collect monthly the sums arising from the Cash Flow, net of the contributions made to the Expense Fund, once the remaining classes have been fully settled.

The period for placing the Participation Certificates was from December 27, 2001 to January 15, 2002.

Pursuant to Decree No. 214/02, assets and debts in U.S. dollars or other foreign currencies in the Argentine financial system as of January 6, 2002, were converted to pesos at the rate of exchange of Ps. 1 per US\$ 1 or its equivalent in another currency and was adjusted by a reference stabilization index (CER).

At December 31, 2002, the Exchangeable Class A , B , C and D Participation Certificates amounted to thousand \$ 7,879 in IRSA, thousand \$ 1,255 in Inversora Bolivar S.A., and thousand \$ 323 in Baldovinos S.A.

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### NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

#### NOTE 19: CAPITAL REDUCTION IN PALERMO INVEST S.A. AND INVERSORA BOLIVAR S.A.

On November 9, 2001, IRSA Inversiones y Representaciones S.A. ("the Company") and GSEM/AP Holdings L.P. ("GSEM") entered into a first amendment to the Shareholders' Agreement entered into on February 25, 1998, which was followed by a second amendment dated November 27, which established, among other issues, the following:

- a) The capital reduction of Palermo Invest S.A. by thousand \$ 37,169.
- b) The unanimous approval of Palermo Invest S.A.'s shareholders of a cash dividend for a total amount in pesos equivalent to thousand US\$ 19,702, provided this amount does not exceed, on the payment dates, the amount legally distributable. As stated in Decree No. 214/02, the dollar rate of exchange mentioned above has been left without effect
- c) The assignment by the Company in favor of GSEM of rights proportional to the dividends mentioned in b) (called "IRSA Dividend Right"), in such a way that GSEM will have the right to collect all the dividends that may be approved (called "GSEM Dividend Right"), with the scope defined in point g).
- d) The Company's obligation to pay a total amount of thousand US\$ 13,135 to GSEM (called "GSEM Credit"), to be settled in two equal installments for a total amount of US\$ 6,567 each, plus interest accrued at the time of payment, the first installment falling due on January 31, 2002 and the second on April 30, 2002.
- e) The entering into a Share Trust Agreement pursuant to which the Company has assigned in trust, under the terms of Law No. 24,441, in favor of the Trustee (ABN AMRO BANK N.V.), all the shares it owns in Palermo Invest S.A.. Under no circumstances, may the Trustee transfer, pledge or otherwise assign IRSA's shares either wholly or partially to any Person, and it must at all times exercise the voting rights granted by the shares as indicated by IRSA. Under the trust provisions, GSEM is not empowered, at any time, to request the trustee to extinguish the right to redeem IRSA's shares. Upon the Company's total fulfillment of its obligations to GSEM, the trustee must return the shares to IRSA under the terms and conditions of the trust agreed with the Trustee.
- f) GSEM is empowered to collect all the distributions that Palermo Invest S.A. may resolve, provided the Company has not settled all the obligations generated in favor of GSEM, as provided in point d) above.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

NOTE 19: (Continued)

- g) Finally, the Company and GSEM/AP Holdings L.P. acknowledge that: i) all the amounts received in cash by GSEM from Palermo Invest S.A. on account of IRSA Dividend Right, must be considered as a reduction in the amount owed by IRSA under the GSEM Credit, and ii) all the amounts received in cash by GSEM on account of the GSEM Credit will oblige GSEM to return to IRSA the equivalent portion of IRSA Dividend Right, but if IRSA pays the total amount plus all accrued interest and reasonable costs to GSEM, IRSA may then recover its rights regarding the IRSA Dividend Right.

At 31 December 2002, the Company has settled all the installments referred to in item d) amounting to a total of \$ 39,208 thousand, recording a net gain of \$ 25,962 thousand as a result of a remission by GSEM. Along these lines, at the date of issue of these financial statements, the aspects referred to in items c), e), f) and g) are null and void.

NOTE 20: DERIVATIVE INSTRUMENTS

The Company uses various financial derivatives, mainly term exchange purchase-sale contracts, to hedge its net investment in foreign operations and as a complement to reduce its global financial costs.

The counterparties to these instruments generally are major financial institutions. The Company does not hold or issue derivative instruments for trading purposes. In entering into these contracts, the Company has assumed the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. The Company does not expect any losses as a result of counterparty defaults.

- (i) Foreign currency forward-exchange contracts

The Company uses foreign currency forward-exchange contracts as a supplement to reduce its overall financing costs. Premiums on foreign currency forward-exchange contracts are amortized over the life of the respective contract. The market value of the foreign currency forward contracts has not been recognized in the accompanying financial statements. As of December 31, 2002 and 2001, the Company did not have any foreign currency forward contracts in force.

- (ii) Interest rate swap

In order to minimize its financing costs and to manage interest rate exposure, the Company entered into an interest rate swap agreement to effectively convert a portion of its peso-denominated fixed-rate debt to peso-denominated floating rate debt.

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## AND SUBSIDIARIES NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### NOTE 20: (Continued)

As of March 31, 2001, the Company had an interest rate swap agreement outstanding with an aggregate notional amount of Ps. 85.0 million with maturities through March 2005. This swap agreement initially allowed the Company to reduce the net cost of its debt. However, subsequent to June 30, 2001, the Company modified the swap agreement due to an increase in interest rates as a result of the economic situation. Under the terms of the revised agreement, the Company converted its peso-denominated fixed rate debt to U.S. dollar-denominated floating rate debt for a notional amount of US\$ 69.1 million with maturities through March 2005. Any differential to be paid or received under this agreement is accrued and is recognized as an adjustment to interest expense in the statement of operations. The related accrued receivable or payable is included as an adjustment to interest payable. The fair value of the swap agreement is not recognized in the consolidated financial statements. During the period ended December 31, 2002 and 2001, the Company recognized a gain of Ps. 2.42 million and a loss of Ps. 0.53 million, respectively.

### NOTE 21: ALTO PALERMO - ISSUANCE OF NEGOTIABLE OBLIGATIONS CONVERTIBLE FOR SHARES

On August 20, 2002, Alto Palermo S.A. issued Series I of Negotiable Obligations convertible for ordinary, book-entry shares, par value of \$ 0.10 each, for up to US\$ 50,000,000.

After the end of the period granted to exercise the accretion right, the Negotiable Obligations convertible for Shares for US\$ 50,000,000 were fully subscribed and paid-up.

This issuance was resolved at the Ordinary and Extraordinary Meeting of Shareholders held on December 4, 2001, approved by the National Securities Commission Resolution No. 14196 dated March 15, 2002 and authorized to list for trading on the Buenos Aires Stock Exchange on July 8, 2002.

The main issue terms and conditions of the convertible Negotiable Obligations are as follows:

- Issue currency: US dollars.
- Due date: July 19, 2006.
- Interest: at a fixed nominal rate of 10% per annum. Interest is payable semi-annually.
- Payment currency: US dollars or its equivalent in pesos.
- Conversion right: the negotiable obligations shall be convertible for ordinary book-entry shares with a par value of 0.10 each and at a price of US\$ 0.0324 per share, at the option of each holder.
- Right to collect dividends: the shares underlying the conversion of the negotiable obligations will be entitled to the same right to collect any dividends to be declared after the conversion as the shares outstanding at the time of the conversion.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

### NOTE 21: (Continued)

The Convertible Negotiable Obligations were paid in cash or by using liabilities due from APSA on the subscription date. In this connection, the Company has subscribed Negotiable Obligations Convertible for Shares representing 60.77% of the capital stock, for a total amount of US\$ 31.0 million, by using loans existing at that date, intercompany balances and cash contributions.

### NOTE 22: ALTO PALERMO - COMMITMENT TO MAKE CONTRIBUTIONS AND OPTIONS GRANTED TO ACQUIRE SHARES IN RELATED COMPANIES

Alto Palermo S.A. and Telefonica de Argentina S.A. have undertaken to make capital contributions in E-Commerce Latina S.A. for \$ 10 million, payable during April 2001, according to their respective shareholdings, and, if approved by the Board of Directors of E-Commerce Latina S.A., to make an optional capital contribution for up \$12 million for the development of new lines of business. Telefonica de Argentina S.A. would contribute 75% of that amount.

On April 30, 2001, Alto Palermo S.A. and Telefonica de Argentina S.A. made a contribution of \$ 10 million, according to their respective shareholdings.

In addition, E-Commerce Latina S.A. has granted an irrevocable option to acquire Class B shares representing 15% of the corporate capital of Altocity.com S.A. in favor of Consultores Internet Managers Ltd., a company organized in the Cayman Islands, in order to act as representative of the Management of Altocity.com S.A. and represented by an independent lawyer. That option may be exercised during a term of 8 years as from February 26, 2000, at a price equivalent to current and future contributions to be made in Altocity.com S.A., plus interest to be accrued at a rate of 14% and to be capitalized annually.

Name of the Company: IRSA Inversiones y Representaciones S.A.  
Corporate domicile: Bolivar 108 1o Floor - Federal Capital

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Principal activity: Real estate investment and development

Unaudited Financial Statements for the six-month periods  
 ended as of December 31, 2002  
 compared with the same previous period  
 Stated in thousands of pesos  
 Fiscal period No. 60 beginning July 10, 2002

DATE OF REGISTRATION WITH THE PUBLIC REGISTRY OF COMMERCE

Of the By-laws: June 25, 1943

Of last amendment: July 2, 1999

Registration number with the  
 Superintendence of Corporations: 4,337

Duration of the Company: Until April 5, 2043

Information related to subsidiary companies is shown in Schedule C.

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CAPITAL COMPOSITION (NOTE 11)

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In thousand

Type of stock	Authorized for Public Offer of Shares	Subscribed
Common stock, 1 vote each	211,999,273	212,000

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

UNAUDITED BALANCE SHEETS AS OF DECEMBER 31, 2002 AND 2001

In thousands of pesos

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	December 31, 2002 (Notes 1 and 2)	December 31, 2001 (Notes 1 and 2)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and banks (Schedule G)	9,056	5,968
Investments (Schedules C, D and G)	154,893	15,454
Mortgages and leases receivables (Note 3 and Schedule G)	4,261	17,225
Other receivables (Note 4 and Schedule G)	44,492	120,280
Inventory (Note 5)	1,805	7,419
<b>TOTAL CURRENT ASSETS</b>	<b>214,507</b>	<b>166,346</b>
<b>NON-CURRENT ASSETS</b>		
Mortgages receivables (Note 3 and Schedule G)	302	7,066
Other receivables (Note 4 and Schedule G)	12,170	26,873
Inventory (Note 5)	1,206	30,894
Investments (Schedules C, D and G)	856,079	860,035
Fixed assets (Schedule A)	198,375	267,181
Intangible assets (Schedule B)	6,425	3,037
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,074,557</b>	<b>1,195,086</b>
<b>TOTAL ASSETS</b>	<b>1,289,064</b>	<b>1,361,432</b>

	December 31, 2002 (Notes 1 and 2)	December 31, 2001 (Notes 1 and 2)
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable (Schedule G)	2,261	2,592
Mortgages payable (Schedule G)	881	-
Customer advances (Schedule G)	407	2,675
Short - term debt (Note 6 and Schedule G)	4,777	382,341
Salaries and social security charges	293	321
Taxes payable (Schedule G)	792	6,596
Other liabilities (Note 7 and Schedule G)	2,825	10,727
<b>TOTAL CURRENT LIABILITIES</b>	<b>12,236</b>	<b>405,252</b>
<b>NON-CURRENT LIABILITIES</b>		
Trade accounts payable (Schedule G)	-	383
Long - term debt (Note 6 and Schedule G)	634,840	-
Customer advances (Schedule G)	754	-
Other liabilities (Note 7 and Schedule G)	607	4,467
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>636,201</b>	<b>4,850</b>

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TOTAL LIABILITIES	648,437	410,102
SHAREHOLDERS `EQUITY (As per relevant statement)	640,627	951,330
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,289,064	1,361,432

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

Eduardo Sergio Elsztain  
President

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

UNAUDITED STATEMENTS OF INCOME  
For the six-month periods beginning on  
July 1, 2002 and 2001  
and ended December 31, 2002 and 2001  
In thousands of pesos

	December 31, 2002 (Notes 1 and 2)
Mortgages, leases and services	20,76
Cost of sales, leases and services (Schedule F)	(21,390)
GROSS (LOSS) - INCOME	(623)
Selling expenses (Schedule H)	(620)
Administrative expenses (Schedule H)	(3,902)
SUBTOTAL	(4,522)
Loss from operations and holding of real estate assets	(775)
OPERATING INCOME	(5,920)
Financial results, net (Note 8)	107,27
Equity in earnings of controlled and affiliated companies (Note 10 c.)	27,73
Other income and (expenses),net (Note 9)	(1,002)
INCOME - (LOSS) BEFORE TAXES	128,08
Income tax and asset tax (Note 2 g. and h.)	(1,036)
INCOME - (LOSS) FOR THE PERIOD	127,04

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



Eduardo Sergio Elsztain  
President

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

UNAUDITED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month periods beginning on

July 1, 2002 and 2001

and ended December 31, 2002 and 2001

In thousands of pesos (Notes 1 and 2)

Items	Shareholders' con			
	Common Stock (Note 11)	Treasury stock (Note 11)	Inflation adjustment of common stock	Infl adjust treasur
Balances as of beginning of the year	207,412	4,588	264,951	
Distribution resolved by the Ordinary and Extraordinary Shareholders' Meeting on November 5, 2002:				
- Distribution of Company shares:	4,588	(4,588)	5,863	(5
Income - (Loss) for the period	-	-	-	
Balances as of December 31, 2002	212,000	-	270,814	
Balances as of December 31, 2001	207,412	4,588	264,942	

Items	Reserved Earnings		Total as of December 31, 2002	T De
	Legal reserve	Retained earnings		
Balances as of beginning of the year	19,304	(553,838)	513,578	
Distribution resolved by the Ordinary and Extraordinary Shareholders' Meeting on November 5, 2002:				
- Distribution of Company shares:	-	-	-	
Income - (Loss) for the period	-	127,049	127,049	
Balances as of December 31, 2002	19,304	(426,789)	640,627	
Balances as of December 31, 2001	19,304	(116,067)	-	

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

Eduardo Sergio Elsztain  
President

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

UNAUDITED STATEMENTS OF CASH FLOWS (1)  
For the six-month periods beginning on  
July 1, 2002 and 2001  
and ended December 31, 2002 and 2001  
In thousands of pesos

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CASH FLOWS FROM OPERATING ACITIVITES:

- Income- (Loss) for the period
- ADJUSTMENTS TO RECONCILE NET LOSS TO CASH FLOW FROM OPERATING ACTIVITIES:
  - o Equity in earnings of controlled and affiliated companies
  - o Loss from operations and holding of real estate assets
  - o Allowances and provisions
  - o Amortization and depreciation
  - o Financial results
  - o Income tax and asset tax
- CHANGES IN ASSETS AND LIABILITIES:
  - o (Increase ) Decrease in current investments
  - o Increase in non-current investments
  - o Decrease in mortgages and leases receivables
  - o Decrease (Increase) in other receivables
  - o Decrease in inventory
  - o Decrease in intangible assets
  - o (Decrease) Increase in taxes payable, salaries and social security and customer advances
  - o Decrease in accounts payable
  - o Increase in accrued interest
  - o Cash dividends received
  - o (Increase) Decrease in other liabilities

NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES:

- o Decrease from equity interest in subsidiary companies and equity investees
- o Increase from equity interest in subsidiary companies and equity investees
- o Payment for acquisition of undeveloped parcels of land
- o Cash acquired from mergers
- o Loans granted to related parties
- o Purchase and improvements of fixed assets

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## NET CASH USED IN INVESTING ACTIVITIES

### CASH FLOWS FROM FINANCING ACTIVITIES:

- o Proceeds from loans
- o Payment of loans
- o Increase in intangible assets
- o Payment of seller financing

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

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CASH AND CASH EQUIVALENTS AS OF BEGINNING OF PERIOD

-----  
CASH AND CASH EQUIVALENTS AS OF END OF PERIOD  
=====

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

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

Eduardo Sergio Elsztain  
President

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## IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

### UNAUDITED STATEMENTS OF CASH FLOWS (CONTINUED)

For the six-month periods beginning on

July 1, 2002 and 2001

and ended December 31, 2002 and 2001

In thousands of pesos

### SUPPLEMENTAL CASH FLOW INFORMATION

#### NON-CASH ACTIVITIES:

- o Increase in inventory through a decrease in fixed assets
- o Increase in fixed assets through a decrease in inventory
- o Increase in undeveloped parcels of land through a decrease in inventory
- o Decrease in other receivables through an increase in Convertible Bond APSA 2006
- o Increase in fixed assets through an increase in mortgages payable
- o Decrease in short and long term debt through a decrease in other receivables
- o Increase in non current investments through a decrease in other receivables
- o Assets acquired from mergers
- o Increase in investments through a decrease in mortgages receivables
- o Decrease in mortgages receivables through trust
- o Increase in other receivables through a decrease in mortgages receivables

Eduardo Sergio Elsztain  
President

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
For the six-months periods beginning on  
July 1, 2002 and 2001  
and ended December 31, 2002 and 2001  
In thousands of pesos

NOTE 1: BASIS FOR THE PRESENTATION

a) Disclosure criteria

In compliance with the provisions of Resolution No. 368/01, 372/01 and 398/02 of the Argentine Securities Commission, these financial statements are stated in thousands of Argentine pesos and have been prepared in line with the valuation and disclosure criteria contained in Technical Resolutions No. 4, 5, 6, 8, 9, 10, 12 and 13 of the Argentine Federation of Professional Councils of Economic Sciences (the "F.A.C.P.C.E."), and according to the provisions of the aforementioned Resolutions.

The financial statements for the six-month periods ending 31 December 2002 and 2001 have not been audited. The Company's management considers that they include all the necessary adjustments to reasonably present the financial result for the periods referred to.

The financial result for the period ended 31 December 2002 does not necessarily reflect the net income for the year.

The present financial statements must be readen considering the circumstances mentioned in Note 1 to the unaudited consolidated financial statements.

b) Recognition of the effects of inflation

The financial statements have been prepared in constant currency, reflecting the overall effects of inflation through August 31, 1995. As

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from that date, in accordance with professional accounting standards and the requirements of the control authorities, restatement of the financial statements was discontinued until December 31, 2001. As from January 1, 2002, in accordance with Resolution No. 3/2002 of the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires and Resolution No. 415 of the National Securities Commission, the effects of inflation are being recognized in the financial statements. To this end, the restatement method established by Technical Pronouncement No. 6 of the F.A.C.P.C.E. has been followed.

As a consequence of the above, the Company's financial statements are presented in constant currency of December 31, 2002, having considered that the accounting measurements restated by the change in the purchasing power of the currency until August 31, 1995 and those arising between that date and December 31, 2001 are stated in currency of the latter date.

The above restatement was made applying the coefficients prepared based on the domestic wholesale price index.

For purposes of comparison, the figures corresponding to the six-month period ended December 31, 2001 have been restated as of December 31, 2002.

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### IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 1: (Continued)

#### c) Issuance of new technical pronouncements

The Professional Council in Economic Sciences of the Autonomous City of Buenos Aires approved Technical Pronouncements No. 16 "Conceptual framework for professional accounting standards" ; No. 17: "Professional accounting standards: development of some general application issues", No. 18 : "Professional accounting standards: development of some particular application issues" and No. 19 "Amendments to Technical Pronouncements Nos. 4, 5, 6, 8, 9, 11 and 14" and 20: "Derivatives and hedging transactions", through Resolutions C 238/01, C 243/01, C 261/01, C 262/01 and C 187/02, respectively; establishing that those Technical Pronouncements and amendments to them will come into force for fiscal years commencing as from July 1, 2002, (except for Technical Pronouncements No. 20, whose effective date tallies with the financial years commencing 1 January 2003).

The National Securities Commission, through Resolution 434/02, has adopted the Technical Resolutions referred to with certain exceptions and modifications, which shall apply to the financial years commencing on 1 January 2003. Consequently, the Company has prepared these financial statements in accordance with Resolutions 368/01, 372/01 and 398/02, as detailed in Note 1.a); such Resolutions do not envisage these changes and differ with the provisions contained in the accounting standards currently in force.

The main amendments to the new Technical Pronouncements, which would mean significant adjustments being made to the Company's financial

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statements, are related to the recognition of income tax according to the deferred tax method and of the interest rate swap contract at the subsidiary Alto Palermo S.A.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the principal accounting policies followed by the Company in the preparation of the financial statements, Which have been applied consistently with regard to the same period of the previous year.

#### a. Investments

##### a.1. Current investments

Current investments include time deposits, which are valued at their cost plus accrued interest and mutual funds, which are carried at market value.

Time deposits have original maturities of three months or less. Unrealized gains and losses on time deposits and mutual funds are included in Financial Results, net, in the Statements of Income.

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## IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

### NOTE 2: (Continued)

#### a. Investments (Continued)

##### a.1. Current investments (Continued)

Current investments also include equity securities, government bonds and stock. Unrealized gains and losses on government bonds, equity securities and stock are also included in Financial Results, net, in the Statements of Income.

Generally, these investments represent securities traded on a National Securities Exchange, which are valued at the last reported sales price net of estimated selling expenses.

##### a.2. Non-current investments

###### a.2.1. Equity investments

Equity investments in controlled and affiliated companies have been accounted for under the equity method, in accordance with the provisions of Technical Resolution No. 5 of the F.A.C.P.C.E., except for the recently acquired related company Valle de las Lenas S.A., which for the time being has been valued at its acquisition cost, adjusted for

inflation at the end of the period, as defined in Note 1.b).

Equity investments in less than 20% of the capital stock in companies in which the Company does not exercise significant influence are generally carried at market value, recognizing realized gains and losses in earnings, and if these do not exist, at their acquisition cost.

The value paid for the purchase of shares in controlled and affiliated companies over or under their equity value at the date of acquisition was recognized as positive or negative goodwill, which is amortized over ten periods.

The Company presents consolidated financial statements with its subsidiaries.

a.2.2. Participation certificates

The certificates of participation in IRSA I financial trust have been valued at their acquisition cost plus accrued interest in the case of classes A, B and C, and at the cost resulting from apportioning the participation certificate holding to the trust assets in the case of class D.

a.2.3. Investments in debt securities

The investment in APSA's Convertible Bonds has been valued at cost, applying the exchange rate in force at period end, plus accrued interest.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 2: (Continued)

a. Investments (Continued)

a.3. Undeveloped parcels of lands

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

Land held for development and sale and improvements are stated at cost adjusted for inflation at the end of the period, as defined in Note 1.b), or estimated net realizable value, whichever is lower. Land and

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land improvements are transferred to inventories when construction commences.

At the end of the previous fiscal year, as mentioned in Note 2.m., the Company set up provisions for impairment of certain plots (identified as Santa Maria del Plata and Torres Jardin IV).

The accounting value of plots of land, net of provisions set up, does not exceed estimated recoverable value.

### b. Inventory

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

Residential, office and other non-retail properties completed or under construction are stated at cost, adjusted for inflation at the end of the period, as defined in Note 1.b), or estimated net realizable value, whichever is lower. Costs include land and land improvements, direct construction costs, construction overhead costs, interest on indebtedness and real estate taxes. Selling and advertising costs are deferred and charged to expense in the period in which the related revenue is earned, as determined under the percentage-of-completion method. Total contract costs are charged to expense in the period in which the related revenue is earned, as determined under the percentage-of-completion method. No interest costs were capitalized during the period ended December 31, 2002 and 2001.

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

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## IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

### NOTE 2: (Continued)

### b. Inventory (Continued)

At the end of the previous fiscal year, as mentioned in Note 2.m, the Company set up provisions for impairment of certain inventories (identified as Avda. Madero 1020, Rivadavia 2768, Constitucion 1111, Terrenos de Caballito, Padilla 902 and parking lots in Dock 13).

The accounting value of inventories, net of provisions set up, does not exceed estimated recoverable value.

### c. Fixed assets

Fixed assets, net comprise primarily of rental properties and



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other property and equipment held for use by the Company.

Fixed assets value, net of provisions set up, does not exceed estimated recoverable value.

o Rental properties

Rental properties are carried at cost, adjusted for inflation at the end of the period, as defined in Note 1.b), less accumulated depreciation. Costs incurred for the acquisition of the properties are capitalized. Accumulated depreciation is computed under the straight-line method over the estimated useful lives of the assets, which generally are estimated to be 50 periods for buildings. Expenditures for ordinary maintenance and repairs are charged to operations in the period incurred. Significant renovations and improvements, which improve or extend the useful life of the asset are capitalized and depreciated over its estimated remaining useful life. At the time depreciable assets are retired or otherwise disposed of, the cost and the accumulated depreciation of the assets are eliminated from the accounts and the resulting gain or loss is disclosed in the statement of results.

The Company capitalizes interest on long-term construction projects. No interest costs were capitalized during the period ended December 31, 2002 and 2001.

At the end of the previous fiscal year, as mentioned in Note 2.m, the Company set up provisions for impairment of certain rental properties (identified as Libertador 498, Maipu 1300, Avda. Madero 1020, Suipacha 652, Laminar Plaza, Reconquista 823, Constitucion 1111, Dock 2 M10- Building C-. Libertador 602, Dock 2 M10 -Building A-, Avda. Madero 942, Avda. de Mayo 595, Costeros Dique IV and Sarmiento 517).

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 2: (Continued)

c. Fixed assets (Continued)

o Software obtained or developed for internal use

The Company capitalizes certain costs associated with the development of computer software for internal use. Costs capitalized during the period ended December 31, 2002 and 2001 were not material. These costs are being amortized on a straight-line basis

over a period of 3 periods.

- o Other properties and equipment

Other property and equipment properties are carried at cost, adjusted for inflation at the end of the period, as defined in Note 1.b), less accumulated depreciation. Accumulated depreciation is computed under the straight-line method over the estimated useful lives of the assets, as specified below:

Asset	Estimated useful life (periods)
Leasehold improvements	On contract basis
Facilities	10
Machinery and equipment	10
Furniture and fixtures	5
Computer equipment	3

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

- d. Intangible assets

Intangible assets are carried at cost, adjusted for inflation at the end of the period as defined in Note 1.b), less accumulated depreciation.

- o Deferred Financing Cost

Expenses incurred in connection with the issuance of debt and proceeds of loans have been deferred and are being amortized using the interest method over the life of the related issuances. In the case of repurchase of this notes, the related expenses are amortized using the proportional method.

- o Selling and advertising expenses

Expenses incurred relating to the marketing of developing properties, including advertising, commissions and other expenses, are charged to expense in the period in which the related revenue is earned, as determined under the percentage-of-completion method.

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e. Foreign currency assets and liabilities

Assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at period end.

Transactions denominated in foreign currencies are translated into pesos at the prevailing exchange rates on the date of transaction settlement. Foreign currency transaction gains and losses are recorded within Financial Results, net.

Pursuant to Decree No. 214/02, assets and debts in U.S. dollars or other foreign currencies in the Argentine financial system as of January 6, 2002, were converted to pesos at the rate of exchange of Ps. 1 per US\$ 1 and were adjusted by a reference stabilization index (CER).

f. Monetary assets and liabilities

Monetary assets and liabilities are stated at their face value plus or minus the related financial gain or loss.

g. Income tax

The Company has determined its income tax charge at the 35% rate in force in all periods presented.

The taxable results for the period ended December 31, 2002, determined according to the to Argentine income tax law, showed a taxable income of approximately Ps. 48.4 million.

As of December 31, 2002, the Company had accumulated tax loss carryforwards of approximately Ps. 323 million, which expire in the year 2007.

NOTE 2: (Continued)

h. Asset tax

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During the period ended June 30, 1999, Law 25,063 set out the asset tax for four fiscal periods. This tax supplements the income tax, because while the latter is levied on the taxable income for the period, the asset tax is levied on the potential yield of certain assets at a 1% rate, and the Company's tax liability is the higher of both taxes.

Law 25,360 modified Law 25,063 by extending the term of application to ten fiscal periods.

Any excess of the asset tax over and above the income tax in a given fiscal period may be considered as a payment on account of the income tax to be generated in the next ten periods (in excess of the asset tax).

As of December 31, 2002 the Company has estimated the applicable asset tax and has reflected the portion it estimates it will be able to offset in future periods in line with the rules in force under other (current and non-current) receivables, charging the remaining portion to income currently.

i. Customer advances

Customer advances represent payments received in advance in connection with the sale and rent of properties.

j. Provisions for allowances and contingencies

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

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

### NOTE 2: (Continued)

j. Provisions for allowances and contingencies (Continued)

The Company has certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving labor and other matters. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date, the Company's estimates of the outcomes of these matters and the Company's lawyers' experience in contesting, litigating and settling other matters. As the scope of the liabilities becomes better defined, there may be changes in the estimates of future costs, which could have a material effect on the Company's future results of operations and financial condition or liquidity.

k. Advertising expenses

The Company generally charges the advertising and publicity expenses to results when they are incurred, except for the advertising and publicity expenses related to the sale of real estate projects. Advertising and promotion expenses were approximately Ps. 128 and Ps. 698 thousand for the period ended December 31, 2002 and 2001, respectively.

l. Pension information

The Company does not maintain any pension plans. Argentine laws provide for pension benefits to be paid to retired employees from government pension plans and/or privately managed funds plan to which employees may elect to contribute.

m. Impairment of long-lived assets

The Company regularly evaluates its non-current assets for recoverability. The Company considers that impairment losses arise when the recoverable value is lower than book value. Impairment losses must be appropriated to the result for the period. The recoverable value is mainly determined using independent estimates or projections of future cash flows. At the end of the previous fiscal year, due to the progressive deterioration of the Argentine economy and the impact on the Company's revenue of the measures adopted by the National Government mentioned in Note 1 to the unaudited consolidated financial statements, the Company has reevaluated the recoverable value of its non-current assets, recording an impairment loss as the valuation of certain assets has exceeded the estimated recoverable value.

n. Financial derivatives

The Company uses various financial derivatives to hedge its net investment in foreign operations and as a complement to reduce its global financial costs.

