

IRSA INVESTMENTS & REPRESENTATIONS INC

Form 6-K

March 07, 2017

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements  
as of December 31, 2016 and for the six-month periods  
ended December 31, 2016 and 2015



Legal Information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.

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

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

Company activity: Real estate investment and development.

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

Date of registration of last amendment of the by-laws in the Public Registry of Commerce: November 14, 2014.

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

Registration number with the Superintendence: 213,036.

Capital: 578,676,460 shares.

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

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

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

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

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

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

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

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



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Glossary

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

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

|               |                                      |
|---------------|--------------------------------------|
| NIS           | New Israeli Shekel                   |
| NFSA          | Nuevas Fronteras S.A.                |
| NPSF          | Nuevo Puerto Santa Fe S.A.           |
| NYSE          | New York Stock Exchange              |
| OASA          | OGDEN Argentina S.A.                 |
| NCN           | Non-Convertible Notes                |
| PAMSA         | Panamerican Mall S.A.                |
| PBC           | Property & Building Corporation Ltd. |
| PBEL          | Real Estate LTD                      |
| Puerto Retiro | Puerto Retiro S.A.                   |
| Quality       | Quality Invest S.A.                  |
| Rock Real     | Rock Real Estate Partners Limited    |
| Shufersal     | Shufersal Ltd.                       |
| SRA           | Sociedad Rural Argentina             |
| Tarshop       | Tarshop S.A.                         |
| Tender offers | Repurchase agreement                 |





## IRSA Inversiones y Representaciones Sociedad Anónima

## Unaudited Condensed Interim Consolidated Statements of Financial Position

as of December 31, 2016 and June 30, 2016

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

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

|   | Note    | 12.31.16       | 06.30.16       |
|---|---------|----------------|----------------|
| <b>ASSETS</b>   |         |                |                |
| Non-current assets  |         |                |                |
| Investment properties   | 10      | 52,942         | 49,872         |
| Property, plant and equipment   | 11      | 23,425         | 24,055         |
| Trading properties  | 12      | 3,744          | 4,471          |
| Intangible assets   | 13      | 11,294         | 11,763         |
| Investments in associates and joint ventures                            | 8 and 9 | 5,695          | 16,236         |
| Deferred income tax assets  | 21      | 814            | 638            |
| Income tax and MPIT credit  |         | 126            | 123            |
| Restricted assets   | 14      | -              | 54             |
| Trade and other receivables   | 15      | 3,764          | 3,441          |
| Employee benefits   |         | 4              | 4              |
| Investments in financial assets   | 14      | 2,307          | 2,226          |
| Financial assets held for sale  | 14      | 3,351          | 3,346          |
| Derivative financial instruments  | 14      | 4              | 8              |
| Total non-current assets  |         | 107,470        | 116,237        |
| Current assets  |         |                |                |
| Trading properties  | 12      | 805            | 241            |
| Inventories   |         | 3,351          | 3,246          |
| Restricted assets   | 14      | 954            | 564            |
| Income tax and MPIT credit  |         | 129            | 506            |
| Group of assets held for sale   | 29      | 2,900          | -              |
| Trade and other receivables   | 15      | 14,951         | 13,409         |
| Investments in financial assets   | 14      | 9,039          | 9,656          |
| Financial assets held for sale  | 14      | 2,792          | 1,256          |
| Derivative financial instruments  | 14      | 22             | 19             |
| Cash and cash equivalents   | 14      | 23,700         | 13,866         |
| Total current assets  |         | 58,643         | 42,763         |
| <b>TOTAL ASSETS</b>   |         | <b>166,113</b> | <b>159,000</b> |
| <b>SHAREHOLDERS' EQUITY</b>   |         |                |                |
| Capital and reserves attributable to equity holders of the parent       |         |                |                |
| Share capital   |         | 575            | 575            |
| Treasury shares   |         | 4              | 4              |
| Inflation adjustment of share capital and treasury shares               |         | 123            | 123            |
| Share premium   |         | 793            | 793            |
| Additional paid-in capital from treasury shares                         |         | 16             | 16             |
| Legal reserve   |         | 143            | 117            |
| Special reserve   |         | -              | 4              |
| Other reserves  | 17      | 521            | 726            |
| Retained Earnings (Accumulated deficit)                                 |         | 828            | (1,243)        |
| Total capital and reserves attributable to equity holders of the parent |         | 3,003          | 1,115          |
| Non-controlling interest  |         | 16,071         | 12,386         |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                                       |         | <b>19,074</b>  | <b>13,501</b>  |

## LIABILITIES

## Non-current liabilities

|  |    |         |         |
|--|----|---------|---------|
| Trade and other payables                 | 18 | 2,750   | 1,518   |
| Borrowings                               | 20 | 93,052  | 90,680  |
| Derivative financial instruments         | 14 | 98      | 105     |
| Income tax and MPIT liabilities          |    | 1       | -       |
| Deferred income tax liabilities          | 21 | 7,703   | 7,571   |
| Employee benefits                        |    | 680     | 689     |
| Salaries and social security liabilities |    | 32      | 11      |
| Provisions                               | 19 | 1,560   | 1,325   |
| Total non-current liabilities            |    | 105,876 | 101,899 |

## Current liabilities

|  |    |        |        |
|--|----|--------|--------|
| Trade and other payables                 | 18 | 17,801 | 17,874 |
| Group of liabilities held for sale       | 29 | 1,897  | -      |
| Salaries and social security liabilities |    | 1,407  | 1,707  |
| Borrowings                               | 20 | 18,611 | 22,252 |
| Derivative financial instruments         | 14 | 127    | 112    |
| Provisions                               | 19 | 1,033  | 1,039  |
| Income tax and MPIT liabilities          |    | 287    | 616    |
| Total current liabilities                |    | 41,163 | 43,600 |

|                   |  |         |         |
|-------------------|--|---------|---------|
| TOTAL LIABILITIES |  | 147,039 | 145,499 |
|-------------------|--|---------|---------|

|  |  |         |         |
|--|--|---------|---------|
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES |  | 166,113 | 159,000 |
|--|--|---------|---------|

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

Alejandro G. Elsztain  
Vice President II  
acting as President



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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Income/(Operations)

for the six and three-month periods beginning on July 1 and October 1, 2016 and 2015  
and ended December 31, 2016 and 2015

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

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

|  | Note    | Six months |          | Three months |          |
|--|---------|------------|----------|--------------|----------|
|  |         | 12.31.16   | 12.31.15 | 12.31.16     | 12.31.15 |
| Income from sales, rentals and services  | 22      | 36,831     | 2,164    | 18,144       | 1,195    |
| Costs  | 23      | (25,945)   | (972)    | (12,678)     | (537)    |
| Gross profit   |         | 10,886     | 1,192    | 5,466        | 658      |
| Gain from disposal of investment properties  | 10      | 105        | 1,029    | 86           | 639      |
| General and administrative expenses  | 23      | (1,831)    | (273)    | (897)        | (142)    |
| Selling expenses   | 23      | (6,749)    | (120)    | (3,453)      | (65)     |
| Other operating results, net   | 24      | (123)      | 120      | (61)         | 133      |
| Profit from operations   |         | 2,288      | 1,948    | 1,141        | 1,223    |
| Share of (loss) / profit of associates and joint ventures  | 8 and 9 | (93)       | (398)    | (50)         | 93       |
| Profit before financial results and income tax   |         | 2,195      | 1,550    | 1,091        | 1,316    |
| Finance income   | 25      | 732        | 374      | 344          | 328      |
| Finance costs  | 25      | (4,868)    | (2,138)  | (2,744)      | (1,804)  |
| Other financial results  | 25      | 1,531      | (460)    | 1,269        | (312)    |
| Financial results, net   | 25      | (2,605)    | (2,224)  | (1,131)      | (1,788)  |
| Loss before income tax   |         | (410)      | (674)    | (40)         | (472)    |
| Income tax expense   | 21      | 334        | (236)    | 388          | (124)    |
| (Loss) / Profit for the period from continuing operations  |         | (76)       | (910)    | 348          | (596)    |
| Profit from discontinued operations....  | 30      | 4,273      | -        | 4,631        | -        |
| Profit / (Loss) for the period   |         | 4,197      | (910)    | 4,979        | (596)    |
| (Loss) / Profit from continuing operations attributable to:  |         |            |          |              |          |
| Equity holders of the parent   |         | (265)      | (487)    | 125          | (213)    |
| Non-controlling interest   |         | 189        | (423)    | 223          | (383)    |
| Profit / (Loss) per share attributable to:   |         |            |          |              |          |
| Equity holders of the parent   |         | 2,067      | (487)    | 2,644        | (213)    |
| Non-controlling interest   |         | 2,130      | (423)    | 2,335        | (383)    |
| Profit / (Loss) per share attributable to equity holders of the parent:                            |         |            |          |              |          |
| Basic  |         | 3.597      | (0.847)  | 4.600        | (0.367)  |
| Diluted (i)  |         | 3.572      | (0.847)  | 4.568        | (0.367)  |
| (Loss) / Profit per share from continuing operations attributable to equity holders of the parent: |         |            |          |              |          |
| Basic  |         | (0.132)    | (0.847)  | 0.605        | (0.367)  |
| Diluted (i)  |         | (0.132)    | (0.847)  | 0.601        | (0.367)  |

(i) Due to the loss for the period, there is no diluted effect on this result.

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

Alejandro G. Elsztain  
Vice President II  
acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Comprehensive  
Income for the six and three-month periods beginning on July 1, 2016 and 2015 and ended December 31, 2016 and  
2015

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

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|  | Six months |          | Three months |          |
|--|------------|----------|--------------|----------|
|  | 12.31.16   | 12.31.15 | 12.31.16     | 12.31.15 |
| Profit / (Loss) for the period   | 4,197      | (910)    | 4,979        | (596)    |
| Other comprehensive income:  |            |          |              |          |
| Items that may be reclassified subsequently to profit or loss:                           |            |          |              |          |
| Currency translation adjustment  | 431        | 1,876    | (33)         | 1,840    |
| Change in the fair value of hedging instruments net of income taxes                      | (10)       | -        | (66)         | -        |
| Items that may not be reclassified subsequently to profit or loss, net of<br>income tax: |            |          |              |          |
| Actuarial (loss) / profit from defined benefit<br>plans                                  | (19)       | -        | 6            | -        |
| Other comprehensive income / (loss) for the period                                       | 402        | 1,876    | (93)         | 1,840    |
| Total comprehensive income for the period  | 4,599      | 966      | 4,886        | 1,244    |
| Total Comprehensive Income/(loss) for the period attributable to:                        |            |          |              |          |
| Equity holders of the parent   | 2,034      | (283)    | 2,399        | (45)     |
| Non-controlling interest   | 2,565      | 1,249    | 2,487        | 1,289    |

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

Alejandro G. Elsztain  
Vice President II  
acting as President





## IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
for the six-month periods ended December 31, 2016 and 2015

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

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

|  | Attributable to equity holders of the parent |                    |  |                  |  |                  |                           |                                   |  | Subtotal | Non-control<br>interest |
|--|--|--------------------|--|------------------|--|------------------|---------------------------|-----------------------------------|--|----------|-------------------------|
|  | Share<br>capital                             | Treasury<br>shares | Inflation<br>adjustment<br>of share<br>capital and<br>treasury<br>shares (1) | Share<br>premium | Additional<br>paid-in<br>capital<br>from<br>treasury<br>shares | Legal<br>reserve | Special<br>reserve<br>(2) | Other<br>reserves<br>(Note<br>17) | (Accumulated<br>deficit) /<br>Retained<br>earnings |          |                         |
| Balance at July 1, 2016  | 575  | 4                  | 123  | 793              | 16   | 117              | 4                         | 726                               | (1,243)  | 1,115    | 12,386                  |
| Profit for the period  | -  | -                  | -  | -                | -  | -                | -                         | -                                 | 2,067  | 2,067    | 2,130                   |
| Other comprehensive (loss) / income for the period                                       | -  | -                  | -  | -                | -  | -                | -                         | (33)                              | -  | (33)     | 435                     |
| Total comprehensive (loss) / income for the period                                       | -  | -                  | -  | -                | -  | -                | -                         | (33)                              | 2,067  | 2,034    | 2,565                   |
| Incorporated by business combination (Note 4)  | -  | -                  | -  | -                | -  | -                | -                         | -                                 | -  | -        | 45                      |
| Irrevocable Contributions  | -  | -                  | -  | -                | -  | -                | -                         | -                                 | -  | -        | 2                       |
| Appropriation of retained earnings approved by Shareholders' meeting held as of 10.31.16 | -  | -                  | -  | -                | -  | 26               | (4)                       | (26)                              | 4  | -        | -                       |
| Share of changes in subsidiaries' equity   | -  | -                  | -  | -                | -  | -                | -                         | -                                 | -  | -        | 42                      |
| Reserve for share-based payments   | -  | -                  | -  | -                | -  | -                | -                         | 6                                 | -  | 6        | -                       |
| Capital reduction  | -  | -                  | -  | -                | -  | -                | -                         | -                                 | -  | -        | (1)                     |

|                                     |     |   |     |     |    |     |   |       |     |       |        |
|-------------------------------------|-----|---|-----|-----|----|-----|---|-------|-----|-------|--------|
| Dividends distribution              | -   | - | -   | -   | -  | -   | - | -     | -   | -     | (157)  |
| Changes in non-controlling interest | -   | - | -   | -   | -  | -   | - | (152) | -   | (152) | 1,189  |
| Balance at December 31, 2016        | 575 | 4 | 123 | 793 | 16 | 143 | - | 521   | 828 | 3,003 | 16,071 |

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

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

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

Alejandro G. Elsztain  
Vice President II  
acting as President



## IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
for the six-month periods ended December 31, 2016 and 2015

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

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

|  | Attributable to equity holders of the parent |                 |   |               |   |               |                     |                          |   | Subtotal | Non-control |
|--|--|-----------------|---|---------------|---|---------------|---------------------|--------------------------|---|----------|-------------|
|  | Share capital                                | Treasury shares | Inflation adjustment of share capital and treasury shares (1) | Share premium | Additional paid-in capital from treasury shares | Legal reserve | Special reserve (2) | Other reserves (Note 17) | Retained earnings / (Accumulated deficit) |          | interest    |
| Balance at July 1, 2015  | 574  | 5               | 123   | 793           | 7   | 117           | 4                   | 330                      | 521                                       | 2,474    | 396         |
| Loss for the period  | -  | -               | -   | -             | -   | -             | -                   | -                        | (487)                                     | (487)    | (423)       |
| Other comprehensive income for the period  | -  | -               | -   | -             | -   | -             | -                   | 204                      | -   | 204      | 1,672       |
| Total comprehensive income / (loss) for the period                                       | -  | -               | -   | -             | -   | -             | -                   | 204                      | (487)                                     | (283)    | 1,249       |
| Appropriation of retained earnings approved by Shareholders' meeting held as of 11.26.15 | -  | -               | -   | -             | -   | -             | -                   | 520                      | (520)                                     | -        | -           |
| Reserve for share-based payments   | 1  | (1)             | -   | -             | 6   | -             | -                   | 4                        | -   | 10       | -           |
| Tender offer to non-controlling shareholders   | -  | -               | -   | -             | -   | -             | -                   | (190)                    | -   | (190)    | 4           |
| Currency translation adjustment of interest held before business combination             | -  | -               | -   | -             | -   | -             | -                   | (144)                    | -   | (144)    | -           |
| Additions by business combinations   | -  | -               | -   | -             | -   | -             | -                   | -                        | -   | -        | 2,235       |

|  |     |   |     |     |    |     |   |     |       |       |       |
|--|-----|---|-----|-----|----|-----|---|-----|-------|-------|-------|
| Capital reduction                                  | -   | - | -   | -   | -  | -   | - | -   | -     | -     | (4)   |
| Changes in non-controlling interest                | -   | - | -   | -   | -  | -   | - | 36  | -     | 36    | (17)  |
| Dividends distribution to non-controlling interest | -   | - | -   | -   | -  | -   | - | -   | -     | -     | (17)  |
| Balance at December 31, 2015                       | 575 | 4 | 123 | 793 | 13 | 117 | 4 | 760 | (486) | 1,903 | 3,846 |