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 2: (Continued)

## n. Financial derivatives (Continued)

The Company does not engage in trading or other speculative use of these financial instruments. Additionally, the Company has not used financial instruments to hedge transactions foreseen or firm commitments. To be eligible for hedging, the Company must be exposed to currency or interest rate risk, and the financial instrument must reduce the exposure and be designated as such. In addition, for hedging purposes, the significant characteristics and expected terms of the planned transaction must be identified and the expected transaction must be probable. Financial instruments that can be recorded as hedging instruments must maintain a high correlation between the hedging instrument and the item being hedged at the beginning and during the entire hedging period.

The Company formally documents all the relationships between hedging instruments and hedged items, as well as its risk management objective and strategy before embarking on hedging transactions. This process includes detailing all the derivatives designated for hedging of specific assets and liabilities in the balance sheet or specific firm commitments or planned transactions. The Company also evaluates both at the beginning of the hedging transaction and on an ongoing basis whether the derivatives used in hedging transactions are very effective to offset fluctuations in the market values or cash flows of the items hedged. If it is determined that a derivative is not very effective for hedging or that it has stopped being an effective cover, the Company would discontinue the recording of such hedging instrument in the future.

## - Foreign currency forward-exchange contracts

In accordance with the Company's risk management policies, it uses long-term foreign currency purchase and sale contracts as a supplement to reduce its overall financial costs as well as to administer its exposure regarding net investments in financial transactions.

Foreign currency forward-exchange contracts entered into by the Company generally mature within one period. Premiums on foreign currency forward-exchange contracts are amortized over the life of the respective contracts.

## - Interest rate swaps

Interest rate swaps are used to hedge interest rate exposure. Interest rate swaps are recognized on an accrual basis, recording the net amount receivable or payable as an adjustment to the interest rate expense. The accrued amount receivable or payable is

included as an adjustment to the interest expense. Upon expiry or termination of a swap, the net income or loss realized or pending realization is recognized over the remaining original term if the hedged item remains unpaid, or immediately if the underlying hedged item is not unpaid. If the swap has not expired, or if it expires before maturity, but the underlying hedged item is no longer unpaid, the unrealized income or loss on the interest swap is immediately recognized.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 2: (Continued)

o. Shareholders' equity

Opening balances and account movements are stated in the currency of the month to which they correspond, restated as mentioned in Note 1.b).

p. Results for the period

The results for the period are shown as follows:

- Income accounts are shown in currency of the month to which they correspond, and have been restated as mentioned in Note 1.b).
- Charges for assets consumed (fixed asset depreciation, intangible asset amortization and cost of sales) were determined based on the values recorded for such assets.
- Financial gains and losses are included in Note 8, broken down to show those generated by assets and by liabilities.
- Income - (loss) from investments in controlled and affiliated companies was calculated under the equity method, by applying the percentage of the Company's equity interest to the income - (loss) of such companies.

q. Estimations

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses for the period. Estimates are used when accounting for the depreciation, amortization, impairment of long-lived assets, income taxes and contingencies. Future actual results could differ from the estimates and assumptions prepared at the date of these financial statements.

r. Revenue recognition

r.1. Sales of properties

The Company records revenue from the sale of properties classified as inventory when all of the following criteria are met:

- o the sale has been consummated;
- o there is sufficient evidence to demonstrate the buyer's ability and commitment to pay for the property;
- o the Company's receivable is not subject to future subordination; and
- o the Company has transferred the property to the buyer.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 2: (Continued)

r. Revenue recognition (Continued)

r.1. Sales of properties (Continued)

The Company uses the percentage-of-completion method of accounting with respect to sales of development properties under construction effected under fixed-price contracts. Under this method, revenue is recognized based on the ratio of costs incurred to total estimated costs applied to the total contract price. The Company does not commence revenue and cost recognition until such time as the decision to proceed with the project is made and construction activities have begun. The percentage-of-completion method of accounting requires the Company's management to prepare budgeted costs in connection with sales of properties/units. All changes to estimated costs of completion are incorporated into revised estimates during the contract period.

r.2. Leases

Revenues from leases are recognized over the life of the related lease contracts. All revenues are presented net of taxes levied on sales.

s. Cash and cash equivalents

The Company considers all highly liquid investments with original maturities of three months or less, consisting primarily of time deposits, to be cash equivalents.

t. Result from operations and holding of real estate



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The results from operations and holding of real estate assets include the results provided by the valuation and sale of shares in real estate investment companies.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 3: MORTGAGES AND LEASES RECEIVABLES

The breakdown for this item is as follows:

	December 31, 2002	
	Current	Non-current
Mortgages and leases receivable	1,220	302
Debtors under legal proceedings	1,563	-
Intercompany (Note 10 a.)	2,259	-
Less:		
Allowance for doubtful accounts (Schedule E)	(781)	-
	4,261	302

As of December 31, 2002, current and non-current receivables from the sale of real estate are secured by first degree mortgages in favor of the Company.

NOTE 4: OTHER RECEIVABLES

The breakdown for this item is as follows:

	December 31, 2002	
	Current	Non-current
Asset tax (Note 2 h.)	2,003	11,635

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Value Added Tax (VAT)	1,263	-
C.N. Hacoaj Project	-	-
Intercompany (Note 10 a.)	36,894	136
Services to be billed	130	-
Guarantee deposits	-	38
Expenses to recover	361	-
Gross sales tax	4	-
Income tax prepayments and withholdings	-	-
Operating pending settlement	244	-
Trust accounts receivable	-	361
Credit Fiscal Certificates	2,141	-
Other	1,452	-
	-----	-----
	44,492	12,170
	=====	=====

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 5: INVENTORY

The breakdown for this item is as follows:

	December 31, 2002	
	-----	-----
	Current	Non-current
	-----	-----
Real estate for sale	1,805	1,206
	-----	-----
	1,805	1,206
	=====	=====

El value recorded at December 31, 2002 includes the valuation allowance, as mentioned in Note 2.b.

NOTE 6: SHORT AND LONG TERM DEBT

The breakdown for this item is as follows:

	December 31, 2002	
	-----	-----
	Current	Non-current
	-----	-----
Bank loans (2)	-	171,870
Bank loans - Accrued interest (2)	778	-
Negotiable Obligations - 2009 principal amount (3)	-	125,970
Negotiable Obligations - 2009 -accrued interest (3)	479	-
Convertible Negotiable Obligations - 2007 principal	-	337,000

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amount (1)		
Convertible Negotiable Obligations - 2007 accrued interest (1)	3,520	-
Other financial loans	-	-
	4,777	634,840
	4,777	634,840

1. According to Note 13, these tally with the Negotiable Bonds convertible to stock (CNB) for a total amount of U\$S 100 million.
2. In November 2002, The Company obtained an unsecured loan for a total of U\$S 51 million, which falls due on 20 November 2009, with the principal being amortized in 20 quarterly installments with a two-year grace period. U\$S 35 million of the principal accrue interest at the LIBO rate over three months plus 200 basis points, and U\$S 16 million accrue interest at a fixed rate that is progressively increased. At 31 December 2002, it accrues a fixed annual interest rate of 5.50% plus an annual LIBO of 1.42%. Interest is payable on a quarterly basis.

The terms of the loan require the Company to maintain certain financial covenants and conditions, specific debt/equity ratios, moreover, they also restrict certain investments, the making of payments, the procurement of new loans and the sale of certain assets and other capital investments.

3. In November 2002, the Board of Directors of the Company approved the issue of Negotiable Bonds secured by the assets described in Note 12.c. for U\$S 37.4 million, which mature on 20 November 2009, and have quarterly interest payments at the LIBO rate over three months plus 200 basis points. At 31 December 2002 these accrue an annual interest of 1.42% at the LIBO rate.

The terms of the loan require the Company to maintain certain financial covenants and conditions, specific debt/equity ratios; they also restrict certain investments, the making of payments, the procurement of new loans and the sale of certain assets and other capital investments.

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 7: OTHER LIABILITIES

The breakdown for this item is as follows:

December 31, 2002	
Current	Non-current

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Seller financing	1,031	-
Intercompany (Note 10 a.)	424	-
Guarantee deposits	624	599
Provision for discounts (Schedule E)	5	-
Provision for lawsuits (Schedule E)	288	-
Fees payable	-	-
Directors' deposits	-	8
Fund administration	-	-
Operating pending settlement	118	-
Collections on behalf of third parties	48	-
Other	287	-
	-----	-----
	2,825	607
	=====	=====

NOTE 8: FINANCIAL RESULTS, NET

The breakdown for this item is as follows:

FINANCIAL RESULTS GENERATED BY ASSETS:

Interest income  
Exchange loss  
Loss on exposure to inflation  
Gain - (Loss) on financial operations

Decemb  
2  
-----  
-----  
-----  
-----

FINANCIAL RESULTS GENERATED BY LIABILITIES:

Discounts  
Exchange gain  
Gain on exposure to inflation  
Financial expenses (Schedule H)

-----  
-----  
-----  
=====

FINANCIAL RESULTS, NET

NOTE 9: OTHER INCOME AND EXPENSES, NET

The breakdown for this item is as follows:

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	December 31, 2002	Decemb 20
	-----	-----
OTHER INCOME:		
Other	54	
	-----	
	54	
	-----	
OTHER EXPENSES:		
Unrecoverable VAT	(388)	
Donations	(115)	
Debit and credit tax	(462)	
Other	(91)	
	-----	
	(1,056)	
	-----	
TOTAL OTHER INCOME AND EXPENSES, NET	(1,002)	
	=====	=====

NOTE 10: BALANCES AND TRANSACTIONS WITH INTERCOMPANY

- a. The balances as of December 31, 2002 and 2001 with controlled, affiliated and related companies are as follows:

	December 31, 2002
	-----
ABRIL S.A.	
Current mortgages and leases receivables	7
Other current receivables	-
ALTERNATIVA GRATIS S.A.	
Current mortgages and leases receivables	2
ALTO PALERMO S.A.	
Current mortgages and leases receivables	844
Other current receivables	-
Current accounts payable	320
Other current liabilities	352
ALTOCITY.COM S.A.	
Current mortgages and leases receivables	74
BALDOVINOS S.A.	
Current mortgages and leases receivables	609
Non-current mortgages receivables	-
Other current liabilities	37
BANCO HIPOTECARIO S.A.	
Current investments	5,503

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

## NOTE 10: (Continued)

	December 31, 2002	Decembe 200
	-----	
BANCO DE CREDITO Y SECURITIZACION S.A.		
Non-current investments	6,956	
CRESUD S.A.C.I.F.		
Current mortgages and leases receivables	-	
Current accounts payable	-	
DOLPHIN FUND MANAGEMENT S.A.		
Current mortgages and leases receivables	1	
Current accounts payable	3	
FIBESA S.A.		
Current accounts payable	2	
HOTELES ARGENTINOS S.A.		
Current mortgages and leases receivables	-	
Current accounts payable	2	
INVERSORA BOLIVAR S.A.		
Current mortgages and leases receivables	706	
Other current receivables	519	
IRSA INTERNATIONAL LTD.		
Other current liabilities	-	
LLAO LAO RESORTS S.A.		
Other current liabilities	35	
PALERMO INVEST		
Other current receivables	5,336	
MANAGERS, DIRECTORS AND OTHER STAFF OF THE COMPANY		
Other current receivables	134	
Other non-current receivables	136	
RED ALTERNATIVA S.A.		
Current mortgages and leases receivables	15	
RITELCO S.A.		
Other current receivables	30,905	
Other current liabilities	-	
SAPSA		
Current mortgages and leases receivables	-	

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TARSHOP S.A.  
Current mortgages and leases receivables

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 10: (Continued)

- b. Gain - (Loss) on controlled, affiliated and related companies during the periods ended December 31, 2002 and 2001 are as follows:

	Period	Sales and service fees	Alquileres ganados	Recovery of expenses	In E
INTERCOMPANY					
Alto Palermo S.A.	2002	-	-	-	
	2001	-	-	-	
Altocity.Com S.A.	2002	-	44	-	
	2001	-	124	-	
Alternativa Gratis S.A.	2002	-	-	-	
	2001	-	185	-	
Palermo Invest S.A	2001	-	-	-	
Cresud S.A	2002	-	-	-	
	2001	-	-	-	
Red Alternativa S.A.	2002	-	51	44	
Tarshop S.A.	2002	-	11	-	
Dolphin Found Management S.A.	2002	-	-	-	
Abril S.A.	2002	5	-	-	
	2001	78	-	-	
Llao Llao Resorts S.A.	2002	-	-	-	
Prestamos al personal	2002	-	-	-	
	2001	-	-	-	
Total 2002		5	106	44	
Total 2001		78	309	-	

- c. The composition of intercompany gain - (loss) is as follows:

Income  
-----  
December 31, 200  
-----

Equity in earnings of controlled and affiliated companies	27,91
Amortization of intangible assets and investments	(188
	-----
	27,73
	=====

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
 NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 11: COMMON STOCK

a. Common stock

As of December 31, 2002, IRSA's capital stock was as follows:

		Approved by
		-----
	Par Value	Body
-----		
Shares issued for cash	-	First Meeting for IRSA's Incorporation 04.
Shares issued for cash	16,000	Extraordinary Shareholders' Meeting 11.
Shares issued for cash	16,000	Extraordinary Shareholders' Meeting 04.
Shares issued for cash	40,000	Extraordinary Shareholders' Meeting 04.
Shares issued for cash	41,905	Extraordinary Shareholders' Meeting 10.
Shares issued for cash	2,000	Extraordinary Shareholders' Meeting 10.
Shares issued for cash	74,951	Extraordinary Shareholders' Meeting 10.
Shares issued for cash	21,090	Extraordinary Shareholders' Meeting 04.
Shares issued for cash	54	Board of Directors' Meeting 05.
	-----	
	212,000	
=====		

At 31 December 2002 the losses recorded by the Company absorbed over 50% of the capital and reserves. Article 206 of the Company Law establishes a compulsory capital reduction under such circumstances. However, owing to the crisis currently affecting the Republic of Argentina, and through Decree 1269, the National Executive Branch suspended the enforcement of this article until 10 December 2003.

The Ordinary and Extraordinary Shareholder's Meeting held on 5 November 2002 and its recess held on 27 November 2002, approved the distribution of 4,587,285 treasury stock proportionately with the shareholders' holdings and, in accordance with the resolution issued by the Board of Directors on 11 December 2002, such stock was made available to the shareholders as from 19 December 2002.

b. Treasury stock



The Company repurchases periodically outstanding ordinary shares when it considers that their price is undervalued on the market.

During the six - month period ended December 31, 2002 and 2001 no treasury shares were bought.

c. Restriction on the distribution of profits

In accordance with the Argentine Corporations Law and the Company's By-laws, 5% of the net and realized profit for the period calculated in accordance with Argentine GAAP plus (less) prior period adjustments must be appropriated by resolution of the shareholders to a legal reserve until such reserve equals 20% of the Company's outstanding capital. This legal reserve may be used only to absorb losses.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

NOTE 11: (Continued)

d. Noncontributory Management Stock Ownership Plan

On October 30, 1997, the shareholders authorized the Company to enter into a Noncontributory Management Stock Ownership Plan ("NMSOP") with eight executive officers of the Company (the "Beneficiaries"), pursuant to which the Beneficiaries were granted the right to purchase up to 24 million shares of common stock (the "Participation Shares"), at a purchase price equal to Ps. 1.0 per share, subject to the implementation of an Equity Participation Agreement ("EPA"). Under Argentine law, the Company established a special purpose trust in this connection (the "Trust").

The Beneficiaries were required to purchase the Participation Shares available, if any, within 24 months of any capital increase. The Trust has an original term of six periods. According to the terms of the NMSOP and the Trust, Beneficiaries are not entitled to receive any distributions (either in the form of shares, cash or other) from the Trust during its term, although, Beneficiaries are allowed to cause the Trust to sell their designated shares of common stock held by the Trust in certain cases. In addition, the Company was not allowed to grant any loans or otherwise assist the Beneficiaries in financing the purchase of the Participation Shares.

On April 7, 1998, the Company's shareholders, at an extraordinary shareholders' meeting, approved a capital increase of 24 million shares to permit the Beneficiaries to purchase all of the Participation Shares to which they were entitled under the EPA.

The BASE and the CNV approved the capital increase on June 4, 1999, and on August 31, 1999 the Beneficiaries acquired

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21,090,024 shares at Ps. 1.0 per share.

According to the terms of the Trust Fund, 7,718,701 shares were sold during the month of October, 2002. As a result of this transaction, at 31 December 2002, only 111,575 shares remained with the Recipients.

### NOTE 12: RESTRICTED ASSETS

- The Labor Court No55 decided the embargo of units No14 and 20 located in Sarmiento 517, property of the Company, in connection with a lawsuit in which the Company is codefendant.
- In connection with the acquisition of additional interest in Santa Maria del Plata S.A., the Company pledged 2,460,041 shares of its interest in that company to secure the balance owed until it is fully paid.
- The Company has mortgaged the following real estate: Dock 2 M10 (11) buildings A and B, Torre Jardin IV, Dock IV, Reconquista 823, 9 activity units at Suipacha 652, 58 activity units at Madero 1020 and 14 plots of the land owned in the district of Caballito, in connection with the secured negotiable bonds referred to in Note 6.2.
- In view of the acquisition of Piscis Hotel by the Company, a senior mortgage and privilege has been set up on that hotel, in favor of Banco Rio de la Plata, for a total amount of US\$ 275,000.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

### NOTE 13: NEGOTIABLE OBLIGATIONS CONVERTIBLE

On March 8, 2002, the Ordinary and Extraordinary Meeting of Shareholders resolved:

- a) Approving the issuance of Negotiable Obligations Convertible into Ordinary Shares of the company ("ONC") for up to a face value of US\$100,000,000 (one hundred million pesos), for a term of 5 (five) periods, at a fixed interest rate of 6% to 12% per annum, payable half-periodly in arrears.
- b) Approving a subscription option for the ONC holders to subscribe ordinary shares of the company at 1 (one) share per \$1 (one peso) of ONC face value, paying in cash \$1(pesos one) as subscription price, during 15 (fifteen) days after the conversion term has expired, including the corresponding capital increase.
- c) Suppressing the preferential subscription and accretion rights, or reducing the term to exercise the preference, as

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provided by section 12 of the Negotiable Obligations Law and other applicable regulations.

- d) Amending article nine (9) of the bylaws to partially adapt its contents to the market circumstances arising from the amendment approved, by replacing 1) the 20% percentage referred to in the amendment to the Bylaws, by the percentage indicated in Decree 677/01, i.e., 35%; and 2) eliminating the negotiable obligations or other convertible debt securities, as well as the warrants, from the calculation mentioned in Article Nine of the Bylaws.

The public offering and listing of the above-mentioned negotiable obligations was approved by Resolution No. 14316 of the National Securities Commission dated September 24, 2002 and the Buenos Aires Stock Exchange, authorizing the issuance for up to US\$ 100,000,000 of securities consisting of negotiable obligations convertible for ordinary shares, bearing interest at an annual rate of 8% and falling due in 2007 and which, at the time of their conversion, provide the right to options to subscribe 100,000,000 ordinary shares. Furthermore, the conversion price and the price of Warrants have been set as follows:

- a) The conversion price is 0.5571 shares (5.5713 GDS), while the price of the Warrant is 0.6686 shares (6.6856 GDS).
- b) The holder is entitled to exchange each Negotiable Obligation issued by IRSA for 1.7949 shares (0.1795 GDS) and has an option to purchase the same number of shares at the exercise price set for the Warrant.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (CONTD.)

### NOTE 13: (Continued)

As a result of the distribution of 4,587,285 treasury stock, the Company has adjusted the conversion price of its Convertible Negotiable Bonds in accordance with the terms of the issue. Thus, the conversion price of the Negotiable Bonds fell from U\$S 0.5571 to U\$S 0.54505 and the price of execution of the warrants dropped from U\$S 0.6686 to U\$S 0.6541. Said adjustment came into force on 20 December 2002.

The Convertible Negotiable Obligations and options will fall due on November 14, 2007.

The convertible negotiable bonds were underwritten in full and fully paid in cash and allocated to the restructuring or partial settlement of the Company's financial debt at the time of said underwriting. Consequently, the Company's financial debt is detailed in Note 6 to the financial statements after the restructuring and placement referred to.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

FIXED ASSETS

For the six-months periods beginning on  
July 1, 2002 and 2001  
and ended December 31, 2002 and 2001  
In thousands of pesos

SCHEDULE A

Items	Value at beginning of year	Increases and transfers	Deductions and Transfers	Value as of end of Period
Facilities	-	-	-	-
Furniture and fixtures	1,502	-	-	1,502
Computer equipment	4,031	91	-	4,122
Leasehold improvements	5,606	7	-	5,613
Real Estate:				
Alsina 934	1,763	-	-	1,763
Av. de Mayo 595	5,545	-	-	5,545

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Av. Madero 942	5,445	-	(2,734)	2,711
Constitucion 1111	580	-	-	580
Costeros Dique IV	18,057	-	-	18,057
Dique 2 M10 (1I) Edif. A	18,910	-	-	18,910
Dique 2 M10 (1I) Edif. C	5,523	-	-	5,523
Laminar Plaza	29,728	-	-	29,728
Libertador 498	43,297	12	(2,651)	40,658
Libertador 602	2,845	-	-	2,845
Madero 1020	11,643	-	(2,750)	8,893
Maipu 1300	46,896	-	-	46,896
Piscis	578	4,589	-	5,167
Puerto Madero Dock 5	-	-	-	-
Reconquista 823	21,037	-	-	21,037
Rivadavia 2768	-	-	-	-
Sarmiento 517	299	176	(176)	299
Suipacha 652	13,152	-	-	13,152
TOTAL AS OF DECEMBER 31, 2002	236,437	4,875	(8,311)	233,001
TOTAL AS OF DECEMBER 31, 2001	298,088	20,705	(18,858)	299,935

Depreciation

For the period

Items	Accumulated as of beginning of year	Increase, deductions And Transfers	Rate %	Amount (1)	Accumulated as of period end
Facilities	-	-	10	-	-
Furniture and fixtures	1,500	-	20	-	1,500
Computer equipment	3,785	1	33.33	134	3,919
Leasehold improvements	3,311	-	10	283	3,594
Real Estate:					
Alsina 934	261	-	2	14	275
Av. de Mayo 595	1,375	-	2	44	1,419
Av. Madero 942	828	(423)	2	29	405
Constitucion 1111	175	-	2	2	173
Costeros Dique IV	346	-	2	160	506
Dique 2 M10 (1I) Edif. A	786	-	2	159	945
Dique 2 M10 (1I) Edif. C	-	-	2	-	-
Laminar Plaza	1,458	-	2	228	1,686
Libertador 498	5,657	(295)	2	304	5,362
Libertador 602	336	-	2	20	356
Madero 1020	1,581	(382)	2	69	1,199
Maipu 1300	5,706	-	2	359	6,065
Piscis	-	-	2	28	28
Puerto Madero Dock 5	-	-	2	-	-
Reconquista 823	3,402	-	2	155	3,557
Rivadavia 2768	-	-	2	-	-
Sarmiento 517	42	1	2	3	45
Suipacha 652	3,087	-	2	97	3,184

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TOTAL AS OF DECEMBER 31, 2002	33,636	(1,098)	-	2,088	34
TOTAL AS OF DECEMBER 31, 2001	31,846	(2,219)	-	3,127	32

(1) The accounting application of the depreciation for the period is set forth in Schedule H.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INTANGIBLE ASSETS  
For the six-months periods beginning on  
July 1, 2002 and 2001  
and ended December 31, 2002 and 2001

In thousands of pesos

SCHEDULE B

Items	Values of origin			
	Balances as of beginning of year	Additions	Deductions	Balances as end of period
Development property expenses	436	-	(31)	4
Bank loan expenses	14,711	6,040	-	20,7
Exchange expenses	3,192	-	-	3,1
TOTAL AS OF DECEMBER 31, 2002	18,339	6,040	(31)	24,3
TOTAL AS OF DECEMBER 31, 2001	15,054	3,079	(179)	17,9

Items	Amortization			Net carryi December 31 2002
	Additions	Amount (1)	Accumulated as of end of period	
Development property expenses	-	-	176	22
Bank loan expenses	-	124	14,555	6,19
Exchange expenses	-	1,750	3,192	
TOTAL AS OF DECEMBER 31, 2002	-	1,874	17,923	6,42

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TOTAL AS OF DECEMBER 31, 2001	190	4,342	14,917
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(1) The accounting application of the amortization for the period is set forth in Schedule H.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

SHARES AND OTHER SECURITIES ISSUED IN SERIES  
 INTEREST IN OTHER COMPANIES  
 Balance Sheets as of December 31, 2002 and 2001

In thousands of pesos

SCHEDULE C

=====

Issuer and types of securities	Class	P.V.	Amount	Listing value
CURRENT INVESTMENTS				
Telecom Argentina S.A	\$	0.001	537,239	-
Bocon PRO 1	\$	0.001	13,174,419	0.0003
Banco Hipotecario S.A.	\$	0.001	2,991,155	0,0018
Patriotic Bond	\$	0.001	700,000	0,0010
Lebac	\$	0.001	40,000	-
Boden	\$	0.001	7,909	0,0010
Cedro	\$	0.001	88,541	0,0010
-----				
Total current investments as of December 31, 2002				
=====				
Total current investments as of December 31, 2001				
=====				

=====

Issuer's information (1)

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Issuer and types of securities	Main Activity	Date	Last financial statement	
			Capital stock (par value)	Income (loss for the period)
CURRENT INVESTMENTS				
Telecom Argentina S.A				
Bocon PRO 1				
Banco Hipotecario S.A.				
Patriotic Bond				
Lebac				
Boden				
Cedro				
-----				
Total current investments as of December 31, 2002				
=====				
Total current investments as of December 31, 2001				
=====				

(1) Not inform because the equity interest is less than 5%.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

SHARES AND OTHER SECURITIES ISSUED IN SERIES  
INTEREST IN OTHER COMPANIES  
Balance Sheets as of December 31, 2002 and 2001  
In thousands of pesos

SCHEDULE C (Continued)

Issuer and types of securities	Class	P.V.	Amount	Listing
NON-CURRENT INVESTMENTS				
Abril S.A.	Common 1 vote	5,000	1,320	
	Irrevoc. Contrib	-	-	
IRSA International Ltd.	Common 1 vote	0.001	-	
Pereiraola S.A.	Common 1 vote	0.001	50,000	



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	Irrevoc. Contrib.	-	-
Baldovinos S.A.	Common 1 vote	0.001	6,000
	Irrevoc. Contrib.	-	-
Palermo Invest S.A.	Common 1 vote	0.001	76,949,667
Hoteles Argentinos S.A.	Common 1 vote	0.001	7,309,273
	Irrevoc. Contrib.	-	-
Alto Palermo S.A. (ex SAMAP)	Common 1 vote	0,001	64,559,510
Buenos Aires Realty S.A.	Common 1 vote	0.001	6,000
	Irrevoc. Contrib.	-	-
Buenos Aires Trade and Finance Center S.A.	Common 1 vote	0.001	6,000
	Irrevoc. Contrib.	-	-
Argentine Realty S.A.	Common 1 vote	0.001	6,000
	Irrevoc. Contrib.	-	-
Llao - Llao Resort S.A	Common 1 vote	0.001	5,878,940
	Irrevoc. Contrib.	-	-
Banco de Credito y Securitizacion S.A.	Common 1 vote	0.001	3,187,500
Alto Invest S.A.	Common 1 vote	0.001	960
	Irrevoc. Contrib.	-	-
Ritelco S.A.	Common 1 vote	0.001	66,970,394
Valle de las Lenas S.A.	Common 1 vote	0.001	22,012,078

Total as of December 31, 2002

Total as of December 31, 2001

Issuer's information

Issuer and types of securities	Value Recorded at December 31, 2001	Main Activity
NON-CURRENT INVESTMENTS		
Abril S.A.	(17,308)	Building, development and administration of country club
	24,099	
IRSA International Ltd.	422,535	Investment
Pereiraola S.A.	7,838	Real estate and financing
	1,034	
Baldovinos S.A.	(4,988)	Real estate and building
	11,421	
Palermo Invest S.A.	131,129	Investments
Hoteles Argentinos S.A.	15,242	Hotel Libertador exploitation
	2,444	
Alto Palermo S.A. (ex SAMAP)	94,365	Real estate investments
Buenos Aires Realty S.A.	(338)	Real estate investments
	4,310	
Buenos Aires Trade and Finance Center S.A.	(301)	Real estate investments
	3,666	
Argentine Realty S.A.	(373)	Real estate investments
	4,484	
Llao - Llao Resort S.A	3,834	Hotel Llao-Llao exploitation
	1,866	
Banco de Credito y Securitizacion S.A.	6,957	Banking
Alto Invest S.A.	-	Electronic Commerce

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Ritelco S.A.	-	Investments
Valle de las Lenas S.A.	-	Turism
Total as of December 31, 2002	-	
Total as of December 31, 2001	711,916	

Issuer's information				
Last financial statement				
Issuer and types of securities	Date	Capital stock (Par value)	Income (loss) for the period	Sh
NON-CURRENT INVESTMENTS				
Abril S.A.	12.31. 2002	13,200	(3,683)	
IRSA International Ltd.	12.31. 2002			
Pereiraola S.A.	12.31. 2002	100	(47)	
Baldovinos S.A.	12.31. 2002	12	(587)	
Palermo Invest S.A.	12.31. 2002	78,251	710	
Hoteles Argentinos S.A.	12.31. 2002	9,887	7,889	
Alto Palermo S.A. (ex SAMAP)	12.31. 2002	70,000	52,773	
Buenos Aires Realty S.A.	12.31. 2002			
Buenos Aires Trade and Finance Center S.A.	12.31. 2002	12	305	
Argentine Realty S.A.	12.31. 2002			
Llao - Llao Resort S.A	12.31. 2002	11,757	3,782	
Banco de Credito y Securitizacion S.A.	06.30. 2002	62,500	(20,370)	
Alto Invest S.A.	12.31. 2002	12	(84)	
Ritelco S.A.	12.31. 2002	66,970	(8,385)	
Valle de las Lenas S.A.	02. 28. 2002	22,012	450	
Total as of December 31, 2002				
Total as of December 31, 2001				

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OTHER INVESTMENTS  
Balance Sheets as of December 31, 2002 and 2001

In thousands of pesos

SCHEDULE D

Items	Value as of Decem 31, 2002
=====	
CURRENT INVESTMENTS	
Time deposits	
Mutual funds	14
Convertible Bond APSA 2006 - Accrued interest	
Total current investments as of December 31, 2002	14
Total current investments as of December 31, 2001	
=====	
NON-CURRENT INVESTMENTS	
Constitucion 1111	
Dique IV	
Padilla 902	
Pilar	
Santa Maria del Plata	11
Terrenos de Caballito	1
Torres Jardin IV	
Subtotal	14
=====	
IRSA I Trust Exchangeable Certificates Class A	
IRSA I Trust Exchangeable Certificates Class B	
IRSA I Trust Exchangeable Certificates Class C	
IRSA I Trust Exchangeable Certificates Class D	
Convertible Bond APSA 2006	9
Subtotal	9
=====	
Art work	
Total non-current investments as of December 31, 2002	24
Total non-current investments as of December 31, 2001	
=====	

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For the six-month periods beginning on  
July 1, 2002 and 2001  
and ended December 31, 2002 and 2001

In thousands of pesos

SCHEDULE E

Items	Balances as of beginning of year	Increases (1)	Decreases	Car D
DEDUCTED FROM ASSETS:				
Allowance for doubtful accounts	1,197	-	(416)	
Provision for impairment of inventory	11,389	6,257	(17,457)	
Provision for impairment of fixed assets	41,942	-	(6,717)	
Provision for impairment of undeveloped plots of land	9,260	13,196		-
FROM LIABILITIES:				
Provisions for lawsuits	228	124	(64)	
Provisions for discounts	12	-	(7)	
TOTAL AS OF DECEMBER 31, 2002	64,028	19,577	(24,661)	
TOTAL AS OF DECEMBER 31, 2001	1,907	157	(262)	

- (1) The increase in the provision for lawsuits was allocated to the note on other expenses and the increase in the inventory valuation allowance results from the transfer of fixed assets for their subsequent sale. This does not have effects on results.