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

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

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

Alejandro G. Elsztain  
Vice President II  
acting as President



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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Cash Flows

for the six-month periods ended December 31, 2016 and 2015

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

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

|  | Note | 12.31.16 | 12.31.15 |
|--|------|----------|----------|
| Operating activities:  |      |          |          |
| Cash generated from continuing operations                        | 16   | 5,350    | 1,095    |
| Income tax and MPIT paid   |      | (488)    | (495)    |
| Net cash generated by operating activities                       |      | 4,862    | 600      |
| Investing activities:  |      |          |          |
| Capital contributions to joint ventures and associates           |      | (76)     | (45)     |
| Acquisition of associates and joint ventures                     |      | (253)    | -        |
| Purchases of investment property                                 |      | (1,353)  | (102)    |
| Proceeds from sale of investment property                        |      | 171      | 1,073    |
| Purchases of property, plant and equipment                       |      | (1,295)  | (10)     |
| Purchases of intangible assets                                   |      | (209)    | -        |
| Purchases of investments in financial assets                     |      | (1,582)  | (3,486)  |
| Proceeds from sale of investments in financial assets            |      | 2,679    | 2,404    |
| Proceeds from sale of associates and joint ventures              |      | 3,619    | 11       |
| Cash incorporated by business combination, net of cash paid      |      | (46)     | 9,193    |
| Interest received of financial assets                            |      | 68       | 3        |
| Loans granted to related parties                                 |      | (12)     | (1,349)  |
| Dividends received   |      | 37       | -        |
| Cash generated by discontinued investing activities              |      | 408      | -        |
| Net cash generated in investing activities                       |      | 2,156    | 7,692    |
| Financing activities:  |      |          |          |
| Borrowings   |      | 6,560    | 402      |
| Payment of borrowings  |      | (7,071)  | (435)    |
| Capital contributions of non-controlling interest                |      | 22       | -        |
| Dividends paid   |      | (515)    | (59)     |
| Issuance of non-convertible notes                                |      | 7,089    | 407      |
| Proceeds from sale of non-controlling interest in subsidiaries   |      | 2,428    | 61       |
| Acquisition of non-controlling interest in subsidiaries          |      | (990)    | -        |
| Interest paid  |      | (2,407)  | (334)    |
| Capital distribution to non-controlling interest in subsidiaries |      | (43)     | -        |
| Payment of borrowings from joint ventures and associates         |      | (9)      | -        |
| Payment related to derivative financial instruments              |      | (90)     | (25)     |



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|  |         |        |        |
|--|---------|--------|--------|
| Repurchase of non-convertible notes                | -       | (135)  |        |
| Reissuance of non-convertible notes                | -       | 6      |        |
| Proceeds from derivative financial instruments     | 69      | 903    |        |
| Payment of non-convertible notes                   | (2,351) | (96)   |        |
| Cash applied to discontinued financing activities  | (515)   | -      |        |
| Net cash generated in financing activities         | 2,177   | 695    |        |
| Net Increase in cash and cash equivalents          | 9,195   | 8,987  |        |
| Cash and cash equivalents at beginning of year     | 14      | 13,866 | 375    |
| Foreign exchange gain on cash and cash equivalents | 639     | 3,670  |        |
| Cash and cash equivalents at end of period         | 14      | 23,700 | 13,032 |

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

Alejandro G. Elsztain  
Vice President II  
acting as President



IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
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1.

The Group's business and general information

IRSA was founded in 1943, and is engaged in a diversified range of real estate activities in Argentina since 1991.

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

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

These Financial Statements have been approved for issue by the Board of Directors on February 13, 2017.

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



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

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1.

The Group's business and general information (Continued)

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

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

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

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

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

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

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



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

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2.

Summary of significant accounting policies

2.1.

Basis of preparation of the Financial Statements

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

These Financial Statements corresponding to the six-month periods ended December 31, 2016 and 2015 have not been audited. The management believes they include all necessary adjustments to fairly present the results of each period. The Company's six-month periods ended December 31, 2016 and 2015 results do not necessarily reflect the proportion of the Group's full-year results.

IDBD's fiscal year ends on December 31 each year and the Company's fiscal year ends on June 30. Furthermore, IDBD's quarterly and annual reporting follow the guidelines of Israeli standards, which means that the information is only available after the applicable statutory terms in Argentina. Therefore, the Company is not able to include IDBD's quarterly results in its financial statements to be filed with the CNV within the applicable statutory terms in Argentina. The Company consolidates IDBD's results of operations with a three-month lag, adjusted by the effects of material transactions that may have taken place during the reported period.

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

As of December 31, 2016, it is not possible to compute the accumulated inflation rate for the three year period ending on that date based on the official statistics of the INDEC (Argentina Statistics Office), because in October 2015, the INDEC ceased to compute the Wholesale Domestic Price Index, and started to compute it again as from January 2016.

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





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

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2.

Summary of significant accounting policies (Continued)

2.1.

Basis of preparation of the Financial Statements (Continued)

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

2.2.

Significant accounting policies

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

2.3.

Use of estimates

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

In the preparation of these Financial Statements, the significant judgments made by Management in applying the Group's accounting policies and the main sources of uncertainty were the same applied by the Group in the preparation of the Annual Financial Statements for the year ended June 30, 2016 as described in Note 5 to the annual financial statements.

2.4.

Comparability of information

Balance items as of June 30, 2016 and December 31, 2015 shown in these financial statements for comparative purposes arise from Financial Statements then ended.

As required by IFRS 3, the information of IDBD is included in the financial statements of the Group as from takeover was secured, that is from October 11, 2015, and the prior periods are not modified by this situation. In addition, due to the time lag in getting income data from IDBD as indicated in Note 2.1., income for the six months-period ended on December 31, 2015 does not include the income derived from that subsidiary; therefore, the financial information consolidated as of December 31, 2015 is not comparative.



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3.

Seasonal effects on operations

Operations Center in Argentina

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

Operations Center in Israel

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

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

4.

Acquisition and dispositions

Below are detailed the significant acquisitions and disposals for the six-month period ended December 30, 2016. The significant acquisitions and disposals for the fiscal year ended June 30, 2016, are detailed in Note 3 to the Annual Financial Statements at that date.

A.

Sale of Adama

On July 17, 2016 DIC had informed to market that it had accepted the offer by ChemChina for the acquisition of 40% of Adama's shares which were held by Koor, a company indirectly controlled by IDBD through DIC. On August 2016, Koor and a subsidiary of ChemChina executed the corresponding agreement. The price of the transaction included a payment in cash of US\$ 230 plus the total repayment of the non-recourse loan and its interests, which had been granted to Koor by a Chinese bank. Completion of the sale transaction was subject to several previous conditions, the most important of which referred to obtaining the regulatory authorizations in China, the approval of the antitrust authorities and the Chinese bank that granted the non-recourse loan as part of the loan assignment agreement. On November 22, 2016, the sale transaction was finalized and Koor received cash in the amount of US\$ 230 million. The interest of the Company in the results of Adama and the financing results related to the hybrid financial instrument were classified as discontinued operations in the Group's Consolidated Statements of Income as from July 17, 2016 on a retroactive basis (Note 30).



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

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4.

Acquisition and dispositions (Continued)

B.

Acquisition of equity interest in EHSA

On July 2016, the Group through IRSA Propiedades Comerciales acquired a 20% shareholding in EHSA, a company of which it already owned 50%, and 1.25% of Entretenimiento Universal S.A. ("ENUSA"). The acquisition has been priced at Ps. 53 million. As a result, the Group now holds 70% of the share capital and voting stock of EHSA. In addition, EHSA holds, both directly and indirectly, 100% of the shares of OGDEN Argentina S.A. ("OASA") and 95% of the shares of ENUSA. Furthermore, OASA holds 50% of the voting stock of La Rural S.A. ("LRSA"), a company that holds the rights to commercially operate the emblematic "Predio Ferial de Palermo" in the Autonomous City of Buenos Aires, where the Sociedad Rural Argentina ("SRA") holds the remaining 50%.

The Group is analyzing the allocation of the price paid through various net assets acquired; therefore, the information presented below is preliminary and subject to changes. The following chart shows the consideration, the fair value of the acquired assets, the assumed liabilities and the non-controlling interest as of the acquisition date.

|   | Jul-2016 |
|---|----------|
| Fair value of identifiable assets and assumed liabilities:      |          |
| Investments in joint ventures                                   | 123      |
| Trade and other receivables                                     | 88       |
| Borrowings  | (45)     |
| Deferred income tax   | (7)      |
| Income tax and MPIT liabilities                                 | (1)      |
| Trade and other payables  | (13)     |
| Provisions  | (2)      |
| Cash and cash equivalents acquired                              | 7        |
| Total net identifiable assets                                   | 150      |
| Non-controlling interest  | (45)     |
| Goodwill  | 23       |
| Total   | 128      |
| Fair value of the interest held before the business combination | (75)     |
| Total consideration   | 53       |

C.

Share-holding increase in Shufersal

On September 12, 2016, the Group through DIC, acquired 9,097,127 of Shufersal's shares, so that the company's equity interest in Shufersal's share capital increased from approximately 53.89% to around 58.17%. Additionally, on December 12, 2016 DIC also acquired 5.3 million of Shufersal's shares for an amount of NIS 75 million (equivalent to Ps. 297 million), so that the company's equity interest increased to approximately 60.67%.



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4.

Acquisition and dispositions (Continued)

D.

Acquisition of DIC shares

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

E.

Partial sale of equity interest in PBC

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

F.

Partial sale of equity interest in Gav Yam

On December 5, 2016, PBC sold 280,873 shares of its subsidiary Gav-Yam Land Corporation Ltd. for an amount of NIS 391 million (equivalent to Ps. 1,616). As a result of this transaction, the equity interest of the Company has decreased from 69.06% to 55.06%.

G.

Negotiations between Israil and Sun Dor

On December 31, 2016 IDB Tourism was at an advanced stage of negotiations with Sun D'or International Airlines Ltd. ("Sun D'or"), a subsidiary of El Al Israel Airlines Ltd. ("EI AI"), which consists of:

Israil would sell the aircrafts it owns through a purchase and lease agreement for an estimated value of US\$ 70 million;

Following the sale of aircraft units, IDB Tourism would receive US\$ 45 million plus 25% of Sun D'Or's shares, with El Al retaining a 75% equity interest in such company;

The parties would enter into a shareholder agreement that would give El Al a call option (and a sale option to IDB Tourism) for the acquisition of Sun D'Or's shares in accordance with a price and terms that would be established in due course.

As a consequence of this process, the Group's financial statements as of December 31, 2016 record the investment in Israil as assets and liabilities held for sale, and a loss of nearly NIS 56 million (equivalent to Ps. 231), as a result of measuring these net assets at the estimated recoverable value.

It should be noted that as of the date of these financial statements the parties have not signed a memorandum of understanding and/or binding agreement regarding the transaction scheme and/ or the transaction terms; and that should the transaction take place, it will be subject to the legally required approvals, including the approval from the Antitrust Commissioner. If an agreement is reach, the transaction is expected to be finalized by the end of 2017.

5.  
Financial risk management and fair value estimates

5.1.  
Financial risk

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

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

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

5.2.  
Fair value estimates

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

6.  
Segment information

As explained in Note 6 to the Annual Consolidated Financial Statements, since the Group obtained control over IDBD, the financial and net worth performance is reported separately in two centers of operations. Within the Operations Center in Argentina, there have been no changes in the business segments or the financial reporting criteria thereof. In the Operations Center in Israel, and as reported in Note 4 to these financial statements, the Group stopped including Agrochemicals as a reportable segment, following the sale of Adama.







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6.

Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the six-month periods ended December 31, 2016 and 2015:

|   | December 31, 2016                 |                                | Total     |
|---|-----------------------------------|--------------------------------|-----------|
|   | Operations Center<br>in Argentina | Operations Center<br>in Israel |           |
| Revenues  | 2,085                             | 34,021                         | 36,106    |
| Costs   | (496)                             | (24,700)                       | (25,196)  |
| Gross profit                                      | 1,589                             | 9,321                          | 10,910    |
| Gain from disposal of investment<br>property      | 86                                | 19                             | 105       |
| General and administrative<br>expenses            | (337)                             | (1,500)                        | (1,837)   |
| Selling expenses                                  | (185)                             | (6,566)                        | (6,751)   |
| Other operating results,<br>net                   | (17)                              | (99)                           | (116)     |
| Profit from operations                            | 1,136                             | 1,175                          | 2,311     |
| Share of loss of joint ventures and<br>associates | (92)                              | (6)                            | (98)      |
| Segment profit                                    | 1,044                             | 1,169                          | 2,213     |
| Reportable assets                                 | 5,019                             | 152,446                        | 157,465   |
| Reportable liabilities                            | -                                 | (132,518)                      | (132,518) |
| Net reportable assets                             | 5,019                             | 19,928                         | 24,947    |

|   | December 31, 2015                 |                                | Total |
|---|-----------------------------------|--------------------------------|-------|
|   | Operations Center<br>in Argentina | Operations<br>Center in Israel |       |
| Revenues  | 1,587                             | -                              | 1,587 |
| Costs   | (382)                             | -                              | (382) |
| Gross profit                                      | 1,205                             | -                              | 1,205 |
| Gain from disposal of investment<br>property      | 1,029                             | -                              | 1,029 |
| General and administrative<br>expenses            | (277)                             | -                              | (277) |
| Selling expenses                                  | (121)                             | -                              | (121) |
| Other operating results,<br>net                   | 123                               | -                              | 123   |
| Profit from operations                            | 1,959                             | -                              | 1,959 |
| Share of loss of joint ventures and<br>associates | (404)                             | -                              | (404) |

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|                        |       |           |           |
|------------------------|-------|-----------|-----------|
| Segment profit         | 1,555 | -         | 1,555     |
| Reportable assets      | 5,214 | 123,597   | 128,811   |
| Reportable liabilities | -     | (110,054) | (110,054) |
| Net reportable assets  | 5,214 | 13,543    | 18,757    |

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

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6.

## Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's Operations Center in Argentina for the period ended December 31, 2016:

|   | December 31, 2016              |                    |                        |        |               |                                 | Total |
|---|--------------------------------|--------------------|------------------------|--------|---------------|---------------------------------|-------|
|   | Operations Center in Argentina |                    |                        |        |               |                                 |       |
|   | Shopping Centers               | Offices and others | Sales and developments | Hotels | International | Financial operations and others |       |
| Revenues  | 1,494                          | 217                | 1                      | 373    | -             | -                               | 2,085 |
| Costs   | (221)                          | (27)               | (14)                   | (234)  | -             | -                               | (496) |
| Gross profit / (loss)                                     | 1,273                          | 190                | (13)                   | 139    | -             | -                               | 1,589 |
| Gain from disposal of investment property                 | -                              | -                  | 86                     | -      | -             | -                               | 86    |
| General and administrative expenses                       | (123)                          | (31)               | (75)                   | (66)   | (42)          | -                               | (337) |
| Selling expenses  | (93)                           | (25)               | (19)                   | (46)   | -             | (2)                             | (185) |
| Other operating results, net                              | (24)                           | 46                 | (28)                   | -      | (9)           | (2)                             | (9)   |
| Profit / (Loss) from operations                           | 1,033                          | 180                | (49)                   | 27     | (51)          | (4)                             | 1,136 |
| Share of profit / (loss) of joint ventures and associates | -                              | 16                 | 7                      | -      | (159)         | 44                              | (92)  |
| Segment profit / (loss)                                   | 1,033                          | 196                | (42)                   | 27     | (210)         | 40                              | 1,044 |
| Investment properties                                     | 2,261                          | 964                | 260                    | -      | -             | -                               | 3,485 |
| Property, plant and equipment                             | 48                             | 22                 | 3                      | 153    | 2             | -                               | 228   |
| Trading properties  | -                              | -                  | 278                    | -      | -             | -                               | 278   |
| Goodwill  | 1                              | 29                 | -                      | -      | -             | -                               | 30    |
| Right to receive future units under barter agreements     | 9                              | -                  | 29                     | -      | -             | -                               | 38    |
| Inventories   | 24                             | -                  | -                      | 10     | -             | -                               | 34    |
| Investment in joint ventures and associates               | -                              | 130                | 69                     | -      | (1,041)       | 1,768                           | 956   |
| Operating assets  | 2,343                          | 1,145              | 639                    | 163    | (1,039)       | 1,768                           | 5,028 |







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6.

## Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's Operations Center in Argentina for the period ended December 31, 2015:

|   | December 31, 2015              |                    |                        |        |               |       | Financial operations and others | Total |
|---|--------------------------------|--------------------|------------------------|--------|---------------|-------|---------------------------------|-------|
|   | Operations Center in Argentina |                    |                        |        |               |       |                                 |       |
|   | Shopping Centers               | Offices and others | Sales and developments | Hotels | International |       |                                 |       |
| Revenues  | 1,193                          | 145                | 5                      | 244    | -             | -     | 1,587                           |       |
| Costs   | (176)                          | (26)               | (10)                   | (170)  | -             | -     | (382)                           |       |
| Gross profit / (loss)                                     | 1,017                          | 119                | (5)                    | 74     | -             | -     | 1,205                           |       |
| Gain from disposal of investment property                 | -                              | -                  | 1,029                  | -      | -             | -     | 1,029                           |       |
| General and administrative expenses                       | (81)                           | (16)               | (72)                   | (49)   | (59)          | -     | (277)                           |       |
| Selling expenses  | (64)                           | (18)               | (10)                   | (29)   | -             | -     | (121)                           |       |
| Other operating results, net                              | (18)                           | (1)                | (5)                    | (1)    | 146           | 2     | 123                             |       |
| Profit / (Loss) from operations                           | 854                            | 84                 | 937                    | (5)    | 87            | 2     | 1,959                           |       |
| Share of profit / (loss) of joint ventures and associates | -                              | 8                  | 6                      | -      | (579)         | 161   | (404)                           |       |
| Segment profit / (loss)                                   | 854                            | 92                 | 943                    | (5)    | (492)         | 163   | 1,555                           |       |
| Investment properties                                     | 2,347                          | 861                | 321                    | -      | -             | -     | 3,529                           |       |
| Property, plant and equipment                             | 47                             | 20                 | 1                      | 161    | 2             | -     | 231                             |       |
| Trading properties  | -                              | -                  | 179                    | -      | -             | -     | 179                             |       |
| Goodwill  | 7                              | 4                  | -                      | -      | -             | -     | 11                              |       |
| Right to receive future units under barter agreements     | 9                              | -                  | 81                     | -      | -             | -     | 90                              |       |
| Inventories   | 16                             | -                  | 1                      | 8      | -             | -     | 25                              |       |
| Investments in joint ventures and associates              | -                              | 24                 | 62                     | -      | (521)         | 1,584 | 1,145                           |       |
| Operating assets  | 2,426                          | 909                | 645                    | 169    | (519)         | 1,584 | 5,214                           |       |





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6.

Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's Operations Center in Israel for the period ended December 31, 2016:

|   | Real Estate | Supermarkets | Telecommunications | Insurances | Others   | Total     |
|---|-------------|--------------|--------------------|------------|----------|-----------|
| Revenues  | 2,484       | 23,476       | 7,863              | -          | 198      | 34,021    |
| Costs   | (1,700)     | (17,544)     | (5,356)            | -          | (100)    | (24,700)  |
| Gross profit  | 784         | 5,932        | 2,507              | -          | 98       | 9,321     |
| Gain from disposal of investment property                 | -           | -            | -                  | -          | 19       | 19        |
| General and administrative expenses                       | (130)       | (302)        | (761)              | -          | (307)    | (1,500)   |
| Selling expenses  | (47)        | (4,811)      | (1,679)            | -          | (29)     | (6,566)   |
| Other operating results, net                              | -           | (31)         | (19)               | -          | (49)     | (99)      |
| Profit / (Loss) from operations                           | 607         | 788          | 48                 | -          | (268)    | 1,175     |
| Share of (loss) / profit of joint ventures and associates | (114)       | -            | -                  | -          | 108      | (6)       |
| Segment profit / (loss)                                   | 493         | 788          | 48                 | -          | (160)    | 1,169     |
| Operating assets  | 62,361      | 32,467       | 28,415             | 6,143      | 23,060   | 152,446   |
| Operating liabilities                                     | (51,209)    | (25,944)     | (22,529)           | -          | (32,836) | (132,518) |
| Operating assets (liabilities), net                       | 11,152      | 6,523        | 5,886              | 6,143      | (9,776)  | 19,928    |

Below is a summarized analysis of the lines of business of Group's operations center in Israel for the period ended December 31, 2015:

|                                     | Real Estate | Supermarkets | Telecommunications | Insurances | Others   | Total     |
|-------------------------------------|-------------|--------------|--------------------|------------|----------|-----------|
| Operating assets                    | 50,475      | 24,706       | 20,816             | 4,845      | 22,755   | 123,597   |
| Operating liabilities               | (40,701)    | (21,048)     | (16,893)           | -          | (31,412) | (110,054) |
| Operating assets (liabilities), net | 9,774       | 3,658        | 3,923              | 4,845      | (8,657)  | 13,543    |





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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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## 6.

## Segment information (Continued)

The following tables present a reconciliation between the total profit from operations as per segment information and the profit from operations as per the Statements of Income. The adjustments relate to the presentation of the results of joint ventures from the Operations Center in Argentina accounted for under the equity method under IFRS and the non-elimination of the inter-segment transactions.

|   | December 31, 2016                      |   |   |   |  |
|---|--|---|---|---|--|
|   | Total<br>as per segment<br>information | Adjustment<br>for<br>share of<br>profit / (loss)<br>of<br>joint<br>ventures | Expenses<br>and collective<br>promotion funds | Adjustment to income<br>for elimination of<br>inter-segment<br>transactions | Total as per<br>Statement<br>of income |
| Revenues  | 36,106                                 | (18)  | 745   | (2)   | 36,831                                 |
| Costs   | (25,196)                               | 10  | (759)   | -   | (25,945)                               |
| Gross profit / (loss)   | 10,910                                 | (8)   | (14)  | (2)   | 10,886                                 |
| Gain from disposal of<br>investment property                    | 105                                    | -   | -   | -   | 105                                    |
| General and administrative<br>expenses                          | (1,837)                                | 2   | -   | 4   | (1,831)                                |
| Selling expenses  | (6,751)                                | 2   | -   | -   | (6,749)                                |
| Other operating results, net                                    | (116)                                  | (5)   | -   | (2)   | (123)                                  |
| Profit / (Loss) from<br>operations                              | 2,311                                  | (9)   | (14)  | -   | 2,288                                  |
| Share of (loss) / profit of<br>joint ventures and<br>associates | (98)                                   | 5   | -   | -   | (93)                                   |
| Profit / (Loss) before<br>financing and taxation                | 2,213                                  | (4)   | (14)  | -   | 2,195                                  |





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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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## 6.

## Segment information (Continued)

|   | December 31, 2015 |                 |                 |                |            |
|---|-------------------|-----------------|-----------------|----------------|------------|
|   | Total             | Adjustment      | Expenses        | Adjustment to  | Total      |
|   | as per segment    | share of        | and collective  | income for     | as per     |
|   | information       | profit / (loss) | promotion funds | elimination of | Statements |
|   |                   | of              |                 | inter-segment  | of Income  |
|   |                   | joint           |                 | transactions   |            |
|   |                   | ventures        |                 |                |            |
| Revenues  | 1,587             | (15)            | 594             | (2)            | 2,164      |
| Costs   | (382)             | 9               | (602)           | 3              | (972)      |
| Gross profit / (loss)                                     | 1,205             | (6)             | (8)             | 1              | 1,192      |
| Gain from disposal of investment property                 | 1,029             | -               | -               | -              | 1,029      |
| General and administrative expenses                       | (277)             | 1               | -               | 3              | (273)      |
| Selling expenses  | (121)             | 1               | -               | -              | (120)      |
| Other operating results, net                              | 123               | 1               | -               | (4)            | 120        |
| Profit / (loss) from operations                           | 1,959             | (3)             | (8)             | -              | 1,948      |
| Share of (loss) / profit of joint ventures and associates | (404)             | 6               | -               | -              | (398)      |
| Profit / (Loss) before financing and taxation             | 1,555             | 3               | (8)             | -              | 1,550      |



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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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6.

Segment information (Continued)

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

|   | December 31, 2016              |                             |         | December 31, 2015              |                             |          |
|---|--------------------------------|-----------------------------|---------|--------------------------------|-----------------------------|----------|
|   | Operations Center in Argentina | Operations Center in Israel | Total   | Operations Center in Argentina | Operations Center in Israel | Total    |
| Total assets based on segment information                             | 5,019                          | 152,446                     | 157,465 | 5,214                          | 123,597                     | 128,811  |
| Proportionate share in assets per segment of joint ventures (148) (3) | -                              | -                           | (148)   | (119)                          | -                           | (119)    |
| Discontinued operations   | -                              | -                           | -       | -                              | 9,981                       | 9,981    |
| Fair value adjustments as result of business combination              | -                              | -                           | -       | -                              | (11,309)                    | (11,309) |
| Investment in joint ventures (1)                                      | 175                            | -                           | 175     | 172                            | -                           | 172      |
| Other non-reportable assets (2)                                       | 8,621                          | -                           | 8,621   | 6,384                          | -                           | 6,384    |
| Total assets as per Statements of Financial Position                  | 13,667                         | 152,446                     | 166,113 | 11,651                         | 122,269                     | 133,920  |

(1)

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

(2)

Includes deferred income tax asset, income tax and MPIT credits, trade and other receivables, investment in financial assets, cash and cash equivalents and intangible assets except for right to receive future units under barter agreements, net of investments in associates with negative equity which are included in provisions in the amount of Ps. 1,048 and Ps. 582, as of December 31, 2016 and 2015, respectively.

(3)

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

|                               | December 31, 2016 | December 31, 2015 |
|-------------------------------|-------------------|-------------------|
| Investment properties         | 141               | 112               |
| Property, plant and equipment | 1                 | 1                 |
| Trading properties            | 5                 | 1                 |

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|   |     |     |
|---|-----|-----|
| Goodwill  | 1   | 5   |
| Total proportionate share in assets per segment of joint ventures | 148 | 119 |

|  | December 31, 2016                    |                                   |         | December 31, 2015                    |                                   |         |
|--|--------------------------------------|-----------------------------------|---------|--------------------------------------|-----------------------------------|---------|
|  | Operations<br>Center in<br>Argentina | Operations<br>Center in<br>Israel | Total   | Operations<br>Center in<br>Argentina | Operations<br>Center in<br>Israel | Total   |
| Total liabilities based on segment information           | -                                    | 132,518                           | 132,518 | -                                    | 110,054                           | 110,054 |
| Plus:  |                                      |                                   |         |                                      |                                   |         |
| Discontinued operations                                  | -                                    | -                                 | -       | -                                    | 10,024                            | 10,024  |
| Fair value adjustments as result of business combination | -                                    | -                                 | -       | -                                    | (3,069)                           | (3,069) |
| Other non-reportable liabilities                         | 14,521                               | -                                 | 14,521  | 11,162                               | -                                 | 11,162  |
| Total liabilities as per statement of financial position | 14,521                               | 132,518                           | 147,039 | 11,162                               | 117,009                           | 128,171 |



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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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7.

## Information about the main subsidiaries

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

|                  | At December 31, 2016                              |                   |                       |                        |                                |               | Period ended December 31, 2016                       |          |                          |                                       |
|------------------|---|-------------------|-----------------------|------------------------|--------------------------------|---------------|--|----------|--------------------------|---------------------------------------|
|                  | Non-controlling<br>shareholders'<br>interest<br>% | Current<br>assets | Non-current<br>assets | Current<br>liabilities | Non-<br>current<br>liabilities | Net<br>assets | Book<br>Value<br>of non-<br>controlling<br>interests | Revenues | Net<br>(loss)/<br>income | Other<br>comprehens<br>(loss) / incor |
| Elron<br>(1)     | 49.68%  | 1,708             | 1,103                 | 131                    | 33                             | 2,647         | 1,985  | -        | (224)                    | (3)                                   |
| PBC (1)          | 35.56%  | 8,836             | 53,084                | 7,496                  | 43,713                         | 10,711        | 8,194  | 2,500    | (242)                    | (43)                                  |
| Cellcom<br>(1)   | 57.74%  | 11,295            | 16,025                | 7,659                  | 14,869                         | 4,792         | 3,431  | 7,741    | (89)                     | 4                                     |
| Shufersal<br>(1) | 41.83%  | 11,912            | 19,771                | 14,212                 | 11,732                         | 5,739         | 3,505  | 23,427   | 386                      | (19)                                  |
|                  | At June 30, 2016                                  |                   |                       |                        |                                |               | Period ended December 31, 2015                       |          |                          |                                       |
|                  | Non-controlling<br>shareholders'<br>interest<br>% | Current<br>assets | Non-current<br>assets | Current<br>liabilities | Non-<br>current<br>liabilities | Net<br>assets | Book<br>Value<br>of non-<br>controlling<br>interests | Revenues | Net<br>loss              | Other<br>comprehens<br>loss           |
| Elron<br>(1)     | 49.68%  | 2,145             | 922                   | 82                     | 31                             | 2,954         | 2,522  | N/A      | N/A                      | N/A                                   |
| PBC (1)          | 23.55%  | 10,435            | 47,546                | 9,925                  | 37,567                         | 10,489        | 8,419  | N/A      | N/A                      | N/A                                   |
| Cellcom<br>(1)   | 58.23%  | 9,368             | 16,113                | 7,629                  | 13,210                         | 4,642         | 3,795  | N/A      | N/A                      | N/A                                   |
| Shufersal<br>(1) | 47.05%  | 9,929             | 18,764                | 13,202                 | 10,411                         | 5,080         | 3,596  | N/A      | N/A                      | N/A                                   |
| DFL              | N/A   | N/A               | N/A                   | N/A                    | N/A                            | N/A           | N/A  | -        | (1,273)                  | (336)                                 |

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

(1)

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







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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)  
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7.  
Information about principal subsidiaries (Continued)

Restrictions, commitments and other relevant issues

Cellcom

As mentioned in Note 7 to the annual financial statements as of June 30, 2016, Cellcom was in dispute with Golan. In January 2017, Golan was acquired by Electra and signed an agreement with Cellcom regarding the use of its network and hosting services. Additionally, Cellcom agreed to provide Golan, on the completion date of the acquisition agreement by Electra, a loan for NIS 130 million for a term of 10 years, which shall be repaid in 6 semiannual installments starting on the eight anniversary of the execution of the agreement. The loan will be backed by several assets of Golan. It should be noted that the performance of the agreement is being hindered by interested third parties.

Analysis of the impact of the Concentration Law

As mentioned in Note 7 to the annual financial statements as of June, 30, 2016, IDBD is analyzing the implications of the Concentration Law. As of the date of these Unaudited Condensed Interim Consolidated Financial Statements, IDBD continues on this analysis process.

PBC and consulting agreement with Rock Real

In November 2009, PBC's audit committee and board of directors approved the agreement with Rock Real whereby the latter would look for and propose to PBC the acquisition of commercial properties outside Israel, in addition to assisting in the negotiations and management of such properties. In return, Rock Real would receive 12% of the net income generated by the acquired property. Pursuant to appendix 16 of the Israel Commercial Act 5759-1999, the agreement must be ratified by the Audit Committee before the third year after the effective date; otherwise, it expires. The agreement has not been ratified by the audit committee within such three-year term, so in January 2017 PBC issued a statement that hinted at the expiration of the agreement and informed that it would begin negotiations to reduce the debt that currently amounts to NIS 155 million (or Ps. 640 million).

Dolphin arbitration process

As mentioned in Note 3 to the annual financial statements there is an arbitration process going on between Dolphin and ETH in relation to certain issues connected to the control obtainment of IDBD. As of the date of these financial statements, there is no news in relation to the case and the proceeding is pending.



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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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8.