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

COST OF SALES, LEASES AND SERVICES  
For the six - month periods beginning on  
July 1, 2002 and 2001  
and ended December 31, 2002 and 2001

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In thousands of pesos

SCHEDULE F

	December 31,
=====	
I. COST OF SALES	
Stock as of beginning of year	
PLUS (LESS):	
Purchases for the period	
Expenses (Schedule H)	
Transfers to fixed assets	
Transfers from fixed assets	
Transfers to investments	
LESS:	
Reclassification from inventories sold	
Stock as of end of period	
SUBTOTAL	
PLUS	
Cost of sales - Abril S.A.	
Loss from operations and holding of real estate assets	
COST OF PROPERTIES SOLD	
II. COST OF LEASES	
Expenses (Schedule H)	
COST OF PROPERTIES LEASED	
III. COST OF FEES FOR SERVICES	
Expenses (Schedule H)	
COST OF FEES FOR SERVICES	
TOTAL COSTS OF SALES, LEASES AND SERVICES	
=====	

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

FOREIGN CURRENCY ASSETS AND LIABILITIES  
Balance Sheets as of December 31, 2002 and 2001

In thousands of pesos

SCHEDULE G

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Items	Class	Amount	Prevailing exchange rate	D
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and banks:				
Cash	U\$S	1,192,518	0,00327	(1)
Banks	U\$S	33,919	0,00327	(1)
Savings accounts	U\$S	722,991	0,00327	(1)
Checks to be deposited	U\$S	-	0,00327	(1)
Investments:				
Patriotic bond	U\$S	-	0,00327	(1)
Time deposits	U\$S	-	0,00327	(1)
Mutual Funds	U\$S	17,578,114	0,00327	(1)
Mutual Funds	Euros	25,521,652	0,00343	(1)
Convertible Bond APSA 2006	U\$S	1,250,138	0,00337	(1)
Mortgages and leases receivables	U\$S	-	0,00327	(1)
Other receivables:				
Intercompany	U\$S	10,000,000	0,00337	(1)
Services to be billed	U\$S	-	0,00327	(1)
Operations pendings to settlement	U\$S	-	0,00327	(1)
Personnel loans and prepayments	U\$S	-	0,00327	(1)
Total Current Assets		56,299,332		
<b>NON-CURRENT ASSETS</b>				
Mortgages receivable	U\$S	-	0,00327	(1)
Other receivables:				
Guarantee deposits	U\$S	-	0,00327	(1)
Personnel loans and prepayments	U\$S	-	0,00327	(1)
Investments:				
IRSA International Ltd.:				
Shares	U\$S	-	0,00327	(1)
Convertible Bond APSA 2006	U\$S	27,324,848	0,00337	(1)
Total Non-current Assets	U\$S	27,324,848		
TOTAL ASSETS AS OF DECEMBER 31, 2002	U\$S	83,624,180		
TOTAL ASSETS AS OF DECEMBER 31, 2001	U\$S	435,862,690		
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	U\$S	-	0,00337	(1)
Customer advances	U\$S	-	0,00337	(1)
Mortgages payable	U\$S	261,394	0,00337	(1)
Taxes payable	U\$S	17,525	0,00337	(1)
Short term debt	U\$S	1,417,265	0,00337	(1)
Other liabilities:				
Debt for purchase of shares	U\$S	-	0,00337	(1)
Intercompany	U\$S	-	0,00337	(1)
Guarantee deposits	U\$S	-	0,00337	(1)
Provisions	U\$S	-	0,00337	(1)
Collections on behalf of third parties	U\$S	-	0,00337	(1)
Total Current Liabilities	U\$S	1,696,184		
<b>NON-CURRENT LIABILITIES</b>				
Accounts payable	U\$S	-	0,00337	(1)
Long term debt	U\$S	188,380,007	0,00337	(1)

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Customer advances	U\$S	-	0,00337	(1)
Other liabilities:				
Debt for purchase of shares	U\$S	-	0,00337	(1)
Guarantee deposits	U\$S	-	0,00337	(1)
Directors' deposits	U\$S	-	0,00337	(1)
<hr/>				
Total Non-current Liabilities	U\$S	188,380,007		
<hr/>				
TOTAL LIABILITIES AS OF DECEMBER 31, 2002	U\$S	190,076,191		
<hr/>				
TOTAL LIABILITIES AS OF DECEMBER 31, 2001	U\$S	392,284,507		
<hr/>				

(1) Official rate of exchange quoted by Banco Nacion at December 31, 2002.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INFORMATION REQUIRED BY LAW 19,550, SECTION 64, PARAGRAPH B)

For the six-month periods beginning on

July 1, 2002 and 2001

and ended December 31, 2002 and 2001

In thousands of pesos

SCHEDULE H

Items	Total as of December 31, 2002	Cost of properties leased	Cost of
Directors' fees	92	-	
Fees and payments for services	700	-	
Salaries, bonuses and social security charges	1,647	-	
Other expenses of personnel administration	321	-	
Depreciation and amortization	3,962	1,671	
Maintenance of buildings	2,445	1,170	
Utilities and postage	7	-	
Travel expenses	54	-	
Advertising and promotion	128	-	
Fees and expenses for property sold	556	-	
Local transportation and stationery	70	-	
Taxes, rates and assessments	-	-	
Subscriptions and dues	67	-	
Interest and indexing adjustments	19,218	-	
Bank charges	199	-	
Safety box and stockbroking charges	82	-	
Doubtful accounts	-	-	
Insurance	23	-	
Security	8	-	
Courses	7	-	
Lawsuits	-	-	

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Results of trust	-	-
Rents	155	-
Other	345	-
Total as of December 31, 2002	30,086	2,841
Total as of December 31, 2001	-	4,000

Items	Expenses		Fina
	Administration	Selling	
Directors' fees	92	-	-
Fees and payments for services	700	-	-
Salaries, bonuses and social security charges	1,647	-	-
Other expenses of personnel administration	321	-	-
Depreciation and amortization	417	-	-
Maintenance of buildings	48	-	-
Utilities and postage	7	-	-
Travel expenses	54	-	-
Advertising and promotion	64	64	-
Fees and expenses for property sold	-	556	-
Local transportation and stationery	70	-	-
Taxes, rates and assessments	-	-	-
Subscriptions and dues	67	-	-
Interest and indexing adjustments	-	-	-
Bank charges	-	-	-
Safety box and stockbroking charges	72	-	-
Doubtful accounts	-	-	-
Insurance	23	-	-
Security	8	-	-
Courses	7	-	-
Lawsuits	-	-	-
Results of trust	-	-	-
Rents	155	-	-
Other	150	-	-
Total as of December 31, 2002	3,902	620	-
Total as of December 31, 2001	8,325	1,233	-

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA  
 BREAKDOWN BY MATURITY DATE OF RECEIVABLES AND LIABILITIES  
 AS OF DECEMBER 31, 2002 AND 2001

In thousands of pesos



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SCHEDULE I

	WITH MATURITY DATE								
	TO DUE								
	WITHOUT TERM	FALLING DUE	UP TO 3 MONTHS	FROM 3 TO 6 MONTHS	FROM 6 TO 9 MONTHS	FROM 9 TO 12 MONTHS	FROM 1 TO 2 PERIODS	FROM 2 TO 3 PERIODS	FROM 3 TO 4 PERIODS
2002									
Assets									
Investments	150,680	-	4,213	-	-	-	720	4,489	
Receivables	2,442	5,335	39,142	542	477	815	1,880	1,861	
Liabilities									
Loans	-	-	1,257	3,520	-	-	-	29,784	
Other liabilities	308	260	4,173	208	1,215	1,295	417	453	
2001									
Assets									
Investments	15,123	-	89	39	44	159	-	460	
Receivables	-	1,637	69,749	61,501	3,365	1,253	4,694	8,990	
Liabilities									
Loans	-	-	177,740	189,326	-	15,275	-	-	
Other liabilities	74	-	17,138	135	493	5,071	2,712	1,302	

	INTEREST			
	ACCRUED			
	TOTAL	NO ACCRUED	FIXED TERM	VARIABLE TERM
2002				
Assets				
Investments	254,857	4,241	95,223	155,393
Receivables	61,225	60,058	865	302
Liabilities				
Loans	639,617	4,777	390,920	243,920
Other liabilities	8,820	6,920	1,900	-
2001				
Assets				
Investments	37,114	17,021	4,969	15,124
Receivables	171,444	93,415	19,420	58,609
Liabilities				
Loans	382,341	2,350	58,917	321,074
Other liabilities	27,761	24,112	3,649	-

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INFORMATION REQUIRED BY SECTION 68 OF THE  
BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

1. None
2. None
3. Additional information on assets and liabilities

CONCEPT	FALLING DUE		WITH NO	TO DUE (P	
	30.09.02	30.11.02	MATURITY DATE CURRENT	31.03.03	30.06.03
<b>RECEIVABLES</b>					
Receivables for sale	-	-	-	4,131	89
Other receivables	5,335	-	2,442	35,011	453
<b>Total</b>	<b>5,335</b>	<b>-</b>	<b>2,442</b>	<b>39,142</b>	<b>542</b>
<b>LIABILITIES</b>					
Customer advances	-	-	-	248	53
Taxes payables	-	-	-	630	-
Trade accounts payable	-	-	-	2,261	-
Mortgages payable	-	-	-	(16)	(16)
Other liabilities	-	260	308	943	171
Short and long term debts	-	-	-	1,257	3,520
Salaries and social securities payables	-	-	-	107	-
<b>Total</b>	<b>-</b>	<b>260</b>	<b>308</b>	<b>5,430</b>	<b>3,728</b>

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INFORMATION REQUIRED BY SECTION 68 OF THE  
BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

3. (Continued) Stated in thousands of pesos

ITEMS	WITHOUT ANY FIXED DUE DATE (NON-CURRENT)	-----		
		31.03.04	30.06.04	30.09.04
<b>RECEIVABLES</b>				
Receivables for sale	-	29	72	17
Other receivables	-	453	453	453
Total	-	482	525	470
<b>LIABILITIES</b>				
Customer advances	-	53	53	53
Other liabilities	-	32	63	53
Short and long term debts	-	-	-	-
Total	-	85	116	106

ITEMS	-----		
	30.06.05	30.09.05	31.12.05
<b>RECEIVABLES</b>			
Receivables for sale	6	17	3
Other receivables	453	453	453
Total	459	470	456
<b>LIABILITIES</b>			
Customer advances	53	53	53
Other liabilities	96	39	106
Short and long term debts	7,446	7,446	7,446
Total	7,595	7,538	7,505

ITEMS	-----				
	31.3.06	30.6.06	30.9.06	31.12.06	31.3.06
TO MATURE (PO					

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RECEIVABLES					
Receivables for sale	21	4	4	4	27
Other receivables	453	453	453	454	6.788
Total	474	457	457	458	6.815
LIABILITIES					
Customer advances	53	50	50	50	127
Other liabilities	120	-	32	-	-
Short and long term debt	7.446	7.446	7.446	7.446	14.892
Total	7.619	7.496	7.528	7.496	15.019

ITEMS	30.9.07	31.12.09	30.9.17	TOTAL
RECEIVABLES				
Receivables for sale	-	-	-	302
Other receivables	-	-	-	12.170
Total	-	-	-	12.472
LIABILITIES				
Customer advances	-	-	-	754
Other liabilities	-	-	9	607
Short and long term debt	14.892	530.596	-	634.840
Total	14.892	530.596	9	636.201

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INFORMATION REQUIRED BY SECTION 68 OF THE  
UNAUDITED BUENOS AIRES STOCK EXCHANGE REGULATIONS  
BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

The classification of receivables and liabilities is as follows:

4-a. Breakdown by currency and maturity

ITEMS	CURRENT			LOCAL CURRENCY
	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL CURRENT	

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ACCOUNTS RECEIVABLES				
Receivables for sale	4,261	-	4,261	3
Other receivables	34,492	10,000	44,492	12,1
Total	38,753	10,000	48,753	12,4

LIABILITIES				
Customer advances	407	-	407	7
Taxes payable	775	17	792	
Trade accounts payable	2,261	.	2,261	
Mortgages payable	620	261	881	
Other liabilities	2,825	-	2,825	6
Short and long term debt	3,360	1,417	4,777	446,4
Salaries and social security payable	293	-	293	
Total	10.541	1.695	12.236	447.8

ITEMS	TOTAL	TOTAL IN LOCAL CURRENCY	TOTAL IN FOREIGN CURRENCY	TOT
ACCOUNTS RECEIVABLES				
Receivables for sale	4,563	4,563	-	
Other receivables	56,662	46,662	10,000	
Total	61,225	51,225	10,000	

LIABILITIES				
Customer advances	1,161	1,161	-	
Taxes payable	792	775	17	
Trade accounts payable	2,261	2,261	-	
Mortgages payable	881	620	261	
Other liabilities	3,432	3,432	-	
Short and long term debt	639,617	449,820	189,797	
Salaries and social security payable	293	293	-	
Total	648.437	458.362	190.075	

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BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