Investments in joint ventures

Evolution of Group's investments in joint ventures for the six-month period ended December 31, 2016 and for the fiscal year ended June 30, 2016 was as follows:

|  | December 31, June 30, |       |
|--|-----------------------|-------|
|  | 2016                  | 2016  |
| Beginning of the period / year                               | 1,944                 | 190   |
| Decrease for control obtainment (Note 4)                     | (31)                  | -     |
| Joint ventures incorporated by business combination (Note 4) | 123                   | 960   |
| Capital contributions  | 104                   | 77    |
| Share in (loss) / profit                                     | (48)                  | 140   |
| Currency translation adjustment                              | 84                    | 594   |
| Cash dividends (i)   | (35)                  | (17)  |
| End of the period / year                                     | 2,141                 | 1,944 |

(i)

During the period ended December 31, 2016, Ps. 19 correspond to Manaman, Ps. 9 to La Rural S.A. and Ps. 7 to Cyrsa S.A.. During the fiscal year ended June 30, 2016, Ps. 7 correspond to Cyrsa, Ps. 4 to NPSF and Ps. 6 to Manaman.



IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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8.

Investments in joint ventures (Continued)

The table below lists the Group's investments and the values of the Group's investments in joint ventures for the period ended December 31, 2016 and for the fiscal year ended June 30, 2016, as well as the participation of the Group in the comprehensive income of these companies for the six-month periods ended December 31, 2016 and 2015:

| Name of the entity       | Place of business / Country of incorporation | Main activity          | Common shares 1 | Value of Group's interest in equity |          | Group's interest in comprehensive income (loss) |          | % of ownership interest held |          | Last financial statement issued |                                |
|--------------------------|--|------------------------|-----------------|-------------------------------------|----------|---|----------|------------------------------|----------|---------------------------------|--------------------------------|
|                          |  |                        |                 | 12.31.16                            | 06.30.16 | 12.31.16  | 12.31.15 | 12.31.16                     | 06.30.16 | Common stock (nominal value)    | (Loss) / Profit for the period |
| Quality                  | Argentina                                    | Real estate            | 76,814,342      | 67                                  | 69       | (3)   | (3)      | 50%                          | 50%      | 158                             | (5)                            |
| Cyrsa                    | Argentina                                    | Real estate            | 8,748,269       | 12                                  | 18       | 2   | 5        | 50%                          | 50%      | 17                              | 3                              |
| La Rural                 | Argentina                                    | Organization of events | 714,498         | 130                                 | -        | (1)   | -        | 50%                          | n/a      | 1                               | 31                             |
| Puerto Retiro (1)        | Argentina                                    | Real estate            | 23,067,250      | 51                                  | 47       | 16  | (1)      | 50%                          | 50%      | 46                              | (2)                            |
| Mehadrin                 | Israel                                       | Agriculture            | 1,509,889       | 960                                 | 985      | (25)  | -        | 45.41%                       | 45.41%   | (*) 3                           | (*) 26                         |
| Other joint ventures (2) | n/a  | n/a                    | n/a             | 921                                 | 825      | 47  | 12       | n/a                          | n/a      | n/a                             | n/a                            |
|                          |  |                        |                 | 2,141                               | 1,944    | 36  | 13       |                              |          |                                 |                                |

(1)

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

(2)

Represent other joint venture business that are not significant individually.

(\*)

Amounts in millions of NIS.



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## 9.

## Investments in associates

Changes in the Group's investments in associates for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

|   | December 31,<br>2016 | June 30,<br>2016 |
|---|----------------------|------------------|
| Beginning of the period / year                          | 13,454               | 2,620            |
| Acquisition / Increase in equity interest in associates | 273                  | 158              |
| Unrealized loss on investments at fair value            | -                    | (564)            |
| Decrease for control obtainment                         | -                    | (1,047)          |
| Associates incorporated by business combination         | -                    | 8,308            |
| Capital contributions                                   | 57                   | 180              |
| Share in (loss) / profit                                | (45)                 | 286              |
| Currency translation adjustment                         | 226                  | 4,193            |
| Cash dividends (ii)                                     | (35)                 | (515)            |
| Sale of equity interest in associates                   | -                    | (4)              |
| Reclassification to held for sale (Note 4)              | (11,473)             | -                |
| Hedging instruments                                     | 56                   | (93)             |
| Defined benefit plans                                   | (7)                  | (10)             |
| Impairment  | -                    | (58)             |
| End of the period / year (i)                            | 2,506                | 13,454           |

(i)

Includes Ps. (1,048) and Ps. (838) reflecting interests in companies with negative equity as of December 31, 2016 and June 30, 2016, respectively, which are disclosed in "Provisions" (see Note 19).

(ii)

During the period ended December 31, 2016 the balance corresponds Ps. 4 to Emco, Ps. 28 to Aviaresp AG and Ps. 3 to Millenium. During the fiscal year ended June 30, 2016 the balance corresponds Ps. 10 to Millenium, Ps. 495 to Adama and Ps. 10 to Emco.





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9.

## Investments in associates (continued)

The table below lists the Group's investments, values of interests and interest in comprehensive income of associates for the period ended December 31, 2016 and for the fiscal year ended June 30, 2016, as well as Group's interest in comprehensive income of these companies for the six-month periods ended December 31, 2016 and 2015; except otherwise indicated below:

| Name of the entity | Place of business / Country of incorporation | Main activity      | Common shares 1 vote | Value of Group's interest in equity |          | Group's interest in comprehensive income (loss) |          | % of ownership interest held |          | Last financial s issued | Common Profi stock (nominal value) | Profi (loss) for th peric |
|--------------------|--|--------------------|----------------------|-------------------------------------|----------|---|----------|------------------------------|----------|-------------------------|------------------------------------|---------------------------|
|                    |  |                    |                      | 12.31.16                            | 06.30.16 | 12.31.16  | 12.31.15 | 12.31.16                     | 06.30.16 |                         |                                    |                           |
| Tarshop            | Argentina                                    | Consumer financing | 48,759,288           | 78                                  | 72       | 5   | (12)     | 20%                          | 20%      | 244                     | 92                                 |                           |
| New Lipstick       | U.S.A.                                       | Real estate        | N/A                  | (968)                               | (793)    | (174)   | (252)    | 49.73%                       | 49.73%   | N/A                     | (*) (                              |                           |
| BHSA               | Argentina                                    | Financial          | 448,689,072          | 1,647                               | 1,609    | 38  | 172      | 29.91%                       | 29.91%   | 1,500                   | 178                                |                           |
| BACS (1)           | Argentina                                    | Financial          | 7,812,500            | 43                                  | 21       | 1   | 3        | 12.5%                        | 6.4%     | 63                      | 12                                 |                           |
| IDBD               | Israel                                       | Investment         | N/A                  | -                                   | -        | -   | 3,202    | N/A                          | 49.00%   | n/a                     | n/a                                |                           |
| Condor             | U.S.A.                                       | Hotel              | 1,261,723            | (79)                                | (45)     | (35)  | 75       | 25.45%                       | 25.53%   | (*) 49                  | (*) 9                              |                           |
| Adama              | Israel                                       | Agrochemical       | -                    | -                                   | 10,847   | -   | -        | -                            | 40.00%   | n/a                     | n/a                                |                           |
| PBEL               | India  | Real estate        | 450,000              | 682                                 | 864      | 48  | -        | 45.40%                       | 45.40%   | (**) 1                  | (29)                               |                           |
| Other associates   | n/a  | n/a                | n/a                  | 1,103                               | 879      | 298   | 6        | n/a                          | n/a      | n/a                     | n/a                                |                           |
|                    |  |                    |                      | 2,506                               | 13,454   | 181   | 3,194    |                              |          |                         |                                    |                           |

(1)

On August 24, 2016, the BCRA approved the sale of BACS' shares, representing 6.125% which had been subscribed by Tyrus. As a result, as of December 31 the Group's equity interest in BACS amounts to 12.5% while BHSA holds the remaining 87.5%. Following the reported fiscal year, on February 7, 2017, the BCRA approved the conversion of ONC mentioned in Note 3 to the annual financial statements, increasing IRSA's equity in BACS to 33.364%.

(\*) Amounts in millions of US dollars.

(\*\*) Amounts in millions of NIS.



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10.

## Investment properties

Changes in the Group's investment properties for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

|  | Period ended<br>December 31, 2016 |                                |  | Fiscal year<br>ended<br>June 30,<br>2016 |         |
|--|-----------------------------------|--------------------------------|--|--|---------|
|  | Rental<br>properties (ii)         | Undeveloped parcels<br>of land | Properties<br>under development<br>(iii) | Total                                    | Total   |
| Beginning of the period / year:                        |                                   |                                |  |  |         |
| Costs  | 45,848                            | 2,432                          | 3,978                                    | 52,258                                   | 5,257   |
| Accumulated depreciation                               | (2,378)                           | (8)                            | -  | (2,386)                                  | (1,767) |
| Net book amount  | 43,470                            | 2,424                          | 3,978                                    | 49,872                                   | 3,490   |
| Changes of the period / year                           |                                   |                                |  |  |         |
| Assets incorporated by business combination            | -                                 | -                              | -  | -  | 29,586  |
| Additions  | 806                               | 15                             | 871                                      | 1,692                                    | 1,190   |
| Transfers  | 1,109                             | (224)                          | (885)                                    | -  | -       |
| Reclassification to/from property, plant and equipment | (3)                               | -                              | -  | (3)                                      | 70      |
| Reclassification to trading properties                 | -                                 | -                              | -  | -  | (71)    |
| Disposals  | (414)                             | -                              | -  | (414)                                    | (267)   |
| Currency translation adjustment                        | 2,107                             | 90                             | 134                                      | 2,331                                    | 16,754  |
| Impairment   | -                                 | -                              | -  | -  | (339)   |
| Depreciation charges (i)                               | (528)                             | (8)                            | -  | (536)                                    | (541)   |
| Closing net book amount                                | 46,547                            | 2,297                          | 4,098                                    | 52,942                                   | 49,872  |
| End of the period / year:                              |                                   |                                |  |  |         |
| Costs  | 49,503                            | 2,313                          | 4,098                                    | 55,914                                   | 52,258  |
| Accumulated depreciation                               | (2,956)                           | (16)                           | -  | (2,972)                                  | (2,386) |
| Net book amount  | 46,547                            | 2,297                          | 4,098                                    | 52,942                                   | 49,872  |

(i) Depreciation charges of investment property were included in "Costs" in the statement of income (Note 23).

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

(iii)

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Includes Catalinas Tower; on November 16, 2016, IRSA entered into an agreement with DyCASA S.A., which began the works on November 29, 2016, they are expected to be completed by May, 2019.

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

|  | December<br>31,<br>2016 | December<br>31,<br>2015 |
|--|-------------------------|-------------------------|
| Rental and services income                   | 4,242                   | 1,920                   |
| Direct operating expenses                    | (1,890)                 | (795)                   |
| Development expenses                         | (822)                   | (7)                     |
| Gain from disposal of investment<br>property | 105                     | 1,029                   |



## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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11.

## Property, plant and equipment

Changes in the Group's property, plant and equipment for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

|  | Period ended<br>December 31, 2016 |                               |                           |            |         | Fiscal year<br>ended<br>June 30,<br>2016 |
|--|-----------------------------------|-------------------------------|---------------------------|------------|---------|--|
|  | Buildings<br>and<br>facilities    | Machinery<br>and<br>equipment | Communication<br>networks | Others (i) | Total   | Total                                    |
| Beginning of the period / year:                |                                   |                               |                           |            |         |  |
| Costs  | 13,891                            | 3,203                         | 5,974                     | 2,776      | 25,844  | 630                                      |
| Accumulated depreciation                       | (612)                             | (390)                         | (564)                     | (223)      | (1,789) | (387)                                    |
| Net book amount                                | 13,279                            | 2,813                         | 5,410                     | 2,553      | 24,055  | 243                                      |
| Changes of the period / year                   |                                   |                               |                           |            |         |  |
| Assets incorporated by business combination    | -                                 | -                             | -                         | -          | -       | 15,104                                   |
| Additions                                      | 331                               | 324                           | 385                       | 255        | 1,295   | 1,172                                    |
| Disposals                                      | -                                 | (12)                          | (11)                      | (206)      | (229)   | -  |
| Reclassification to assets held for sale       | (12)                              | -                             | -                         | (1,532)    | (1,544) | -  |
| Impairment                                     | -                                 | -                             | -                         | -          | -       | (13)                                     |
| Currency translation adjustment                | 651                               | 143                           | 260                       | 108        | 1,162   | 8,784                                    |
| Reclassification from / to investment property | 3                                 | -                             | -                         | -          | 3       | (70)                                     |
| Depreciation charges (ii)                      | (297)                             | (275)                         | (529)                     | (216)      | (1,317) | (1,165)                                  |
| Closing net book amount                        | 13,955                            | 2,993                         | 5,515                     | 962        | 23,425  | 24,055                                   |
| End of the period / year:                      |                                   |                               |                           |            |         |  |
| Costs  | 14,899                            | 3,731                         | 6,671                     | 1,303      | 26,604  | 25,844                                   |
| Accumulated depreciation                       | (944)                             | (738)                         | (1,156)                   | (341)      | (3,179) | (1,789)                                  |
| Net book amount                                | 13,955                            | 2,993                         | 5,515                     | 962        | 23,425  | 24,055                                   |

(i)

Includes furniture and fixtures, vehicles and aircrafts (See Note 4 G).

(ii)

Depreciation charges of property, plant and equipment were included in "Costs", "General and administrative expenses" and "Selling expenses" in the Statements of Income/(Operations) (Note 23).



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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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12.

Trading properties

Changes in the Group's trading properties for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

|   | Period ended         |                              |                   | Fiscal year ended |       |
|---|----------------------|------------------------------|-------------------|-------------------|-------|
|   | December 31, 2016    |                              |                   | June 30, 2016     |       |
|   | Completed properties | Properties under development | Undeveloped sites | Total             | Total |
| Beginning of the period / year              | 236                  | 3,307                        | 1,169             | 4,712             | 131   |
| Additions                                   | 1                    | 424                          | 26                | 451               | 354   |
| Assets incorporated by business combination | -                    | -                            | -                 | -                 | 2,656 |
| Currency translation adjustment             | 40                   | 149                          | 32                | 221               | 1,652 |
| Transfers                                   | 1,100                | (695)                        | (405)             | -                 | -     |
| Reclassification from investment property   | -                    | -                            | -                 | -                 | 71    |
| Disposals                                   | (153)                | (682)                        | -                 | (835)             | (152) |
| End of the period / year                    | 1,224                | 2,503                        | 822               | 4,549             | 4,712 |

|             | December 31, 2016 | June 30, 2016 |
|-------------|-------------------|---------------|
| Non-current | 3,744             | 4,471         |
| Current     | 805               | 241           |
| Total       | 4,549             | 4,712         |





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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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13.

## Intangible assets

Changes in the Group's intangible assets for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

|  | Period ended<br>December 31, 2016 |            |          |                       |  |                                       |         | Fiscal<br>year<br>ended<br>June 30,<br>2016 |
|--|-----------------------------------|------------|----------|-----------------------|--|---------------------------------------|---------|---|
|  | Goodwill                          | Trademarks | Licenses | Customer<br>relations | Information<br>systems and<br>software | Contracts<br>and others<br>(ii) (iii) | Total   | Total                                       |
| Beginning of the<br>period / year:                         |                                   |            |          |                       |  |                                       |         |   |
| Costs  | 2,214                             | 3,378      | 817      | 3,923                 | 1,189                                  | 1,458                                 | 12,979  | 148   |
| Accumulated<br>amortization                                | -                                 | (23)       | (58)     | (704)                 | (241)                                  | (190)                                 | (1,216) | (21)  |
| Net book amount  | 2,214                             | 3,355      | 759      | 3,219                 | 948                                    | 1,268                                 | 11,763  | 127   |
| Changes of the<br>period / year                            |                                   |            |          |                       |  |                                       |         |   |
| Additions  | -                                 | -          | -        | -                     | 273                                    | -                                     | 273     | 134   |
| Disposals  | -                                 | -          | -        | -                     | -                                      | (52)                                  | (52)    | -   |
| Reclassification to<br>assets held for sale                | -                                 | (41)       | -        | (90)                  | (12)                                   | (45)                                  | (188)   | -   |
| Assets incorporated<br>by business<br>combination (Note 4) | 23                                | -          | -        | -                     | -                                      | -                                     | 23      | 7,994                                       |
| Currency translation<br>adjustment                         | 109                               | 154        | 33       | 136                   | 48                                     | 43                                    | 523     | 4,496                                       |
| Amortization charges<br>(i)                                | -                                 | (282)      | (61)     | (331)                 | (200)                                  | (174)                                 | (1,048) | (988)                                       |
| Closing net book<br>amount                                 | 2,346                             | 3,186      | 731      | 2,934                 | 1,057                                  | 1,040                                 | 11,294  | 11,763                                      |
| End of the period /<br>year:                               |                                   |            |          |                       |  |                                       |         |   |
| Costs  | 2,346                             | 3,505      | 858      | 4,033                 | 1,522                                  | 1,423                                 | 13,687  | 12,979                                      |
| Accumulated<br>amortization                                | -                                 | (319)      | (127)    | (1,099)               | (465)                                  | (383)                                 | (2,393) | (1,216)                                     |
| Net book amount  | 2,346                             | 3,186      | 731      | 2,934                 | 1,057                                  | 1,040                                 | 11,294  | 11,763                                      |

(i)

Amortization charges of intangible assets are included in "General and administrative expenses" in the Statements of Income/(Operations) (Note 23). There are no impairment charges for any of the years / periods presented.

(ii)

Includes "Rights of use". Corresponds to Distrito Arcos

(iii)

Includes "Right to receive future units under barter agreements". Corresponds to receivables in kind representing the right to receive residential apartments in the future by way of barter agreements. Caballito: On June 29, 2011, the Group and TGLT entered into a barter agreement in the amount of US\$ 12.8. In 2013, a neighborhood association secured a preliminary injunction which suspended the works to be carried out by TGLT in the property and started a claim against GCBA and TGLT. As a consequence of the unfavorable rulings rendered by lower courts and appellate courts in the cited proceeding, the Group and TGLT reached a settlement agreement dated December 30 2016, whereby they agree to provide a deed for the revocation of the barter agreement, after TGLT resolves certain issues. Consequently, the Group has decided to deregister the intangible asset related to this transaction, thus recognizing a loss of Ps. 27.7.

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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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14.

Financial instruments by category

The note shows the financial assets and financial liabilities by category of financial instrument and a reconciliation to the corresponding line item in the statements of financial position, as appropriate. Financial assets and liabilities measured at fair value are assigned based on their different levels in the fair value hierarchy. For further information, related to fair value hierarchy see Note 14 to the annual financial statements as of June 30, 2016. Financial assets and financial liabilities as of December 31, 2016 are as follows:

|  | Financial assets<br>at amortized cost<br>(i)         | Financial assets<br>at fair value<br>through profit or loss |         |         | Subtotal<br>financial<br>assets      | Non-financial<br>assets      | Total  |
|--|--|---|---------|---------|--------------------------------------|------------------------------|--------|
|  |  | Level 1   | Level 2 | Level 3 |                                      |                              |        |
| December 31, 2016  |  |   |         |         |                                      |                              |        |
| Assets as per statement of financial position  |  |   |         |         |                                      |                              |        |
| Trade and other receivables<br>(excluding the allowance for<br>doubtful accounts and other<br>receivables) | 14,537   | -   | -       | 1,912   | 16,449                               | 2,456                        | 18,905 |
| Investments in financial assets:   |  |   |         |         |                                      |                              |        |
| - Public companies' securities   | -  | 1,334   | 94      | 677     | 2,105                                | -                            | 2,105  |
| - Private companies' securities  | -  | -   | -       | 842     | 842                                  | -                            | 842    |
| - Deposits   | 1,250  | 16  | -       | -       | 1,266                                | -                            | 1,266  |
| - Mutual funds   | -  | 2,427   | -       | -       | 2,427                                | -                            | 2,427  |
| - Bonds  | 137  | 3,871   | -       | -       | 4,008                                | -                            | 4,008  |
| - Others   | -  | 698   | -       | -       | 698                                  | -                            | 698    |
| Derivative financial instruments:  |  |   |         |         |                                      |                              |        |
| - Foreign-currency future<br>contracts   | -  | 12  | 6       | -       | 18                                   | -                            | 18     |
| - Swaps  | -  | 8   | -       | -       | 8                                    | -                            | 8      |
| Restricted assets  | 954  | -   | -       | -       | 954                                  | -                            | 954    |
| Financial assets held for sale:  |  |   |         |         |                                      |                              |        |
| - Clal   | -  | 6,143   | -       | -       | 6,143                                | -                            | 6,143  |
| Cash and cash equivalents:   |  |   |         |         |                                      |                              |        |
| - Cash at bank and on hand   | 10,638   | -   | -       | -       | 10,638                               | -                            | 10,638 |
| - Short term investments   | 11,838   | 1,224   | -       | -       | 13,062                               | -                            | 13,062 |
| Total assets   | 39,354   | 15,733  | 100     | 3,431   | 58,618                               | 2,456                        | 61,074 |
|  | Financial<br>liabilities at<br>amortized cost<br>(i) | Financial liabilities<br>at fair value                      |         |         | Subtotal<br>financial<br>liabilities | Non-financial<br>liabilities | Total  |
|  |  | Level 1   |         |         |                                      |                              |        |

|  |         |     | Level | Level |         |       |         |
|--|---------|-----|-------|-------|---------|-------|---------|
|  |         |     | 2     | 3     |         |       |         |
| December 31, 2016                                  |         |     |       |       |         |       |         |
| Liabilities as per statement of financial position |         |     |       |       |         |       |         |
| Trade and other payables                           | 16,545  | -   | -     | -     | 16,545  | 4,006 | 20,551  |
| Borrowings (excluding finance leases)              | 111,659 | -   | -     | -     | 111,659 | -     | 111,659 |
| Derivative financial instruments:                  |         |     |       |       |         |       |         |
| - Forwards   | -       | 209 | -     | -     | 209     | -     | 209     |
| - Foreign-currency future contracts                | -       | 16  | -     | -     | 16      | -     | 16      |
| Total liabilities                                  | 128,204 | 225 | -     | -     | 128,429 | 4,006 | 132,435 |

(i)  
 The fair value of financial assets and liabilities at their amortized cost does not differ significantly from their book value, except for the borrowings (Note 20).



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14.

Financial instruments by category (Continued)

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

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



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|                                       |         |     |   |        |         |     |         |
|---------------------------------------|---------|-----|---|--------|---------|-----|---------|
| Borrowings (excluding finance leases) | 101,928 | -   | - | 10,999 | 112,927 | -   | 112,927 |
| Derivative financial instruments      |         |     |   |        |         |     |         |
| - Forwards                            | -       | 198 | - | -      | 198     | -   | 198     |
| - Foreign-currency future contracts   | -       | 16  | 3 | -      | 19      | -   | 19      |
| Total liabilities                     | 120,327 | 214 | 3 | 10,999 | 131,543 | 993 | 132,536 |

(i)

The fair value of financial assets and liabilities at their amortized cost does not differ significantly from their book value, except for the borrowings (Note 20).

Clal

As mentioned in Note 16 to the annual financial statements, IDBD is subject to a judicial process on the sale of its equity interest in Clal. As of the balance sheet date, there was no further information on the subject. It should be noted that on December 31, 2016 the Group was obliged to sell the 10% interest in Clal. Clal filed an appeal with the Israel Concentration Committee asking that the significant company status be revoked and Dolphin also filed an appeal with the Supreme Court of Israel. The Group cannot estimate the outcome of such appeals.

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14.

Financial instruments by category (Continued)

During the period ended December 31, 2016 there were no transfers between levels of the fair value hierarchy.

The following table presents the changes in Level 3 instruments as of December 31, 2016 and June 30, 2016:

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

|   | Investments<br>in<br>financial<br>assets -<br>Public<br>companies'<br>Securities | Derivative<br>financial<br>instruments<br>-<br>Warrants<br>of Condor | Investment<br>in associate<br>IDBD | Derivative<br>financial<br>instruments -<br>Commitment<br>to tender<br>offer of<br>shares in<br>IDBD | Investments<br>in financial<br>assets -<br>Private<br>companies | Investments<br>in financial<br>assets -<br>Others | Borrowings -<br>Non-recourse<br>loan | Trade and<br>other<br>receivables | T  |
|---|--|--|------------------------------------|--|---|---|--------------------------------------|-----------------------------------|----|
|   | 349  | 7  | -                                  | (501)  | 102   | -   | -                                    | -                                 | (4 |
| Additions and<br>acquisitions                       | 50   | -  | -                                  | -  | 27  | -   | -                                    | -                                 | 7  |
| Transfer to<br>level 3                              | -  | -  | 1,529                              | -  | -   | -   | (26)                                 | -                                 | 1, |
| Currency<br>translation<br>adjustment               | -  | -  | 82                                 | (18)   | 291   | 52  | (3,608)                              | 706                               | (2 |
| Obtainment of<br>control over<br>IDBD               | -  | -  | (1,047)                            | -  | 861   | 88  | (7,336)                              | 1,187                             | (6 |
| Write off   | -  | -  | -                                  | 500  | -   | -   | -                                    | -                                 | 50 |
| Gain / (loss) for<br>the year (i) (ii)              | 100  | (7)  | (564)                              | 19   | 43  | -   | (29)                                 | 38                                | (4 |
| Balance at June<br>30, 2016                         | 499  | -  | -                                  | -  | 1,324   | 140   | (10,999)                             | 1,931                             | (7 |
| Additions and<br>acquisitions                       | -  | -  | -                                  | -  | 10  | -   | -                                    | -                                 | 10 |
| Currency<br>translation<br>adjustment               | -  | -  | -                                  | -  | 65  | 6   | 242                                  | 62                                | 3  |
| Write off   | -  | -  | -                                  | -  | -   | (146)   | -                                    | (81)                              | (2 |
| Reclassification<br>to liabilities<br>held for sale | -  | -  | -                                  | -  | -   | -   | 11,272                               | -                                 | 1  |
|   | 178  | -  | -                                  | -  | (557)   | -   | (515)                                | -                                 | (8 |

Gain / (loss) for  
the period (ii)

Balance at

|                   |     |   |   |   |     |   |   |       |    |
|-------------------|-----|---|---|---|-----|---|---|-------|----|
| December 31, 2016 | 677 | - | - | - | 842 | - | - | 1,912 | 3, |
|-------------------|-----|---|---|---|-----|---|---|-------|----|

(i)

As of June 30, 2016 includes Ps. (564) and Ps. 164 exposed within share of profit / (loss) from associates and within financial results, net in the Statements of Income/(Operations), respectively.

(ii)

Included within “Financial results, net” in the Statements of income/(Operations).

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14.

## Financial instruments by category (Continued)

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

| Description   | Pricing model / method                   | Parameters   | Range   |
|---|--|--|---|
| Trade and other receivables - Cellcom                                 | Discounted cash flow                     | Discount interest rate.  | 3.3   |
| Interest rate swaps   | Cash flow - theoretical price            | Interest rate futures contract and cash flow.  | -   |
| Preferred shares of Condor  | Binomial tree – Theoretical price I      | Underlying asset price (Market price); share price volatility (historical) and interest-rate curve (Libor rate).   | Underlying asset price 1.8 to 2.2<br>Share price volatility 58% to 78%<br>Market interest-rate 1.7% to 2.1% |
| Promissory note   | Discounted cash flow - Theoretical price | Market interest-rate (Libor rate curve)  | Market interest-rate 1.8% to 2.2%<br>Underlying asset price 1.8 to 1.7                                      |
| Warrants of Condor  | Black-Scholes – Theoretical price        | Underlying asset price (Market price); share price volatility (historical) and interest-rate curve (Libor rate).   | Share price volatility 58% to 78%<br>Market interest-rate 1.7% to 2.1%                                      |
| Call option of Arcos  | Discounted cash flow                     | Projected revenues and discounting rate.   | -   |
| Avenida Inc.  | Market approach measurement              | Assets and liabilities at market price   | -   |
| Investments in financial assets - Other private companies' securities | Cash flow / NAV - Theoretical price      | Projected revenue discounted at the discount rate / The value is calculated in accordance with the company's shares in the equity funds on the basis of their financial statements, based on fair value or investment assessments. | 1 - 3.5   |
| Investments in financial assets -                                     | Discounted cash flow - Theoretical       | Projected revenue discounted at the discount rate / The value is calculated in accordance with the company's   | 1 - 3.5   |

Others price shares in the equity funds on the basis of their financial statements, based on fair value or investment assessments.

As of December 31, 2016, there are no changes in the economic or business conditions affecting the fair value of the group's financial assets and liabilities.





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15.

## Trade and other receivables

Group's trade and other receivables as of December 31, 2016 and June 30, 2016 are as follows:

|   | December 31,<br>2016 | June 30,<br>2016 |
|---|----------------------|------------------|
| Non-current                                   |                      |                  |
| Sale, leases and services receivables         | 2,097                | 2,015            |
| Less: Allowance for doubtful accounts         | (5)                  | (2)              |
| Total non-current trade receivables           | 2,092                | 2,013            |
| Tax receivables                               | 76                   | 29               |
| Prepaid expenses                              | 1,408                | 1,320            |
| Borrowings, deposits and other debit balances | 163                  | 75               |
| Others  | 25                   | 4                |
| Total non-current other receivables           | 1,672                | 1,428            |
| Total non-current trade and other receivables | 3,764                | 3,441            |
| Current                                       |                      |                  |
| Sale, leases and services receivables         | 12,295               | 11,073           |
| Less: Allowance for doubtful accounts         | (185)                | (171)            |
| Total current trade receivables               | 12,110               | 10,902           |
| Tax receivables                               | 64                   | 71               |
| Prepaid expenses                              | 588                  | 617              |
| Borrowings, deposits and other debit balances | 1,329                | 1,243            |
| Advances to suppliers                         | 460                  | 231              |
| Others  | 400                  | 345              |
| Total current other receivables               | 2,841                | 2,507            |
| Total current trade and other receivables     | 14,951               | 13,409           |
| Total trade and other receivables             | 18,715               | 16,850           |

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

|                                 | December 31,<br>2016 | June 30,<br>2016 |
|---------------------------------|----------------------|------------------|
| Beginning of the period / year  | 173                  | 95               |
| Additions (i)                   | 129                  | 111              |
| Unused amounts reversed (i)     | (10)                 | (41)             |
| Currency translation adjustment | 44                   | 12               |
| Used during the period / year   | (146)                | (4)              |
| End of the period / year        | 190                  | 173              |

(i)

The creation and release of provision for impaired receivables have been included in "Selling expenses" in the Statements of Income/(Operations) (Note 23).





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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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16.