4-b. Breakdown by adjustment clause

ITEMS	CURRENT			WITHOUT ADJUSTMENT CLAUSE
	WITHOUT ADJUSTMENT CLAUSE	WITH ADJUSTMENT CLAUSE	TOTAL CURRENT	
<b>ACCOUNTS RECEIVABLES</b>				
Receivables	4,261	-	4,261	302
Other receivables	44,492	-	44,492	12,170
<b>Total</b>	<b>48,753</b>	<b>-</b>	<b>48,753</b>	<b>12,472</b>
<b>LIABILITIES</b>				
Customer advances	407	-	407	754
Taxes payable	792	-	792	-
Trade accounts payable	2,261	-	2,261	-
Mortgages payable	881	-	881	-
Other liabilities	2,825	-	2,825	607
Short and long term debt	4,777	-	4,777	634,840
Salaries and social security payable	293	-	293	-
<b>Total</b>	<b>12,236</b>	<b>-</b>	<b>12,236</b>	<b>636,201</b>

ITEMS	TOTAL	TOTAL WITHOUT ADJUSTMENT CLAUSE	TOTAL WITH ADJUSTMENT CLAUSE
<b>ACCOUNTS RECEIVABLES</b>			
Receivables	4,563	4,563	-
Other receivables	56,662	56,662	-
<b>Total</b>	<b>61,225</b>	<b>61,225</b>	<b>-</b>
<b>LIABILITIES</b>			
Customer advances	1,161	1,161	-
Taxes payable	792	792	-
Trade accounts payable	2,261	2,261	-
Mortgages payable	881	881	-
Other liabilities	3,432	3,432	-
Short and long term debt	639,617	639,617	-
Salaries and social security payable	293	293	-

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Total	648,437	648,437	-
-------	---------	---------	---

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INFORMATION REQUIRED BY SECTION 68 OF THE  
BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

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

	CURRENT					
	ACCRUING INTEREST		NOT- ACCRUING INTEREST	TOTAL CURRENT	ACCRUING INTEREST	
	FIXED RATE	VARIABLE RATE			FIXED RATE	VARIABLE RATE
<b>ACCOUNTS RECEIVABLES</b>						
Receivables	865	-	3,396	4,261	-	-
Other receivables	-	-	44,492	44,492	-	-
<b>Total</b>	<b>865</b>	<b>-</b>	<b>47,888</b>	<b>48,753</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>						
Customer advances	-	-	407	407	-	-
Taxes payable	-	-	792	792	-	-
Trade accounts payable	-	-	2,261	2,261	-	-
Mortgages payable	881	-	-	881	-	-
Other liabilities	1,019	-	1,806	2,825	-	-
Short and long term debt	-	-	4,777	4,777	516,890	11,000
Salaries and social security payable	-	-	293	293	-	-
<b>Total</b>	<b>1,900</b>	<b>-</b>	<b>10,336</b>	<b>12,236</b>	<b>516,890</b>	<b>11,000</b>

TOTAL	TOTAL ACCRUING	TOTAL NOT-ACCRUING	TOTAL
-------	-------------------	-----------------------	-------

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	INTEREST		INTEREST	
-----				
ACCOUNTS RECEIVABLES				
Receivables	4,563	1,167	3,396	4,563
Other receivables	56,662	-	56,662	56,662
-----				
Total	61,225	1,167	60,058	61,225
=====				
LIABILITIES				
Customer advances	1,161	-	1,161	1,161
Taxes payable	792	-	792	792
Trade accounts payable	2,261	-	2,261	2,261
Mortgages payable	881	881	-	881
Other liabilities	3,432	1,019	2,413	3,432
Short and long term debt	639,617	634,840	4,777	639,617
Salaries and social security payable	293	-	293	293
-----				
Total	648,437	636,740	11,697	648,437
=====				

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INFORMATION REQUIRED BY SECTION 68 OF THE  
BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

5. Intercompany

- a. Intercompany interest  
See Schedule C to the financial statements.
- b. Intercompany debit/credit balances (Note 10)

Current mortgages and leases receivables

	December 31, 2002
-----	
Intercompany:	
Abril S.A.	7
Alternativa Gratis S.A.	2
Alto Palermo S.A.	844
Altocity.Com S.A.	74
Baldovinos S.A.	609
Dolphin Fund Management S.A.	1
Inversora Bolivar S.A	706
Red Alternativa S.A.	15
Tarshop Sociedad Anonima	1
=====	



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Other current receivables

=====	
December 31, 2002	
-----	
Intercompany:	
Ritelco S.A.	30,905
Inversora Bolivar S.A.	519
Palermo Invest S.A	5,336
=====	

Current trade accounts payable

=====	
December 31, 2002	
-----	
Intercompany:	
Alto Palermo S.A.	320
Dolphin Fund Management S.A.	3
Fibesa S.A.	2
Hoteles Argentinos S.A.	2
=====	

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INFORMATION REQUIRED BY SECTION 68 OF THE  
BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

Other current liabilities

=====	
December 31, 2002	
-----	
Intercompany:	
Alto Palermo S.A.	352
Baldovinos S.A.	37
Llao Llao Resorts S.A.	35
=====	

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

BUSINESS OVERVIEW

In thousands of pesos

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INFORMATION REQUIRED BY SECTION 68 OF THE  
BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

6. None.
7. In view of the nature of the inventory, no physical inventories are performed and there are no frozen assets.
8. Not applicable. See Notes 2.a., 2.b., 2.c. and 2.d. to the unaudited financial statements.
9. None.
10. None.
11. None.
12. See Notes 2.a., 2.b., 2.c. and 2.d. to the unaudited financial statements.

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

BUSINESS OVERVIEW

In thousands of pesos

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

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INFORMATION REQUIRED BY SECTION 68 OF THE  
BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

13. Insured Assets.

	(3)	Insured amounts	Accounting values	Ri
Alsina 934 Capital	(3)	1,890	1,488	Fire, explosion with addi
Alsina 934 Capital	(3)	308	1,488	Third party liability with risks.
Av. de Mayo 589-99 Capital		4,662	4,126	Fire, explosion with addi
Av. Alicia M. de Justo 1714 Dock 13 Capital	(1)	17,000	53	Fire, explosion with addi
Av. Alicia M. de Justo 1714 Dock 13 Capital	(1)	555	53	Third party liability with risks.
Av. Alicia M. de Justo 750 Dock 5 Capital	(1)	16,775	-	Fire, explosion with addi
Av. Alicia M. de Justo 750 Dock 5 Capital	(1)	202	-	Third party liability with risks.
Av. Alicia M. de Justo 840 Dock 6 Capital	(1)	17,550	-	Fire, explosion with addi
Av. Alicia M. de Justo 840 Dock 6 Capital	(1)	406	-	Third party liability with risks.
Bolivar 108 e H. Yrigoyen 476 Capital		10,395	-	Fire, explosion with addi
Bolivar 108 e H. Yrigoyen 476 Capital		3,829	-	Third party liability with risks.
Constitucion 1111 Capital		460	402	Fire, explosion with addi
Constitucion 1111 Capital		1,000	402	Third party liability with risks.
Constitucion 1111 TIA Capital		3,625	402	Fire, explosion with addi
Dorrego 1916 Capital	(4)	17,430	13	Fire, explosion with addi
Dorrego 1916 Capital	(4)	506	13	Third party liability with risks.
Edificios costeros Dique 2 Este. Dockitos. P. Madero Capital		29,400	23,488	Fire, explosion with addi
Edificios costeros Dique 2 Este. Dockitos. P. Madero Capital		2,021	23,488	Third party liability with risks.
Edificios costeros Dique 4 O. Cosentini 240 Capital	(1)	17,000	17,551	Fire, explosion with addi
Edificios costeros Dique 4 O. Cosentini 240 Capital	(1)	1,002	17,551	Third party liability with risks.
F. Alcorta 3351 Palacio Alcorta Capital	(1)	30,250	-	Fire, explosion with addi
F. Alcorta 3351 Palacio Alcorta Capital	(1)	1,655	-	Third party liability with

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Gurruchaga 274 Torres Jardin III Capital	(2)	10,736	140	risks.	Fire, explosion with addi
Gurruchaga 274 Torres Jardin III Capital	(2)	601	140	risks.	Third party liability wi
ING Butty 240 Laminar Plaza Capital	(1)	47,250	28,041	risks.	Fire, explosion with addi
ING Butty 240 Laminar Plaza Capital	(1)	4,130	28,041	risks.	Third party liability wi
Libertador 450-98 Capital	(1)	67,200	34,992	risks.	Fire, explosion with addi
Libertador 450-98 Capital	(1)	3,758	34,992	risks.	Third party liability wi

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

BUSINESS OVERVIEW

In thousands of pesos

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INFORMATION REQUIRED BY SECTION 68 OF THE  
BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

13. Insured Assets (Continued)

		Insured amounts	Accounting values	Ri
Av. Libertador 602 Capital	(1)	25,200	2,488	Third party liability wi
Av. Libertador 602 Capital	(1)	1,002	2,488	risks.
Madero 1020 Capital	(1)	56,700	7,665	risks.
Madero 1020 Capital	(1)	3,283	7,665	Third party liability wi
Madero 940 Capital	(1)	36,960	3,857	risks.
Madero 940 Capital	(1)	1,315	3,857	Third party liability wi
Maipu 1270 - 1300 Capital		44,100	40,832	risks.
Maipu 1270 - 1300 Capital		2,778	40,832	Third party liability with
Padilla 870 Torres Jardin II Capital	(2)	9,450	355	risks.
Padilla 870 Torres Jardin II Capital	(2)	607	355	Third party liability wi
Reconquista 823 Capital		13,000	17,480	risks.

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Rivadavia 2768 Capital	(1)	3,610	152	Fire, explosion with addi
Rivadavia 2768 Capital	(1)	251	152	Third party liability wit risks.
Sarmiento 501	(1)	3,885	605	Fire, explosion with addi
Sarmiento 501	(1)	607	605	Third party liability wi risks.
Serrano 287 Torres Jardin I Capital	(2)	9,450	53	Fire, explosion with addi
Serrano 287 Torres Jardin I Capital	(2)	607	53	Third party liability wi risks.
Suipacha 664		31,500	9,968	Fire, explosion with addi
Suipacha 664		2,722	9,968	Third party liability wit risks.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

### BUSINESS OVERVIEW

In thousands of pesos

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

INFORMATION REQUIRED BY SECTION 68 OF THE  
BUENOS AIRES STOCK EXCHANGE REGULATIONS  
UNAUDITED BALANCE SHEET AS OF DECEMBER 31, 2002

Stated in thousands of pesos

#### General

In the case of insurance covering fire and explosion with additional coverage, the amounts insured are stated at replacement and/or reconstruction to an "as new" condition value, not including land and foundations, due to the apportionment rules.

Insured amounts correspond to units belonging to the company that are being sold, and/or units sold under mortgages not having individual policies with assigned rights.

#### Notes:

- (1) Insured amounts correspond to the total for the building. The amount insured for each co-owner is obtained by applying the percentage of co-ownership to the total insurance.
- (2) Insured amounts correspond solely to jointly held areas.

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- (3) Insurance purchased by tenants with provisions for the assignment of rights.
- (4) Insured amounts correspond to units not yet having a bill of sale.
- (5) Insured amounts correspond to common areas and partially to individual areas.

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

- 14. Not applicable.
- 15. See comments in Note 1 to the consolidated financial statements.
- 16. Not applicable.
- 17. None.
- 18. In accordance which was stipulated in loans agreements, the Company shall not distribute dividends until this obligations would be cancelled.

BUENOS AIRES, FEBRUARY 10, 2003.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

BUSINESS OVERVIEW

In thousands of pesos

- 1. BRIEF COMMENTS ON THE COMPANY'S ACTIVITIES DURING THE PERIOD, INCLUDING REFERENCES TO SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD.  
  
See attached.
- 2. CONSOLIDATED SHAREHOLDERS' EQUITY STRUCTURE AS COMPARED WITH THE SAME PERIOD FOR THE FOUR PREVIOUS YEARS.

	December 31, 2002	December 31, 2001	December 31, 2000
	-----	-----	-----
Current Assets	327,764	225,138	363,891
Non-Current Assets	1,752,954	1,340,968	1,427,584
TOTAL	2,080,718	1,566,106	1,791,475
	=====	=====	=====
Current Liabilities	128,589	493,115	351,517
Non-Current Liabilities	849,467	34,045	195,872
SUBTOTAL	978,056	527,160	547,389

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Minority interest in subsidiaries	462,035	87,616	126,981
Shareholders' Equity	640,627	951,330	1,117,106
TOTAL	2,080,718	1,566,106	1,791,476

3. CONSOLIDATED INCOME STRUCTURE AS COMPARED WITH THE SAME PERIOD FOR THE FOUR PREVIOUS YEARS.

	December 31, 2002	December 31, 2001	December 31, 2000
Operating ordinary profit	968	11,952	22,225
Financial results	147,676	(96,023)	(48,360)
Equity in earnings of affiliated companies	(2,976)	(28,188)	8,440
Other income (expenses)	10,765	(2,917)	(2,935)
GAIN BEFORE TAXES	156,433	(115,176)	(20,630)
Income tax/ asset tax	(2,601)	(3,260)	(321)
Minority interest	(26,783)	(1,133)	(1,373)
NET INCOME	127,049	(119,569)	(22,324)

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

BUSINESS OVERVIEW

In thousands of pesos

4. STATISTICAL DATA AS COMPARED WITH THE SAME PERIOD OF THE FOUR PREVIOUS YEARS.

Summary of properties sold in units and thousands of pesos.

Real Estate	Accumulated as of December 31, 2002 (1)	Accumulated as of December 31, 2001 (1)	Accumulated as of December 31, 2000 (1)
Apartments & Loft Buildings			
Torres Jardin	112	1,617	4,980
Torres de Abasto	441	4,280	9,553
Alcorta Palace	1	520	-
Concepcion Arenal and Dorrego 1916	-	107	3,109
Alto Palermo Park	914	2,598	-
Other	404	1,418	1,267

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Residential Communities			
Abril / Baldovinos	7,346	4,750	10,327
Villa Celina I, II and III	28	(51)	57
Villa Celina IV and V	-	44	2,012
Other	-	-	-
Undeveloped parcels of land			
Montserrat	-	-	1,790
Dique IV	-	-	12,220
Other			
Madero 940	1,637	-	-
Puerto Madero Dock 6	139	64	-
Libertador 498	2,296	-	-
Constitucion 1111	1,973	-	-
Av. de Mayo 701	-	-	3,085
Madero 1020	5,585	-	-
Santa Fe 1588	-	8,107	-
Other	592	127	181
	-----	-----	-----
	21,468	23,581	48,581
	=====	=====	=====

(1) Deductions on account of gross sales tax are not included.

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IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

BUSINESS OVERVIEW

In thousands of pesos

5. KEY RATIOS AS COMPARED WITH THE SAME PERIOD OF THE FOUR PREVIOUS YEARS.

	December 31, 2002		December 31, 2001		December 31, 2000
	-----		-----		-----
LIQUIDITY RATIO					
Current Assets	327,764	= 2,55	225,138	= 0,46	363,891 =
	-----		-----		-----
Current Liabilities	128,589		493,115		351,517
INDEBTEDNESS RATIO					
Total liabilities	978,056	= 1,53	527,160	= 0,55	547,389 =
	-----		-----		-----
Shareholders' Equity	640,627		951,330		1,117,106



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INCOME BEFORE INCOME TAX, TAX ON ASSETS AND MINORITY INTEREST.