Cash flow information

Following is a detailed description of cash flows generated by the Group's operations for the six-month periods ended December 31, 2016 and 2015:

|  | Note    | December 31,<br>2016 | December 31,<br>2015 |
|--|---------|----------------------|----------------------|
| Loss for the period from continuing operations                               |         | (76)                 | (910)                |
| Gain for the period from discontinued operations                             |         | 4,273                | -                    |
| Adjustments for:   |         |                      |                      |
| Income tax   | 21      | (334)                | 236                  |
| Amortization and depreciation  | 23      | 2,901                | 106                  |
| Gain from disposal of investment property                                    | 10      | (105)                | (1,029)              |
| Loss from disposal of property, plant and equipment                          |         | 19                   | -                    |
| Share-based payments   |         | 52                   | 20                   |
| Goodwill written off   |         | -                    | 4                    |
| Derecognition of intangible assets by TGLT agreement                         |         | 27                   | -                    |
| Result from business combination   |         | (44)                 | -                    |
| Gain from disposal of associates   |         | (4,709)              | (3)                  |
| Provisions and allowances  |         | 78                   | 89                   |
| Share of loss of joint ventures and associates                               | 8 and 9 | 93                   | 398                  |
| Financial results, net   |         | 3,018                | 2,431                |
| Reversal of currency translation adjustment                                  |         | -                    | (144)                |
| Changes in operating assets and liabilities:                                 |         |                      |                      |
| Decrease / (Increase) in inventories   |         | 85                   | (2)                  |
| Decrease in trading properties   |         | 301                  | -                    |
| Increase in trade and other receivables                                      |         | (1,595)              | (205)                |
| Increase in trade and other payables   |         | 1,207                | 126                  |
| Decrease in salaries and social security liabilities                         |         | (12)                 | (20)                 |
| Decrease in provisions   |         | (52)                 | (2)                  |
| Cash generated by discontinued operations                                    |         | 223                  | -                    |
| Net cash generated by continuing operating activities before income tax paid |         | 5,350                | 1,095                |

The following tables show a detail of significant non-cash transactions occurred in the six-month periods ended December 31, 2016 and 2015:

|  |     | December 31,<br>2016 | December 31,<br>2015 |
|--|-----|----------------------|----------------------|
| Decrease in investments in joint venture and associates through a decrease in borrowings                   | 8   |                      | -                    |
| Dividends distribution to non-controlling shareholders not yet paid  | 22  |                      | -                    |
| Increase in investments in associates and joint ventures through a decrease in trade and other receivables | 20  |                      | -                    |
| Increase in investments properties through an increase in trade and other payables                         | 339 |                      | -                    |
|  | 64  |                      | -                    |

|   |   |       |
|---|---|-------|
| Increase in investments in intangible assets through an increase in trade and other payables                |   |       |
| Decrease in investments in associates and joint ventures through an increase in trade and other receivables | 8 | -     |
| Increase in trade and other payables through a decrease in liabilities from derivative instruments          | - | 1,653 |
| Tender Offer reserve through a decrease in liabilities from derivative instruments                          | - | 190   |
| Increase in investments in financial assets through an increase in trade and other payables                 | - | 180   |
| Repayments of borrowings with related parties through dividends receivable                                  | - | 3     |



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## Cash flow information (Continued)

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

|  | December<br>31,<br>2016 | December 31,<br>2015 |
|--|-------------------------|----------------------|
| Investment properties                                      | -                       | (28,821)             |
| Property, plant and equipment                              | 1,482                   | (13,734)             |
| Trading properties   | -                       | (2,437)              |
| Intangible assets  | 4                       | (1,288)              |
| Investment in joint ventures and associates                | 123                     | (9,043)              |
| Deferred income tax  | 41                      | 3,597                |
| Trade and other receivables                                | 950                     | (9,546)              |
| Investments in financial assets                            | -                       | (6,695)              |
| Derivative financial instruments                           | -                       | (280)                |
| Inventories  | 8                       | (1,822)              |
| Restricted assets  | -                       | (250)                |
| Income tax and MPIT credits                                | -                       | (91)                 |
| Assets held for sale                                       | -                       | (4,475)              |
| Trade and other payables                                   | (1,007)                 | 11,550               |
| Salaries and social security liabilities                   | (114)                   | 794                  |
| Borrowings   | (648)                   | 68,174               |
| Provisions   | 2                       | 1,089                |
| Income tax and MPIT liabilities                            | 1                       | 316                  |
| Employee benefits  | (43)                    | 405                  |
| Net amount of non-cash assets incorporated / held for sale | 799                     | 7,443                |
| Cash and cash equivalents                                  | 54                      | (9,193)              |
| Non-controlling interest                                   | 45                      | 2,235                |
| Goodwill not yet allocated                                 | (23)                    | (1,901)              |
| Net amount of assets incorporated / held for sale          | 875                     | (1,416)              |
| Interest held before acquisition                           | 31                      | 1,416                |
| Result from business combination                           | 44                      | -                    |
| Cash and cash equivalents incorporated / held for sale     | (54)                    | 9,193                |

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Net outflow of cash and cash equivalents / assets and liabilities held for sale 896 9,193

17.  
Equity

Group's other reserves as of December 31, 2016 and 2015 was as follows:

|  | Cost of treasury shares | Changes in non-controlling interest | Reserve for share-based compensation | Reserve for future dividends | Reserve for currency translation adjustment | Hedging instruments | Reserve for defined benefit plans | Other reserves of subsidiaries | Total Other reserves |
|--|-------------------------|-------------------------------------|--------------------------------------|------------------------------|---|---------------------|-----------------------------------|--------------------------------|----------------------|
| Balance at July 1st, 2016  | (29)                    | 94                                  | 67                                   | 520                          | 84  | (37)                | (10)                              | 37                             | 726                  |
| Other comprehensive (loss) / income for the period                                       | -                       | -                                   | -                                    | -                            | (22)  | 1                   | (12)                              | -                              | (33)                 |
| Total comprehensive (loss) / income for the period                                       | -                       | -                                   | -                                    | -                            | (22)  | 1                   | (12)                              | -                              | (33)                 |
| Reserve for share-based payments   | -                       | -                                   | 6                                    | -                            | -   | -                   | -                                 | -                              | 6                    |
| Appropriation of retained earnings approved by Shareholders' meeting held as of 10.31.16 | -                       | -                                   | -                                    | (26)                         | -   | -                   | -                                 | -                              | (26)                 |
| Changes in non-controlling interest  | -                       | (152)                               | -                                    | -                            | -   | -                   | -                                 | -                              | (152)                |
| Balance at December 31, 2016   | (29)                    | (58)                                | 73                                   | 494                          | 62  | (36)                | (22)                              | 37                             | 521                  |
|  | Cost of treasury shares | Changes in non-controlling interest | Reserve for share-based compensation | Reserve for future dividends | Reserve for currency translation adjustment | Hedging instruments | Reserve for defined benefit plans | Other reserves of subsidiaries | Total Other reserves |
| Balance at July 1st, 2015  | (34)                    | (6)                                 | 64                                   | -                            | 306   | -                   | -                                 | -                              | 330                  |
| Other comprehensive income for the period  | -                       | -                                   | -                                    | -                            | 204   | -                   | -                                 | -                              | 204                  |



|  |      |       |    |     |       |   |   |   |       |
|--|------|-------|----|-----|-------|---|---|---|-------|
| Total comprehensive income for the period                                | -    | -     | -  | -   | 204   | - | - | - | 204   |
| Reserve for future dividends - Shareholders' meeting held as of 11.26.15 | -    | -     | -  | 520 | -     | - | - | - | 520   |
| Reserve for share-based payments   | 4    | -     | -  | -   | -     | - | - | - | 4     |
| Changes in non-controlling interest                                      | -    | 36    | -  | -   | -     | - | - | - | 36    |
| Currency translation adjustment held before business combination         | -    | -     | -  | -   | (144) | - | - | - | (144) |
| Tender offer to non-controlling shareholders                             | -    | (190) | -  | -   | -     | - | - | - | (190) |
| Balance at December 31, 2015   | (30) | (160) | 64 | 520 | 366   | - | - | - | 760   |



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18.

## Trade and other payables

Group's trade and other payables as of December 31, 2016 and June 30, 2016 are as follows:

|   | December 31,<br>2016 | June 30,<br>2016 |
|---|----------------------|------------------|
| Non-current                                       |                      |                  |
| Trade payables                                    | 1,380                | 525              |
| Deferred income                                   | 64                   | 65               |
| Others  | 1,306                | 928              |
| Total non-current trade and other payables        | 2,750                | 1,518            |
| Current   |                      |                  |
| Trade payables                                    | 11,807               | 11,070           |
| Accrued invoices                                  | 586                  | 450              |
| Sale and rent payments received in advance        | 3,570                | 4,590            |
| Total current trade payables                      | 15,963               | 16,110           |
| Dividends payable to non-controlling shareholders | 54                   | 426              |
| Tax payables                                      | 226                  | 284              |
| Others  | 1,558                | 1,054            |
| Total current other payables                      | 1,838                | 1,764            |
| Total current trade and other payables            | 17,801               | 17,874           |
| Total trade and other payables                    | 20,551               | 19,392           |



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19.

## Provisions

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

|   | Period ended<br>December 31, 2016 |   |  |                        |                                 | Fiscal year ended<br>June 30, 2016 |       |
|---|-----------------------------------|---|--|------------------------|---------------------------------|------------------------------------|-------|
|   | Legal claims (i)                  | Investments in joint ventures and associates (ii) | Site dismantling and remediation (iii) | Onerous contracts (iv) | Guarantees and other provisions | Total                              | Total |
| Beginning of the period / year                              | 689                               | 838   | 114                                    | 296                    | 427                             | 2,364                              | 426   |
| Additions   | 83                                | 159   | -                                      | 4                      | 88                              | 334                                | 389   |
| Liabilities incorporated by business combination 2 (Note 4) | -                                 | -   | -                                      | -                      | -                               | 2                                  | 969   |
| Recovery  | (71)                              | -   | -                                      | (104)                  | -                               | (175)                              | (46)  |
| Used during the period / year                               | (32)                              | -   | -                                      | -                      | (20)                            | (52)                               | (143) |
| Contributions   | -                                 | -   | -                                      | -                      | -                               | -                                  | (18)  |
| Currency translation adjustment                             | 31                                | 51  | 5                                      | 7                      | 26                              | 120                                | 787   |
| End of period / year  | 702                               | 1,048   | 119                                    | 203                    | 521                             | 2,593                              | 2,364 |

|             | December 31, 2016 | June 30, 2016 |
|-------------|-------------------|---------------|
| Non-current | 1,560             | 1,325         |
| Current     | 1,033             | 1,039         |
| Total       | 2,593             | 2,364         |

(i)

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

(ii)

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

(iii)

The Group's companies are required to recognize certain costs related to dismantling assets and remediating sites here such assets are located. The calculation of expenses are based on the dismantling value for the current year, taking into consideration the best estimate of future changes in prices, inflation, etc. and such costs are capitalized at a risk-free

interest rate. Volume projections for retired or built assets are restated based on expected changes from technological rulings and requirements.

(iv)

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

#### IRSA

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



## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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## Provisions (Continued)

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

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

Subsequently, Cresud and IRSA requested the transfer of the claim to the district of New York, which was accepted.

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

20.

## Borrowings

The breakdown of the Group borrowings as of December 31, 2016 and June 30, 2016 was as follows:

|                              |         | December 31,<br>2016 | June 30,<br>2016 |
|------------------------------|---------|----------------------|------------------|
| Non-current                  |         |                      |                  |
| NCN                          |         | 81,360               | 67,235           |
| Bank loans                   |         | 5,347                | 6,384            |
| Non-recourse loan            |         | 6,221                | 16,975           |
| Other borrowings             |         | 124                  | 86               |
| Total non-current borrowings |         | 93,052               | 90,680           |
| Current                      |         |                      |                  |
| NCN                          | 13,902  | 15,075               |                  |
| Bank loans                   | 2,409   | 4,050                |                  |
| Bank overdrafts              | 305     | 1,236                |                  |
| Other borrowings             | 1,995   | 1,891                |                  |
| Total current borrowings     | 18,611  | 22,252               |                  |
| Total borrowings             | 111,663 | 112,932              |                  |

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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20.

Borrowings (Continued)

Operations Center in Argentina

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

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

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

Operations Center in Israel

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

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





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Borrowings (Continued)

In accordance with the decision rendered by the Supreme Court on the petition filed by IDBD to pledge Clal's shares in September, 2016, on October 13, 2016, the Board of Directors of IDBD resolved a partial early redemption of the debentures, which was effected on November 1, 2016 for an approximately amount of NIS 239 million at nominal value ("the redeemed portion") and represents a total of approximately NIS 244 million with respect to principal, interest and compensation for early redemption. The early redemption represented 73.7% of the outstanding principal balance of the debentures.

In addition, IDBD issued debentures (Series L) for a total of NIS 381 million (equal to Ps. 1,565 million). The debentures accrue interest at a rate of 6.95%. The principal will be repaid in a single payment on November 28, 2019. The first interest payment will be made on February 28, 2017 for the period spanning from the issue date to the payment date. The remaining interest payments will be made in 4 annual consecutive quarterly installments due in February, May, August and November each year. In order to ensure full compliance with all commitments, IDBD pledged DIC's shares for nearly 46.2 million.

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

In October 2016, PBC issued debentures for NIS 102 million (equal to Ps. 417), at an annual effective rate of 2.99% indexed to the CPI, and also issued debentures for roughly NIS 497 million (equal to Ps. 2,055 million) at an effective rate of 4.10% with no CPI indexation clause.

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



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## Borrowings (Continued)

The breakdown of the Group borrowings as of December 31, 2016 was as follows:

| Debt                  | Operations Center in Argentina |            |       |          | Operations Center in Israel |        |           |         |        |        |        |
|-----------------------|--------------------------------|------------|-------|----------|-----------------------------|--------|-----------|---------|--------|--------|--------|
|                       | IRSA                           | IRSA<br>CP | Other | Subtotal | IDBD                        | DIC    | Shufersal | Cellcom | PBC    | Others | Subto  |
| NCN                   | 4,478                          | 6,121      | -     | 10,599   | 9,009                       | 14,584 | 10,735    | 16,165  | 34,170 | -      | 84,666 |
| Bank loans and others | -                              | 5          | 4     | 9        | 1,994                       | 956    | 11        | 829     | 3,018  | 939    | 7,747  |
| Non-recourse loan     | -                              | -          | -     | -        | -                           | -      | -         | -       | 6,221  | -      | 6,221  |
| Bank overdrafts       | 187                            | 95         | 23    | 305      | -                           | -      | -         | -       | -      | -      | -      |
| Other borrowings      | 8                              | 10         | 177   | 195      | -                           | -      | -         | -       | 1,924  | -      | 1,924  |
| Total debt            | 4,673                          | 6,231      | 204   | 11,108   | 11,003                      | 15,540 | 10,746    | 16,994  | 45,333 | 939    | 100,5  |

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

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





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## Borrowings (Continued)

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

| Operations Center in Argentina |              |                        |                   |          |                     |                                |                    |   |  |                                      |
|--------------------------------|--------------|------------------------|-------------------|----------|---------------------|--------------------------------|--------------------|---|--|--------------------------------------|
|                                | Company      | Secured /<br>Unsecured | Series /<br>Class | Currency | Rate                | Payment<br>date for<br>capital | Interest<br>rate % | Capital<br>nominal<br>value in<br>millions<br>Issue<br>currency | Book<br>value<br>December<br>31,<br>2016 | Book<br>value<br>June<br>30,<br>2016 |
| NCN                            | IRSA CP      | Unsecured              | Class I           | Ps.      | Fixed /<br>Floating | 2017                           | Badlar +<br>4 BP   | 407   | 410                                      | 409                                  |
|                                | IRSA CP      | Unsecured              | Class<br>II       | US\$     | Fixed               | 2023                           | 8.75%              | 360   | 5,711                                    | 5,390                                |
|                                | IRSA         | Unsecured              | Class I           | US\$     | Fixed               | 2017                           | 8.50%              | -   | -  | 1,159                                |
|                                | IRSA         | Unsecured              | Class<br>VI       | Ps.      | Floating            | 2017                           | Badlar +<br>450ps  | 11  | 11                                       | 11                                   |
|                                | IRSA         | Unsecured              | Class<br>II       | US\$     | Fixed               | 2020                           | 11.50%             | 75  | 1,182                                    | 1,118                                |
|                                | IRSA         | Unsecured              | Class<br>VII      | Ps.      | Floating            | 2019                           | Badlar +<br>299pts | 384   | 386                                      | -                                    |
|                                | IRSA         | Unsecured              | Class<br>VIII     | US\$     | Fixed               | 2019                           | 7.0%               | 184   | 2,899                                    | -                                    |
| Total NCN                      |              |                        |                   |          |                     |                                |                    |   | 10,599                                   | 8,087                                |
| Bank loans                     | IRSA         | Secured                | -                 | US\$     | Fixed               | 2020                           | 3.2% to<br>14.3%   | 1   | 1  | 1                                    |
| and other<br>borrowings        | IRSA         | Unsecured              | -                 | Ps.      | Floating            | 2017                           | Badlar             | 13  | 7  | 14                                   |
|                                | IRSA CP      | Secured                | -                 | US\$     | Fixed               | 2020                           | 3.2% to<br>14.3%   | -   | 3  | 4                                    |
|                                | IRSA CP      | Unsecured              | -                 | Ps.      | Fixed               | 2016                           | 15.25%             | -   | -  | 1                                    |
|                                | IRSA CP      | Unsecured              | -                 | Ps.      | Fixed               | 2017                           | 26.50%             | 5   | 5  | 7                                    |
|                                | IRSA CP      | Unsecured              | -                 | Ps.      | Fixed               | 2016                           | 23%                | -   | -  | 36                                   |
|                                | IRSA CP      | Unsecured              | -                 | Ps.      | Fixed /<br>Floating | 2017                           | 8,50% /<br>Badlar  | 6   | 7  | 6                                    |
|                                | HASA         | Unsecured              | -                 | Ps.      | Fixed               | 2016                           | 15.25%             | -   | -  | 6                                    |
|                                | LLAO<br>LLAO | Unsecured              | -                 | Ps.      | Fixed               | 2016                           | 15.25%             | -   | -  | 1                                    |

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|                                      |           |   |      |          |      |        |    |        |       |
|--------------------------------------|-----------|---|------|----------|------|--------|----|--------|-------|
| NFSA                                 | Unsecured | - | Ps.  | Fixed    | 2016 | 34.14% | 4  | 4      | 5     |
| BNSA                                 | Secured   | - | Ps.  | Floating | -    | Libor  | 44 | 50     | -     |
| LIVECK                               | Secured   | - | US\$ | Fixed    | 2017 | -      | 2  | 37     | 34    |
| LIVECK                               | Secured   | - | US\$ | Fixed    | -    | 3.50%  | 5  | 90     | 84    |
| Total bank loans and others          |           |   |      |          |      |        |    | 204    | 199   |
| Bank overdrafts                      |           |   |      |          |      |        |    | 305    | 944   |
| Total Operations Center in Argentina |           |   |      |          |      |        |    | 11,108 | 9,230 |



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20.

## Borrowings (Continued)

## Operations Center in Israel

|     | Secured<br>Company Series<br>Unsecured | Currency | Rate  | Adjustment<br>factor | Payment<br>date for<br>capital | Interest<br>rate % | Capital<br>nominal<br>value in<br>millions<br>Issue<br>currency | Book value<br>December<br>31,<br>2016 | Book<br>value<br>June<br>30,<br>2016 |
|-----|--|----------|-------|----------------------|--------------------------------|--------------------|---|---------------------------------------|--------------------------------------|
| NCN | IDBDUnsecGred                          | NIS      | Fixed | CPI                  | 2016 – 2018                    | 4.50%              | 535   | 2,431                                 | 3,534                                |
|     | IDBDUnsecLred                          | NIS      | Fixed | CPI                  | 2020 – 2025                    | 4.95%              | 1,013   | 3,430                                 | 3,164                                |
|     | IDBDUnsecLred                          | NIS      | Fixed | N/A                  | 2015 – 2018                    | 6.60%              | 309   | 1,242                                 | 1,109                                |
|     | IDBDUnsecKred                          | NIS      |       | CPI                  | 2019                           | 4.84%              | 325   | 341                                   | -                                    |
|     | IDBDSecured                            | NIS      | Fixed | N/A                  | 2019                           | 7.58%              | 381   | 1,565                                 | -                                    |
|     | DIC UnsecDred                          | NIS      | Fixed | CPI                  | 2012 – 2016                    | 5.00%              | 103   | -                                     | 510                                  |
|     | DIC UnsecFired                         | NIS      | Fixed | CPI                  | 2017 – 2025                    | 4.95%              | 3,022   | 11,989                                | 9,427                                |
|     | DIC UnsecGred                          | NIS      | Fixed | N/A                  | 2012 – 2016                    | 6.35%              | 8   | 33                                    | 31                                   |
|     | DIC UnsecHred                          | NIS      | Fixed | CPI                  | 2014 – 2019                    | 4.45%              | 93  | 421                                   | 541                                  |
|     | DIC UnsecLred                          | NIS      | Fixed | N/A                  | 2010 – 2018                    | 6.70%              | 513   | 2,141                                 | 1,927                                |
|     | ShufetUnsecBred                        | NIS      | Fixed | CPI                  | 2015 – 2019                    | 5.20%              | 512   | 730                                   | 5,161                                |
|     | ShufetUnsecGred                        | NIS      | Fixed | N/A                  | 2010 – 2017                    | 5.45%              | 114   | 486                                   | 459                                  |
|     | ShufetUnsecDred                        | NIS      | Fixed | CPI                  | 2014 – 2029                    | 2.99%              | 413   | 1,691                                 | 1,584                                |
|     | ShufetUnsecFired                       | NIS      | Fixed | N/A                  | 2014 – 2029                    | 5.09%              | 392   | 3,727                                 | 1,580                                |
|     | ShufetUnsecHred                        | NIS      | Fixed | CPI                  | 2020 – 2028                    | 4.30%              | 918   | 4,101                                 | 1,253                                |
|     | CellcomUnsecBred                       | NIS      | Fixed | CPI                  | 2013 – 2017                    | 5.30%              | 185   | 945                                   | 880                                  |
|     | CellcomUnsecDred                       | NIS      | Fixed | CPI                  | 2013 – 2017                    | 5.19%              | 300   | 1,482                                 | 2,865                                |
|     | CellcomUnsecFired                      | NIS      | Fixed | N/A                  | 2012 – 2017                    | 6.25%              | 164   | 708                                   | 673                                  |
|     | CellcomUnsecHred                       | NIS      | Fixed | CPI                  | 2017 – 2020                    | 4.60%              | 715   | 3,173                                 | 3,032                                |
|     | CellcomUnsecGred                       | NIS      | Fixed | N/A                  | 2017 – 2019                    | 6.99%              | 285   | 1,262                                 | 1,230                                |
|     | CellcomUnsecLred                       | NIS      | Fixed | CPI                  | 2018 – 2024                    | 1.98%              | 950   | 3,676                                 | 3,483                                |
|     | CellcomUnsecIred                       | NIS      | Fixed | N/A                  | 2018 – 2025                    | 4.14%              | 804   | 3,272                                 | 3,114                                |
|     | CellcomUnsecJred                       | NIS      |       | CPI                  | 2021 – 2026                    | 2.62%              | 103   | 418                                   | -                                    |
|     | CellcomUnsecKred                       | NIS      |       | N/A                  | 2021 – 2026                    | 3.75%              | 304   | 1,229                                 | -                                    |
|     | PBC UnsecGred                          | NIS      | Fixed | CPI                  | 2009 – 2017                    | 5%                 | 550   | 2,849                                 | 2,666                                |
|     | PBC UnsecDred                          | NIS      | Fixed | CPI                  | 2020 – 2025                    | 4.95%              | 1,317   | 6,998                                 | 6,641                                |
|     | PBC UnsecFired                         | NIS      | Fixed | CPI                  | 2015 – 2023                    | 4.95%              | 974   | 4,396                                 | 4,195                                |
|     | PBC UnsecGred                          | NIS      | Fixed | N/A                  | 2015 – 2025                    | 7.05%              | 669   | 3,165                                 | 3,054                                |
|     | PBC UnsecHred                          | NIS      | Fixed | N/A                  | 2015 – 2025                    | 7.05%              | 400   | 1,628                                 | -                                    |
|     | PBC UnsecLred                          | NIS      | Fixed | CPI                  | 2018 – 2029                    | 2.99%              | 102   | 417                                   | -                                    |
|     | PBC UnsecIred                          | NIS      | Fixed | N/A                  | 2018 – 2029                    | 4.10%              | 497   | 2,055                                 | -                                    |

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|            |                  |                  |     |          |                     |             |               |       |        |        |
|------------|------------------|------------------|-----|----------|---------------------|-------------|---------------|-------|--------|--------|
|            | PBC Unsecured    | Gav-Yam Series E | NIS | Fixed    | CPI                 | 2014 – 2018 | 4.55%         | 1,585 | 1,433  | 1,375  |
|            | PBC Unsecured    | Gav-Yam Series F | NIS | Fixed    | CPI                 | 2021 – 2026 | 4.75%         | 786   | 8,951  | 8,535  |
|            | PBC Unsecured    | Gav-Yam Series G | NIS | Fixed    | N/A                 | 2013 – 2017 | 6.41%         | 215   | 928    | 907    |
|            | PBC Unsecured    | Ispro Series B   | NIS | Fixed    | CPI                 | 2007 – 2021 | 5.40%         | 255   | 1,350  | 1,293  |
| Total NCN  |                  |                  |     |          |                     |             |               |       | 84,663 | 74,223 |
| Bank loans | IDBD Unsecured   |                  | NIS | Floating | Prime interest rate | 2015 – 2018 | Prime + 1.3%  | 250   | 907    | 1,117  |
|            | IDBD Unsecured   |                  | NIS | Floating | Prime interest rate | 2015 – 2019 | Prime + 1%    | 67    | 237    | 265    |
|            | IDBD Unsecured   |                  | NIS | Floating | Prime interest rate | 2015 – 2020 | Prime + 0.65% | 56    | 192    | 198    |
|            | IDBD Secured (1) |                  | NIS | Fixed    | CPI                 | 2015 – 2018 | 6.90%         | 150   | 658    | 634    |
|            | DIC Unsecured    |                  | NIS | Fixed    | N/A                 | 2015 – 2017 | 5.39%         | -     | 110    | 167    |
|            | DIC Unsecured    |                  | NIS | Floating | Prime interest rate | 2015 – 2018 | 2.12%         | -     | 319    | 397    |
|            | DIC Unsecured    |                  | NIS | Fixed    | N/A                 | 2015 – 2018 | 5.90%         | -     | 270    | 311    |
|            | DIC Unsecured    |                  | NIS | Fixed    | Prime interest rate | 2015 – 2018 | 2.20%         | -     | 257    | 296    |
|            | Shufe Secured    |                  | NIS | Fixed    | CPI                 | 2015 – 2017 | 4.95%         | 1     | 3      | 4      |
|            | Shufe Secured    |                  | NIS | Fixed    | CPI                 | 2015 – 2017 | 4.95%         | 1     | 2      | 3      |
|            | Shufe Secured    |                  | NIS | Fixed    | CPI                 | 2015 – 2017 | 4.75%         | -     | 1      | 2      |
|            | Shufe Secured    |                  | NIS | Fixed    | CPI                 | 2015 – 2017 | 4.40%         | -     | 1      | 2      |
|            | Shufe Secured    |                  | NIS | Fixed    | CPI                 | 2015 – 2017 | 3.25%         | 1     | 4      | 5      |



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## 20. Borrowings (Continued)

## Operations Center in Israel

| Company | Secured /<br>Unsecured | Series | Currency | Rate     | Adjustment<br>factor   | Payment<br>date for<br>capital | Interest<br>rate % | Capital<br>nominal<br>value in<br>millions<br>Issue<br>currency | Book<br>value<br>December<br>31,<br>2016 | Book<br>value<br>June 30<br>2016 |
|---------|------------------------|--------|----------|----------|------------------------|--------------------------------|--------------------|---|--|----------------------------------|
| PBC     | Unsecured              | -      | NIS      | Floating | CPI                    | 2015 –<br>2020                 | 1.97%              | -   | 146                                      | 154                              |
| PBC     | Unsecured              | -      | NIS      | Floating | CPI                    | 2020                           | 2.65%              | -   | 331                                      | 311                              |
| PBC     | Unsecured              | -      | NIS      | Fixed    | N/A                    | 2015 –<br>2020                 | 3.07%              | -   | 69                                       | 76                               |
| PBC     | Unsecured              | -      | NIS      | Fixed    | N/A                    | 2016                           | 1.70%              | -   | -  | 1,176                            |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2011 –<br>2018                 | 1.55%              | -   | 247                                      | 286                              |
| PBC     | Unsecured              | -      | NIS      | Floating | CPI                    | 2002 –<br>2019                 | 1.73%              | -   | 290                                      | 327                              |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2008 –<br>2016                 | 1.95%              | -   | -  | 32                               |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2015 –<br>2023                 | 1.87%              | -   | 417                                      | 409                              |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2014 –<br>2022                 | 1.77%              | -   | 317                                      | 323                              |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2013 –<br>2021                 | 1.87%              | -   | 211                                      | 219                              |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2015 –<br>2022                 | 1.86%              | -   | 161                                      | 165                              |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2011 –<br>2019                 | 1.26%              | -   | -  | 149                              |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2009 –<br>2017                 | 1.80%              | -   | -  | 36                               |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2022                           | 1.88%              | -   | 386                                      | 366                              |
| PBC     | Secured                | -      | NIS      | Fixed    | N/A                    | 2016 –<br>2016                 | 1.26%              | -   | 164                                      | 156                              |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2015 –<br>2020                 | 1.57%              | -   | 80                                       | 85                               |
| PBC     | Secured                | -      | NIS      | Floating | CPI                    | 2020                           | 2.14%              | -   | 199                                      | 188                              |
| PBC     | Unsecured              | -      | NIS      | Floating | CPI                    | 2009 –<br>2016                 | 12.16%             | -   | -  | 11                               |
| Bartan  | Unsecured              | -      | NIS      | Floating | Prime<br>interest rate | 2015 –<br>2022                 | 2.35%              | -   | 4  | 8                                |

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|                                   |           |   |      |          |                     |             |            |     |         |         |
|-----------------------------------|-----------|---|------|----------|---------------------|-------------|------------|-----|---------|---------|
| Bartan                            | Secured   |   | NIS  | Floating | Prime interest rate | 2022        | 2.89%      | -   | 12      | 19      |
| Bartan                            | Secured   | - | NIS  | Floating | Prime interest rate | 2022        | 2.95%      | -   | 16      | 16      |
| IDB Tourism                       | Unsecured | - | US\$ | Floating | Libor interest rate | -           | 5.66%      | 13  | -       | 51      |
| IDB Tourism                       | Unsecured | - | US\$ | Floating | Libor interest rate | 2015 – 2018 | 5.21%      | 197 | -       | 767     |
| IDBG                              | Unsecured | - | US\$ | Floating | Libor interest rate | 2015 - 2015 | Libor + 5% | 227 | 907     | 869     |
| Cellcom                           | Unsecured | - | NIS  | Fixed    | N/A                 | 2016 - 2021 | 4.60%      | 200 | 829     | 778     |
| Total bank loans                  |           |   |      |          |                     |             |            |     | 7,747   | 10,378  |
| Bank overdrafts                   |           |   |      |          |                     |             |            |     | -       | 292     |
| Non-recourse loan                 |           |   |      |          |                     |             |            |     | 6,221   | 16,975  |
| Other borrowings                  |           |   |      |          |                     |             |            |     | 1,924   | 1,834   |
| Total Operations Center in Israel |           |   |      |          |                     |             |            |     | 100,555 | 103,700 |

(1)

Pertains to a loan with Menorah Group which was secured with Clal's and DIC shares.

Borrowings fair value as of December 31, 2016 and June 30, 2016, amounts to Ps. 115,614 (Ps. 12,884 corresponding to the Operations Center in Argentina and Ps. 102,730 corresponding to Operations Center in Israel) and Ps. 118,480 (Ps. 9,977 corresponding to the Operations Center in Argentina and Ps. 108,503 corresponding to Operations Center in Israel), respectively.





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## Taxes

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

|                                       | December 31,<br>2016 | December 31,<br>2015 |
|---------------------------------------|----------------------|----------------------|
| Current income tax                    | (379)                | (130)                |
| Deferred income tax                   | 713                  | (106)                |
| Income tax from continuing operations | 334                  | (236)                |

Below is a reconciliation between income tax recognized and that which would result applying the prevailing tax rate on Profit before income tax for the six-month periods ended December 31, 2016 and 2015:

|  | December 31,<br>2016 | December 31,<br>2015 |
|--|----------------------|----------------------|
| Profit from continuing operations at tax rate applicable in the respective countries | 559                  | 179                  |
| Permanent differences:   |                      |                      |
| Share of profit (loss) of joint ventures and associates                              | 86                   | (378)                |
| Unrecognized tax loss carryforwards  | (125)                | (3)                  |
| Change of interest rate  | 455                  | -                    |
| Non-taxable income   | (34)                 | (34)                 |
| Non-deductible expenses and others   | (607)                | 3                    |
| Income tax from continuing operations  | 334                  | (236)                |

No charge is reported for the income tax related to discontinued operations.