	December 31, 2002		December 31, 2001		December 31, 2000
Income					
Before income tax/ Tax on assets	156,433 = 0,30		(115,176) = (0,11)		(20,630) = (0,06)
Shareholders' equity at end excluding (loss) income for the period	513,578		1,070,898		1,139,429

	December 31, 1999		December 31, 1998	
<b>LIQUIDITY RATIO</b>				
Current Assets	364,993 = 0,89		338,402 = 0,86	
Current Liabilities	408,437		395,329	
<b>INDEBTEDNESS RATIO</b>				
Total liabilities	535,062 = 0,42		585,501 = 0,49	
Shareholders' Equity	1,287,470		1,195,003	

INCOME BEFORE INCOME TAX, TAX ON ASSETS AND MINORITY INTEREST.

	December 31, 1999		December 31, 1998	
Income				
Before income tax/ Tax on assets	49,261 = 0,04		47,225 = 0,04	
Shareholders' equity at end excluding (loss) income for the period	1,247,998		1,151,972	

IQ03 Highlights, including significant operations occurred after December 31, 2002.

### I. OFFICES AND OTHER RENTAL PROPERTIES

During the six-month period ended December 31, 2002, revenues from the Company's rental portfolio reached Ps.9.6 million, as compared to Ps.26.8 million in the

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same period for fiscal year 2002. The average occupancy rate registered a rise from 69% as of September 30, 2002, to 72% as of December 31, 2002. Since the dramatic collapse of our income after the pesification of our leasing agreements income has remained pretty stable.

During this quarter, the Company sold some of its rental properties with the aim to concentrate our ownership in whole buildings.

SALE OF MADERO 1020 OFFICES - On October 31, 2002, our Company sold floor 2 and 8 parking spaces located in the office building of "Madero 1020", for US\$ 370,000.

SALE OF LIBERTADOR 498 OFFICES - On November 4, 2002, we sold floor 27, 8 parking spaces and 7 complementary units, located in the office building "El Rulero" (Libertador 498), for a total of US\$ 650,000.

The chart below presents information on the Company's offices and other rental properties as of December 31, 2002.

### OFFICES AND OTHER RENTAL PROPERTIES

	DATE OF ACQUISITION	LEASABLE AREA (M2) (1)	OCCUPANCY RATE (2)	MONTHLY RENTAL INCOME PS./000 (3)	TOTAL RENTA ENDED DECEM 2003
-----					
OFFICES					
Inter-Continental Plaza (6)	11/18/97	22,535	77%	488	3,430
Libertador 498	20/12/95	10,533	62%	213	1,224
Maipu 1300	09/28/95	10,325	73%	192	1,135
Laminar Plaza	03/25/99	6,521	90%	256	1,510
Madero 1020	12/21/95	3,075	74%	75	430
Reconquista 823/41	11/12/93	6,100	0%	0	0
Suipacha 652/64	11/22/91	11,453	45%	51	296
Edificios Costeros	03/20/97	6,389	31%	25	220
Costeros Dique IV	08/29/01	5,437	48%	51	392
Other (7)	-	3,556	45%	54	337
-----					
SUBTOTAL		85,924	59%	1,405	8,974
OTHER RENTAL PROPERTIES					
Comercial Properties (8)		4,076	98%	5	101
Other Properties (9)		34,015	100%	72	463
-----					
SUBTOTAL		38,091	100%	77	564
RELATED EXPENSES					
MANAGEMENT FEES					335
-----					
TOTAL OFFICES AND OTHER (10)		124,015	72%	1,482	9,873
-----					

#### Notes:

- (1) Total leasable area for each property. Excludes common areas and parking.
- (2) Calculated dividing occupied square meters by leasable area.
- (3) Agreements in force as of 12/31/02 were computed.

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- (4) Total consolidated leases, according to the RT4 method, reexpressed as from 12/31/02. Excludes gross income tax deduction.
- (5) Cost of acquisition, plus improvements, less accumulated depreciation, plus adjustment for inflation as of 12/31/02.
- (6) Through Inversora Bolivar S.A.
- (7) Includes the following properties: Madero 942, Av. de Mayo 595/99, Av. Libertador 602 y Sarmiento 517 (through our Company). Cumulative revenues of fiscal years 2002 and 2001 additionally include the revenues from Puerto Madero Dock 5 (fully sold). The revenues of fiscal year 2001 additionally include the revenues from Avenida de Mayo 701 and Puerto Madero Dock 6 (fully sold).
- (8) Includes the following properties: Constitucion 1111 and Alsina 934/44 (through our Company). Cumulative revenues additionally include: In fiscal years 2002 and 2001, the revenues from Santa Fe 1588 and Rivadavia 2243 (fully sold). In fiscal year 2001 the revenues from Sarmiento 580 and Montevideo 1975 (fully sold).
- (9) Includes the following properties: the Santa Maria del Plata facilities (former Ciudad Deportiva de Boca Juniors, through the Company - only rents are included since book value is reflected on the Developments table) - Thames, units in Alto Palermo Plaza and units in Alto Palermo Park (through Inversora Bolivar S.A). Cumulative revenues include: In fiscal years 2001, the revenues from Serrano 250 (fully sold).
- (10) Corresponds to the "Offices and Other Rental Properties" business unit mentioned in Note 4 to the Consolidated Financial Statements. Excludes gross income tax deduction.

### II. SHOPPING CENTERS - ALTO PALERMO S.A ("APSA")

As of December 31, 2002, our share in APSA, the leading shopping center company in Argentina, was of 49,9%. Notwithstanding, by the end of the second quarter of fiscal year 2003, we acquired 3.4 million additional shares of APSA, increasing our ownership to 54.9%.

As of December 31, 2002, total revenues were Ps.53.2 million, i.e., 56.4% less than for the same period of the previous year. The net profit for the six-month period was Ps.52.8 million, in contrast to the Ps.47.7 million loss for the same period of the previous year.

The macroeconomic context has been favorable for APSA during this quarter. The index measuring consumers' confidence reverted the negative trend shown since early 2001 to reach a 29.6% increase during the last quarter of 2002. On the other hand, retail inflation, which, during the first nine months of the year had seriously undermined consumers with a 39.7% increase during the last three months of 2002, showed a significant deceleration, reaching an additional increase of only 0.9%. Another variable which positively affected our business was the increase of tourism in Argentina. By means of strategic marketing actions, the Company was able to channel to its Shopping Centers the increased flow of tourists, a kind of public with higher purchasing power and higher average consumption.

In this way, our lessees' sales were significantly fostered during the three months ended December 31, 2002, causing them to reach their highest historic performance in nominal terms by totaling Ps.271.5 million, equivalent to 51.9% more than the invoicing during the quarter ended December 31, 2001 and 13.9% higher than the invoicing during the quarter ended December 31, 2001.

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In view of our lessees' revenues recovery, during this quarter we continue to apply the Referential Stabilization Coefficient ("CER") upon "pesified" agreements and reinstated the key money charge upon execution or renewal of lease agreements in our shopping centers.

APSA's shopping centers received approximately 65.4 million visits during the last twelve months.

At December 31, 2002, the average level of occupation of APSA shopping centers (including Mendoza Plaza) was approximately 94.1%.

### TARJETA SHOPPING

During this quarter, Tarshop S.A., the credit card company in which the Company holds an 80% interest, had a 26.4% decrease in its credit card portfolio (including securitized receivables), from Ps. 71.6 million as of December 31, 2001 to Ps. 52.8 million as of December 31, 2002. In addition, the number of card holders decreased by 1,753 during this period, amounting to 148,619.

Although Tarjeta Shopping revenues, which were affected by the Argentine financial crisis, experienced a 57.2% drop during the six month period from Ps. 27.8 million as of December 31, 2001 to Ps. 11.9 million as of December 31, 2002, Tarshop collection evidenced a 22.7% improvement in the bad debt allowance, from Ps. 7.5 million to Ps. 5.8 million, respectively. In

addition, an improvement of the situation was evidenced in this respect during the last three months of 2002 as compared to the immediately preceding quarter, as the charge decreased by 64.2%.

Tarjeta Shopping's share in credit card sales at Alto Palermo, Alto Avellaneda and Abasto de Buenos Aires as of December 31, 2002 was 4.8%, 29.4% and 16.3%, respectively. The credit cards activation rate is approximately 59%. The chart below presents information on the Company's shopping centers as of December 31, 2002.

### SHOPPING CENTERS

	DATE OF ACQUISITION	GROSS LEASABLE AREA M2 (1)	PERCENTAGE LEASED (2)	TOTAL RENTAL INCOME FOR T ENDED DECEMBE PS./000 (	2003	2002
-----						
SHOPPING CENTERS (5)						
Alto Palermo	12/23/97	18,146	88%	13,454		23,267
Abasto	07/17/94	40,476	97%	9,424		21,864
Alto Avellaneda	12/23/97	26,701	97%	4,737		15,017
Paseo Alcorta	06/06/97	14,909	86%	6,089		11,696
Patio Bullrich	10/01/98	11,623	95%	4,927		8,502
Nuevo NOA Shopping	03/29/95	18,876	88%	855		2,911
Buenos Aires Design	11/18/97	11,992	92%	1,127		5,931
Fibesa and others (6)				2,003		4,155
Revenues Tarjeta Shopping				11,759		28,216
-----						
TOTAL SHOPPING CENTERS (7)		142,723	93%	54,375		121,55

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Notes:

- (1) Total leasable area in each property. Excludes common areas and parking spaces.
- (2) Calculated dividing occupied square meters by leasable area.
- (3) Total consolidated rents, according to RT4 method, reexpressed as of 12/31/02. Excludes gross income tax deduction.
- (4) Cost of acquisition plus improvements, less accumulated depreciation, plus adjustment for inflation as of 12/31/02.
- (5) Through Alto Palermo S.A.
- (6) Includes revenues from Fibesa S.A. and Alto Invest.
- (7) Corresponds to the "Shopping Centers" business unit mentioned in Note 4 to the Consolidated Financial Statements. Excludes gross income tax deduction.

### III. SALES AND DEVELOPMENTS

Revenues from this segment were of Ps.21.5 million during the six-month period ended December 31, 2002, as compared to Ps.23.3 million recorded during the same period of fiscal year 2002. This decrease mainly results from the Company's reduced stock of units available for sale, because of the interruption in the launching of new projects.

ABRIL, HUDSON, PROVINCE OF BUENOS AIRES. During the quarter ended December 31, 2002, 13 lots of Abril were sold. 19 of the 20 neighborhoods projected for all the development were being marketed, with 92% of the lots in such neighborhoods sold. There were 110 houses under construction and 470 finished houses.

The following chart illustrates IRSA's development properties as of December 31, 2002.

#### DEVELOPMENT PROPERTIES

	DATE OF ACQUISITION	ESTIMATED COST/ REAL COST (PS. 000) (1)	AREA DESTINED FOR SALES (M2) (2)	TOTAL UNITS OR LOTS (3)	PERCENTAGE CONSTRUCTED
<b>APARTMENT COMPLEXES</b>					
Torres Jardin	7/18/96	56,163	32,244	490	100%
Torres de Abasto (8)	7/17/94	74,259	35,630	545	100%
Palacio Alcorta	5/20/93	75,254	25,555	191	100%
Concepcion Arenal	12/20/96	14,958	6,913	70	100%
Alto Palermo Park (9)	11/18/97	35,692	10,654	73	100%
Other (10)		49,827	23,900	184	100%
<b>SUBTOTAL</b>		<b>306,153</b>	<b>134,896</b>	<b>1,553</b>	<b>N/A</b>
<b>RESIDENTIAL COMMUNITIES</b>					
Abril/Baldovinos (11)	1/3/95	129,992	1,408,905	1,273	100%
Villa Celina I, II y III	5/26/92	4,707	75,970	219	100%
Villa Celina IV y V	12/17/97	2,432	58,480	181	100%
Other		-	-	-	0%

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SUBTOTAL		137,131	1,543,355	1,673	N/A
LAND RESERVE					
Dique 3 (12)	9/9/99		10,474		0%
Puerto Retiro (9)	5/18/97		82,051		0%
Caballito	11/3/97		20,968		0%
Santa Maria del Plata	7/10/97		715,952		0%
Pereiraola (11)	12/16/96		1,299,630		0%
Montserrat (9)	11/18/97		3,400		0%
Dique 4 (ex Soc del Dique)	12/2/97		4,653		0%
Other (13)			4,439,447		0%
SUBTOTAL			6,576,575		N/A
OTHER					
Sarmiento 580	1/12/94	11,605	2,635	14	100%
Santa Fe 1588	11/2/94	8,280	2,713	20	100%
Rivadavia 2243/65	5/2/94	8,106	2,070	4	100%
Libertador 498	12/20/95	7,397	2,191	3	100%
Constitucion 1159	9/16/94	2,297	2,430	1	100%
Madero 1020	12/21/95	9,823	2,768	5	100%
Madero 940	8/31/94	2,846	772	1	100%
Other Properties (14)		81,275	44,207	263	100%
SUBTOTAL		131,629	59,786	311	N/A
SUBTOTAL		574,913	8,314,612	3,537	N/A
INTEREST FOR FINANCING PROPERTY SALES - MANAGEMENT FEES					
TOTAL (15)		574,913	8,314,612	3,537	N/A

DEVELOPMENT PROPERTIES

	ACCUMULATED SALES FOR THE SIX-MONTH PERIOD DE LOS EJERCICIOS FISCALES (6) (PS. 000)			BOOK VALUE (PS. 000) (7)
	03 (PS. 000)	02 (PS. 000)	01 (PS. 000)	
APARTMENT COMPLEXES				
Torres Jardin	112	1,617	4,980	547
Torres de Abasto (8)	441	4,280	9,553	607
Palacio Alcorta	1	520	-	-
Concepcion Arenal	-	107	2,782	218
Alto Palermo Park (9)	914	2,598	-	4,171
Other (10)	404	1,418	1,594	2,003
SUBTOTAL	1,872	10,540	18,909	7,546
RESIDENTIAL COMMUNITIES				
Abril/Baldovinos (11)	7,346	4,750	10,327	15,483
Villa Celina I, II y III	28	(51)	57	43
Villa Celina IV y V	-	44	2,012	11
Other	-	-	-	-
SUBTOTAL	7,374	4,743	12,396	15,537
LAND RESERVE				
Dique 3 (12)	-	-	-	25,781
Puerto Retiro (9)	-	-	-	45,899
Caballito	-	-	-	13,516
Santa Maria del Plata	-	-	-	115,133

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Pereiraola (11)	-	-	-	21,711
Monserrat (9)	-	-	1,790	-
Dique 4 (ex Soc del Dique)	-	-	12,220	6,115
Other (13)	-	-	-	138,447
SUBTOTAL	-	-	14,010	366,602
OTHER				
Sarmiento 580	-	-	-	-
Santa Fe 1588	-	8,107	-	-
Rivadavia 2243/65	-	-	-	-
Libertador 498	2,296	-	-	-
Constitucion 1159	1,973	-	-	-
Madero 1020	5,585	-	-	1,620
Madero 940	1,637	-	-	-
Other Properties (14)	731	191	3,266	588
SUBTOTAL	12,222	8,298	3,266	2,178
SUBTOTAL	21,468	23,581	48,581	391,863
INTEREST FOR FINANCING PROPERTY SALES				
- MANAGEMENT FEES		121	716	1,763
TOTAL (15)	21,589	24,297	50,344	391,863

**Notes:**

Cost of acquisition plus total investment made and/or planned if the project has not been completed, adjusted for inflation as of 12/31/02.

- (2) Total area devoted to sales upon completion of the development or acquisition and before the sale of any of the units (including parking and storage spaces, but excluding common areas). In the case of Land Reserves the land area was considered.
- (3) Represents the total units or plots upon completion of the development or acquisition (excluding parking and storage spaces).
- (4) The percentage sold is calculated dividing the square meters sold by the total saleable square meters.
- (5) Includes only cumulative sales consolidated by the RT4 method, adjusted for inflation as of 12/31/02.
- (6) Corresponds to the Company's sales consolidated by the RT4 method, adjusted for inflation as of 12/31/02. Excludes gross income tax deduction.
- (7) Cost of acquisition plus improvement plus activated interest, adjusted for inflation as of 12/31/02.
- (8) Through APSA S.A.
- (9) Through Inversora Bolivar S.A.
- (10) Includes the following properties: Dorrego 1916 (fully sold through our Company), Republica de la India 2785 (fully sold), Arcos 2343, Fco. Lacroze 1732 (fully sold), Yermal 855, Pampa 2966 J.M. Moreno 285 (through Baldovinos) and units for sale in Alto Palermo Plaza (through Inversora Bolivar).
- (11) Directly through our Company and indirectly through Inversora Bolivar S.A.
- (12) Through Bs As Trade & Finance S.A.
- (13) Includes the following land reserves : Torre Jardin IV, Constitucion 1159, Padilla 902, and Terreno Pilar (through our Company), and Pontevedra, Mariano Acosta, Merlo, Intercontinental Plaza II, Terrenos Benavidez (through Inversora Bolivar S.A.) and Terrenos Alcorta, Neuquen, Rosario,

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Caballito and the Coto project (through APSA S.A.).

- (14) Includes the following properties: Sarmiento 517 (through our Company), Puerto Madero Dock 13, Puerto Madero Dock 5, Puerto Madero Dock 6, Av. de Mayo 701, Rivadavia 2768, Serrano 250; Montevideo 1975 (Rosario) (fully sold through our Company).
- (15) Corresponds to the "Sales and Developments" business unit mentioned in Note 4 to the Consolidated Financial Statements. Excludes gross income tax deduction.

### IV. HOTELS

Despite the low income that has been historically generated by this business segment, the devaluation of the Peso has brought about an increase in the inflow of tourists in Argentina, turning this segment into a more profitable alternative. This shift has been more intensely sensed as from the beginning of fiscal year 2003, with a significant increase in the occupancy rate of all of our hotels.

The Llao Llao Hotel has undergone a successful winter season and during summer time the same trend is being observed. Tourists from all over the world visit our country so as to get to know this famous hotel and the surrounding landscape. In order to satisfy all of our guests needs we have built an outdoors swimming pool of gigantic dimensions that has got a heating system, enabling its use during winter as well.

Total revenues from the hotel segment amounted to Ps.16.9 million over the six-month period ended December 31, 2002, against Ps.21.4 million recorded over the same period in fiscal year 2002.

Because of the implementation of the new RT4 consolidation method, as from June 2002, revenues from Llao Llao hotel are no longer consolidated.

The chart below shows information regarding our Company's hotels estimated for the six-month period ended December 31, 2002.

### HOTELS

HOTEL	DATE OF ACQUISITION	NUMBER OF ROOMS	AVERAGE OCCUPANCY % (1)	AVG. PRICE PER ROOM PS.	ACCUMULATED SALES 31, (PS. 00)	2002	2001
Inter-Continental	11/97	312	50	250	10,947	12,984	
Sheraton Libertador	3/98	200	47	229	5,611	8,404	
Llao-Llao (4)	6/97	158	66	416	-	-	
Piscis (2)	9/02	98	N/D	N/D	-	-	
<b>Total</b>		<b>768</b>	<b>N/D</b>	<b>N/D</b>	<b>16,558</b>	<b>21,388</b>	

#### Notes:

- (1) Accumulated average for the period.
- (2) Corresponds to our total sales consolidated under the RT4 method adjusted by inflation as of 12/31/02. It does not include gross income tax deduction.



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- (3) Represents 100% of the hotel's book value including facilities and goodwill.
- (4) The average occupation and the average price per room are not available to date.
- (5) Although Llao Llao Hotel no longer consolidates its sales, we consider it import to include it in the table. The book value represents the value of our investment.

### V. FINANCIAL TRANSACTIONS AND OTHERS

IMPACT OF EXCHANGE RATE FLUCTUATIONS ON THE COMPANY'S FINANCIAL POSITION - Our dollar-denominated liabilities have been positively affected by the 11% Peso appreciation during the six-month period ended December 31, 2002, generating a positive result for our Company of Ps.157.7 million. The exposure of our assets to this same macroeconomic indicator during the same period in fiscal year 2002 generated a loss of Ps.22.3 million. The net result generated by the appreciation of the Peso was of Ps. 135.4 million and is registered under "Financial Results". It considerably explains the gain for this period.

RESTRUCTURING OF OUTSTANDING DEBT - On November 15, 2002, we signed a Refinancing Framework Agreement and on November 21, 2002, the operation was concreted with our six bank creditors (Banca Nazionale del Lavoro, BankBoston, Banco Ciudad, HSBC, Banco Itau and Banco Nacion) to refinance the Syndicated US\$ 80 million Loan and the outstanding US\$ 37.0 million Floating Rate Notes under the following scheme:

I. US\$ 13.6 million cash down payment reducing the principal;

II. US\$ 15.0 million of the 8% Convertible Notes due 2007 subscribed by BankBoston swapping old debt;

III. US\$ 37.4 million Secured Floating Rate Notes due 2009 with an interest rate of 90-day LIBOR plus 200 basic points. These Notes are secured with a first priority mortgage on some of our real estate properties for a 50% value of the debt; and

IV. US\$ 51.0 million Unsecured Credit Facility due 2009. 69% of the Facility bears an interest rate of 90-day LIBOR plus 200 basic points while the remaining bears a fixed step up rate ranging from 5.5% to 6.5%.

ISSUE OF BONDS CONVERTIBLE INTO ORDINARY SHARES OF OUR COMPANY - The Company's successful offering of up to US\$ 100 million Convertible Notes ended on November 21, 2002. Convertible notes are accompanied by non-detachable warrants that enable the purchase of additional shares of our common stock. These notes bear an 8% interest per year and mature in November 2007. The conversion price is of US\$ 0.5450 per share, meaning that every convertible note can be exchanged for 1.8349 common shares. The proceeds of the convertible notes' offering have been mostly used to cancel and restructure our liabilities outstanding at the moment, remaining US\$ 55 million cash position for working capital.

GOLDMAN SACHS DEBT CANCELLATION - On December 4, 2002 we have cancelled our debt with GSEM/AP Holdings, LP (Goldman Sachs), consisting in US\$ 16.3 million of principal plus accrued interest as of today, for a total of US\$ 11.1 million.

DISTRIBUTION OF TREASURY SHARES - As of December 19, 2002, 4,587,285 treasury shares of our Company have been distributed among the shareholders, proportionally to their shareholdings. This distribution represents a 2.21% of the outstanding capital stock.

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ADJUSTMENT OF CONVERSION PRICE OF CONVERTIBLE NOTES DUE 2007 - As a result of the distribution of 4,587,285 treasury shares, the Company has adjusted the conversion price of the notes according to what has been stipulated in the issuance clauses. Due to such adjustment the conversion price of the notes goes from US\$ 0.5571 to US\$ 0.5450 and the exercise price for the warrants goes from US\$ 0.6686 to US\$ 0.6541. This adjustment is in force as from December 20, 2002.

PURCHASE OF APSA'S SHARES AND CONVERTIBLE NOTES - During January 2003, we have acquired 3.4 million additional shares of APSA, thus our ownership in the company adds up to 54.9%. Moreover, we have acquired 2.6 million of APSA's Convertible Notes that together with the 27,324,848 convertible notes subscribed at the moment of the issuance, amount to 59.9% of the convertible notes issued by our subsidiary.

IMPROVEMENT IN THE GRADING OF OUR CONVERTIBLE NOTES' GLOBAL PROGRAM FOR UP TO US\$ 250 MILLION - On January 28, 2002, Fitch, a grading agency, raised the grade of our Convertible Notes' Global Program for up to US\$ 250 million, from C (arg) to B- (arg). The raise in the grade is due to the restructuring of our debt by which we have extended all maturities on a long-term basis. Our Secured Debt for US\$ 37.4 million has been issued under this program.

### VII. BRIEF COMMENTS ON PROSPECTS FOR THE ONCOMING QUARTER

We believe that the worst has been overcome and, as evidenced by history, deep crisis bring about opportunities and growth.

Our Company was able to face the adverse conditions arisen during the Argentine crisis and was one of the very few companies which avoided a default. The successful subscription of our Convertible Bonds has evidenced the confidence place upon us both by the domestic and the international markets. Banks have also contributed to refinance our debt with longer terms and lower interest rates.

The proceeds from the Convertible Bonds have placed us in a privileged cash position, which will enable us to take advantage of the opportunities appearing in the market, especially at a time when property prices have significantly dropped.

As regards Argentina, although the refinancing of debt maturities with the IMF enables to reduce the economic uncertainty, the political-electoral map continues to be complex, it being the main obstacle to prepare macroeconomic forecasts.

Luiz Inacio da Silva's administration in Brazil showed a good start, which is reflected by the improvement of the main financial indicators, but some risks still continue to exist.

We are optimistic as to the future. Our cautious performance has caused us to attain an outstanding position in the market and its confidence will enable us to keep on growing. The time of adjustment is coming to an end and as soon as the conditions exist we will put into practice the projects postponed by the recession.

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POLANO  
& ASOCIADOS

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

### INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors and Shareholders of  
IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

1. We have reviewed the balance sheets of IRSA Inversiones y Representaciones Sociedad Anonima at December 31, 2002 and 2001, and the related statements of income, of changes in shareholders' equity and of cash flows for the six-month periods then ended, and the complementary notes 1 to 13 and exhibits A to I. In addition, we have reviewed the consolidated financial statements of IRSA Inversiones y Representaciones Sociedad Anonima and subsidiaries for the six-month periods the ended. These financial statements are the responsibility of the Company's management.
2. We conducted our review in accordance with standards established by Technical Resolution No. 7 of the Argentine Federation of Professional Councils of Economic Sciences for limited reviews of financial statements. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.
3. The Company has prepared the financial statements following the valuation criteria established by the Comision Nacional de Valores, which as explained in Note 1 c) differ from certain aspect of prevailing accounting standards in Argentina. The effect on the financial statements arising from the different valuation criteria have not been quantified by the Company and we have not been able, through the performance of other auditing procedures, to estimate the impact on the financial statements of this divergence from professional accounting standards in Argentina.
4. As detailed in note 1 to the consolidated financial statements, as result of the economic crisis in Argentina, the period under consideration was affected by the measures adopted by the National Government. The future evolution of the crisis may require that the Government modify some of the measures adopted or issue additional regulations. Consequently, the Company's financial statements must be read in the light of these circumstances.
5. Our report dated September 9, 2002 on the financial statements at June 30, 2002 and 2001 included a qualification referred to the uncertainty as to whether the Company would be in a position to continue to operate as going concern. As mentioned in Note 1 to the consolidated financial statements, the restructuring of the Company's debt was satisfactorily completed in November 2002. Consequently, our report on the financial statements at December 31, 2002 does not longer contain the mentioned observation.

PRICE WATERHOUSE & CO.  
Av. A. Moreau de Justo 270, Piso 2o

ABELOVICH, POLANO & ASOCIADOS  
25 de Mayo 596 - 8o Piso

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C1107AAF Ciudad de Buenos Aires - Argentina  
Tel. (54-11) 4319-4600  
Fax: (54-11) 4315-6448 / 9  
www.pwcglobal.com

(1002) Buenos Aires - Argentina  
Tel./Fax 4312-8525 -  
E-mail: abelovich@elsitio.net

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### INDEPENDENT ACCOUNTANT'S REPORT (Contd.)

6. Based on the work done and on our audit of the financial statements of the Company' for the years ended June 30, 2002 and 2001, on which we issued our qualified report dated September 9, 2002 in relation to the matters mentioned in paragraph 5, we report that the financial statements of IRSA Inversiones y Representaciones Sociedad Anonima at December 31, 2002 and 2001 and the consolidated financial statements at those dates, prepared in accordance with accounting standards of the Autonomous City of Buenos Aires, consider all significant facts and circumstances of which we have become aware and regarding them we have no other observations to make than those mentioned in paragraph 3.
7. In accordance with current regulations we report that:
  - a) the financial statements of IRSA Inversiones y Representaciones Sociedad Anonima and its consolidated financial statements are transcribed to the "Inventory and Balance Sheet Book" and comply with the requirements of Commercial Companies Law and the pertinent resolutions of the Comision Nacional de Valores;
  - b) the financial statements of IRSA Inversiones y Representaciones Sociedad Anonima arise from official accounting records carried in all formal respects in accordance with legal requirements;
  - c) we have read the business overview report and the additional information to the notes to the financial statements required by sect. 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence, we have no observation to make;
  - d) at December 31, 2002, the debt accrued in favor of the Integrated Pension and Survivors' Benefit System according to the accounting records amounted to \$ 77 thousand, none of which was due at that date.

Buenos Aires  
February 10, 2003

ABELOVICH, POLANO & ASOCIADOS

PRICE WATERHOUSE & Co.

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(Partner)

(Partner)

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Dr. Jose Daniel Abelovich  
Public Accountant (U.B.A.)  
C.P.C.E.C.A.B.A. To 102 Fo 191  
Professional Registration of the Firm  
C.P.C.E.CAP.FED. To 1 Fo 240

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Carlos Martin Barbafina  
Public Accountant (U.C.A.)  
C.P.C.E.C.A.B.A. To 175 Fo 65  
Professional Registration of the Firm  
C.P.C.E.CAP.FED. To 1 Fo 1

PRICE WATERHOUSE & CO.  
Av. A. Moreau de Justo 270, Piso 2o  
C1107AAF Ciudad de Buenos Aires - Argentina  
Tel. (54-11) 4319-4600  
Fax: (54-11) 4315-6448 / 9  
www.pwcglobal.com

ABELOVICH, POLANO & ASOCIADOS  
25 de Mayo 596 - 8o Piso  
(1002) Buenos Aires - Argentina  
Tel./Fax 4312-8525 -  
E-mail: abelovich@elsitio.net

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Buenos Aires, Argentina.

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA

By: /S/ Saul Zang  
Name: Saul Zang  
Title: Second Vice Chairman of the Board of Directors

Dated: February 21, 2003