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

|   | December 31,<br>2016 | June 30,<br>2016 |
|---|----------------------|------------------|
| Beginning of the period / year                | (6,933)              | 2                |
| Incorporated by business combination          | (7)                  | (4,681)          |
| Reclassification to liabilities held for sale | 24                   | -                |
| Use of tax loss carryforwards                 | (47)                 | (366)            |
| Changes of non-controlling interest           | -                    | (62)             |
| Currency translation adjustment               | (639)                | (2,263)          |
| Change of interest rate                       | 455                  | -                |
| Deferred income tax expense                   | 258                  | 437              |
| End of period / year                          | (6,889)              | (6,933)          |

Change in the income tax rate in the Operations Center in Israel:

In December 2016, the Government of Israel modified the tax rate by generating a reduction from 25% to 24% for calendar year 2017, and to 23% for calendar year 2018 onwards. The effect from the rate change is recorded as part of

the deferred tax expense.



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Revenues

|   | December 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|----------------------|
| Revenue from supermarkets                   | 23,476               | -                    |
| Income from communications services         | 5,937                | -                    |
| Rental and services income                  | 4,242                | 1,920                |
| Sale of communication equipment             | 1,926                | -                    |
| Income from tourism services                | 40                   | -                    |
| Sale of trading properties and developments | 814                  | 1                    |
| Revenue from hotel operations               | 396                  | 243                  |
| Total Group's revenues                      | 36,831               | 2,164                |

23.

Expenses by nature

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

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

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Expenses by nature (Continued)

For the period ended December 31, 2016:

|  | Group Costs           |                                 |                            |  |                           |   |                             | Total costs | General administr expenses |
|--|-----------------------|---------------------------------|----------------------------|--|---------------------------|---|-----------------------------|-------------|----------------------------|
|  | Costs of supermarkets | Costs of communication services | Rental and services' costs | Costs of sale of communication equipment | Costs of tourism services | Costs of trading properties and development | Costs from hotel operations |             |                            |
| Cost of sale of goods and services                           | 16,803                | 19                              | -                          | 1,283                                    | -                         | 810   | 36                          | 18,951      | 4                          |
| Salaries, social security costs and other personnel expenses | 637                   | 464                             | 329                        | -  | -                         | 1   | 142                         | 1,573       | 682                        |
| Depreciation and amortization                                | 104                   | 869                             | 554                        | -  | 80                        | -   | 6                           | 1,613       | 264                        |
| Fees and payments for services                               | -                     | 797                             | 61                         | -  | -                         | -   | 10                          | 868         | 308                        |
| Maintenance, security, cleaning, repairs and others          | -                     | -                               | 635                        | -  | -                         | 8   | 41                          | 684         | 27                         |
| Advertising and other selling expenses                       | -                     | -                               | 184                        | -  | -                         | -   | -                           | 184         | -                          |
| Taxes, rates and contributions                               | -                     | -                               | 103                        | -  | -                         | 2   | -                           | 105         | 9                          |
| Director's fees  | -                     | -                               | -                          | -  | -                         | -   | -                           | -           | 89                         |
| Leases and service charges                                   | -                     | -                               | 12                         | -  | -                         | 1   | 1                           | 14          | 13                         |
|  | -                     | -                               | -                          | -  | -                         | -   | -                           | -           | 34                         |

|  |        |       |       |       |    |     |     |        |       |
|--|--------|-------|-------|-------|----|-----|-----|--------|-------|
| Allowance for doubtful accounts and other receivables, net |        |       |       |       |    |     |     |        |       |
| Other expenses   | -      | 1,924 | 12    | -     | -  | -   | 17  | 1,953  | 401   |
| Total expenses by nature                                   | 17,544 | 4,073 | 1,890 | 1,283 | 80 | 822 | 253 | 25,945 | 1,831 |

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23.

Expenses by nature (Continued)

For the period ended December 31, 2015:

|  | Group Costs                |                             |  | Total costs | General and administrative expenses | Selling expenses | Total |
|--|----------------------------|-----------------------------|--|-------------|-------------------------------------|------------------|-------|
|  | Rental and services' costs | Costs from hotel operations | Costs of trading properties and developments |             |                                     |                  |       |
| Cost of sale of goods and services                           | -                          | 21                          | 1  | 22          | -                                   | -                | 22    |
| Salaries, social security costs and other personnel expenses | 244                        | 103                         | -  | 347         | 78                                  | 21               | 446   |
| Depreciation and amortization                                | 96                         | 5                           | -  | 101         | 5                                   | -                | 106   |
| Fees and payments for services                               | 3                          | 6                           | -  | 9           | 81                                  | 7                | 97    |
| Maintenance, security, cleaning, repairs and others          | 200                        | 23                          | 4  | 227         | 18                                  | 1                | 246   |
| Advertising and other selling expenses                       | 169                        | -                           | -  | 169         | -                                   | 14               | 183   |
| Taxes, rates and contributions                               | 61                         | -                           | 2  | 63          | 8                                   | 59               | 130   |
| Director's fees  | -                          | -                           | -  | -           | 70                                  | -                | 70    |
| Leases and service charges                                   | 15                         | -                           | -  | 15          | 1                                   | 1                | 17    |
| Allowance for doubtful accounts and other receivables, net   | -                          | -                           | -  | -           | -                                   | 16               | 16    |
| Other expenses   | 7                          | 12                          | -  | 19          | 12                                  | 1                | 32    |
| Total expenses by nature                                     | 795                        | 170                         | 7  | 972         | 273                                 | 120              | 1,365 |

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Other operating results, net

|  | December 31,<br>2016 | December 31,<br>2015 |
|--|----------------------|----------------------|
| Donations  | (29)                 | (19)                 |
| Judgments and other contingencies (1)  | (15)                 | (4)                  |
| Reversal of currency translation adjustment (2)  | -                    | 148                  |
| Gain resulting from the revaluation of equity interest held before the business combination (Note 4) | 44                   | -                    |
| Gain from disposal of equity interest in associate   | -                    | 3                    |
| Loss from TGLT agreement   | (27)                 | -                    |
| Others   | (96)                 | (8)                  |
| Total other operating results, net   | (123)                | 120                  |

(1)

Includes legal costs and expenses.

(2)

As of December 31, 2015, Ps. 143.5 correspond to the reversal of currency translation adjustment before business combination with IDBD and Ps. 4.8 to the reversal of the reserve of currency translation adjustment generated in Rigby following the partial repayment of principal of the company.

25.

Financial results, net

|  | December 31,<br>2016 | December 31,<br>2015 |
|--|----------------------|----------------------|
| Finance income:  |                      |                      |
| - Interest income  | 388                  | 53                   |
| - Foreign exchange gains   | 125                  | 311                  |
| - Dividends income   | 28                   | 10                   |
| - Other finance income   | 191                  | -                    |
| Total finance income   | 732                  | 374                  |
| Finance costs:   |                      |                      |
| - Interest expense   | (3,493)              | (444)                |
| - Foreign exchange loss  | (794)                | (1,620)              |
| - Other financial costs  | (581)                | (74)                 |
| Total finance costs  | (4,868)              | (2,138)              |
| Other financial results:   |                      |                      |
| - Fair value gain / (loss) of financial assets and liabilities at fair value through profit or loss, net | 1,465                | (976)                |
| - Gain on derivative financial instruments, net  | 66                   | 516                  |
| Total other financial results  | 1,531                | (460)                |
| Total financial results, net   | (2,605)              | (2,224)              |





## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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26.

## Related party transactions

The following is a summary of the balances with related parties as of December 31, 2016:

| Related party        | Description of transaction      | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|----------------------|---------------------------------|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|------------------------|--------------------|
|                      | Reimbursement of expenses       | -   | -                                       | -                                       | -                                   | -                                    | (37)                             | -                      | -                  |
|                      | Corporate services              | -   | -                                       | -                                       | 4                                   | -                                    | -                                | -                      | -                  |
| Cresud               | NCN                             | -   | 377                                     | -                                       | -                                   | -                                    | -                                | -                      | -                  |
|                      | Leases and/or rights of use     | -   | -                                       | -                                       | 21                                  | -                                    | -                                | -                      | -                  |
|                      | Long-term incentive plan        | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| Total Parent Company |                                 | -   | 377                                     | -                                       | 26                                  | -                                    | (37)                             | -                      | -                  |
| BHSA                 | Reimbursement of expenses       | -   | -                                       | -                                       | 1                                   | -                                    | (1)                              | -                      | -                  |
|                      | Borrowings                      | -   | -                                       | -                                       | -                                   | -                                    | -                                | -                      | (4)                |
| Lipstick             | Reimbursement of expenses       | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| Manibil S.A.         | Contributions to be paid        | -   | -                                       | 40                                      | 1                                   | -                                    | -                                | -                      | -                  |
| New Lipstick         | Reimbursement of expenses       | -   | -                                       | -                                       | 4                                   | -                                    | -                                | -                      | -                  |
| BACS                 | NCN                             | 121   | 16                                      | -                                       | -                                   | -                                    | -                                | -                      | -                  |
| Condor               | Dividends receivables           | -   | -                                       | -                                       | 6                                   | -                                    | -                                | -                      | -                  |
| Tarshop              | Leases and/or rights of use     | -   | -                                       | -                                       | -                                   | -                                    | (1)                              | -                      | -                  |
| Total Associates     |                                 | 121   | 16                                      | 40                                      | 13                                  | -                                    | (2)                              | -                      | (4)                |
|                      | Borrowings                      | -   | -                                       | -                                       | -                                   | -                                    | -                                | -                      | (7)                |
| Cyrsa                | Credit due to capital reduction | -   | -                                       | -                                       | 3                                   | -                                    | -                                | -                      | -                  |
| Mehadrin             | Commissions                     | -   | -                                       | -                                       | -                                   | -                                    | (4)                              | -                      | -                  |

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|                      |                               |   |   |   |    |   |     |   |      |
|----------------------|-------------------------------|---|---|---|----|---|-----|---|------|
|                      | Share-based compensation plan | - | - | - | 1  | - | -   | - | -    |
|                      | Borrowings                    | - | - | - | -  | - | -   | - | (7)  |
| NPSF                 | Leases and/or rights of use   | - | - | - | -  | - | (1) | - | -    |
|                      | Reimbursement of expenses     | - | - | - | 1  | - | -   | - | -    |
|                      | Management fees               | - | - | - | 1  | - | -   | - | -    |
| Quality              | Management fees               | - | - | - | 4  | - | -   | - | -    |
| Total Joint Ventures |                               | - | - | - | 10 | - | (5) | - | (14) |





## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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26.

## Related party transactions (Continued)

| Related party                            | Description of transaction       | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|--|----------------------------------|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|------------------------|--------------------|
| Sociedad Anónima Carnes Pampeanas S.A.   | Reimbursement of expenses        | -   | -                                       | -                                       | -                                   | -                                    | (2)                              | -                      | -                  |
| Total Subsidiaries of the parent company |                                  | -   | -                                       | -                                       | -                                   | -                                    | (2)                              | -                      | -                  |
| Consultores Asset Management S.A.        | Reimbursement of expenses        | -   | -                                       | -                                       | 6                                   | -                                    | (3)                              | -                      | -                  |
| LRSA                                     | Leases and/or rights of use Fees | -   | -                                       | -                                       | 43                                  | -                                    | -                                | -                      | -                  |
| Avenida Compras S.A.                     | Advertising space                | -   | -                                       | -                                       | -                                   | -                                    | (1)                              | -                      | -                  |
| Avenida Inc.                             | Advertising space                | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| Estudio Zang, Bergel y Viñes             | Legal services                   | -   | -                                       | -                                       | -                                   | -                                    | (1)                              | -                      | -                  |
| IFISA                                    | Borrowings                       | -   | -                                       | -                                       | 1,175                               | -                                    | -                                | -                      | -                  |
| Museo de los Niños                       | Leases and/or rights of use      | -   | -                                       | -                                       | 2                                   | -                                    | -                                | -                      | -                  |
| Total other related parties              |                                  | -   | -                                       | -                                       | 1,232                               | -                                    | (5)                              | -                      | -                  |
| Directors                                | Advances Fees                    | -   | -                                       | -                                       | 4                                   | -                                    | -                                | -                      | -                  |
| Total Directors and Senior Management    |                                  | -   | -                                       | -                                       | 4                                   | -                                    | (35)                             | -                      | -                  |
| Total                                    |                                  | 121   | 393                                     | 40                                      | 1,285                               | -                                    | (86)                             | -                      | (18)               |





## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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26.

## Related party transactions (Continued)

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

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

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

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## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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26.

## Related party transactions (Continued)

| Related party                            | Description of transaction  | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|--|-----------------------------|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|------------------------|--------------------|
| Sociedad Anónima Carnes Pampeanas S.A.   | Transfer of tax credits     | -   | -                                       | -                                       | -                                   | -                                    | (7)                              | -                      | -                  |
| Total Subsidiaries of the parent company |                             | -   | -                                       | -                                       | -                                   | -                                    | (7)                              | -                      | -                  |
| Consultores Asset Management S.A.        | Reimbursement of expenses   | -   | -                                       | -                                       | 7                                   | -                                    | -                                | -                      | -                  |
| Avenida Compras S.A.                     | Advertising spaces          | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| Avenida Inc.                             | Advertising spaces          | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| BNSA                                     | Reimbursement of expenses   | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
|  | Other payables              | -   | -                                       | -                                       | -                                   | -                                    | (1)                              | -                      | -                  |
| OASA                                     | Borrowings                  | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| Estudio Zang, Bergel y Viñes Consultores | Legal services              | -   | -                                       | -                                       | -                                   | -                                    | (1)                              | -                      | -                  |
| Venture Capital Uruguay                  | Management fees             | -   | -                                       | -                                       | 2                                   | -                                    | -                                | -                      | -                  |
| IFISA                                    | Borrowings                  | -   | -                                       | -                                       | 1,074                               | -                                    | -                                | -                      | -                  |
| Museo de los Niños                       | Leases and/or rights of use | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| Total other related parties              |                             | -   | -                                       | -                                       | 1,088                               | -                                    | (2)                              | -                      | -                  |
| Directors                                | Advances                    | -   | -                                       | -                                       | 4                                   | -                                    | -                                | -                      | -                  |
|  | Fees                        | -   | -                                       | -                                       | -                                   | -                                    | (28)                             | -                      | -                  |



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|   |     |     |   |       |   |       |     |      |
|---|-----|-----|---|-------|---|-------|-----|------|
| Total<br>Directors and<br>Senior<br>Management<br>Total | -   | -   | - | 4     | - | (28)  | -   | -    |
|   | 100 | 350 | - | 1,122 | - | (136) | (2) | (30) |

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## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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26.

Related party transactions (Continued)

The following is a summary of the transactions with related parties for the six-month period ended December 31, 2016:

| Related party                   | Leases and/or rights of use | Management fees | Sale of goods and/or services | Corporate services | Legal services | Financial operations | Donations | Fees and salaries |
|---------------------------------|-----------------------------|-----------------|-------------------------------|--------------------|----------------|----------------------|-----------|-------------------|
| Parent Company                  |                             |                 |                               |                    |                |                      |           |                   |
| Cresud                          | 1                           | -               | -                             | (85)               | -              | 24                   | -         | -                 |
| Total Parent Company            | 1                           | -               | -                             | (85)               | -              | 24                   | -         | -                 |
| Associates                      |                             |                 |                               |                    |                |                      |           |                   |
| BHSA                            | 2                           | -               | -                             | -                  | -              | (1)                  | -         | -                 |
| BACS                            | 4                           | -               | -                             | -                  | -              | 16                   | -         | -                 |
| Manibil                         | -                           | -               | -                             | -                  | -              | 4                    | -         | -                 |
| Adama                           | -                           | -               | -                             | 64                 | -              | -                    | -         | -                 |
| Condor                          | -                           | -               | -                             | -                  | -              | 196                  | -         | -                 |
| Tarshop                         | 7                           | -               | -                             | -                  | -              | -                    | -         | -                 |
| Total Associates                | 13                          | -               | -                             | 64                 | -              | 215                  | -         | -                 |
| Joint Ventures                  |                             |                 |                               |                    |                |                      |           |                   |
| Cyrsa                           | -                           | -               | -                             | -                  | -              | (2)                  | -         | -                 |
| NPSF                            | (1)                         | 2               | -                             | -                  | -              | (1)                  | -         | -                 |
| Total Joint Ventures            | (1)                         | 2               | -                             | -                  | -              | (3)                  | -         | -                 |
| Other related parties           |                             |                 |                               |                    |                |                      |           |                   |
| Estudio Zang, Bergel & Viñes    | -                           | -               | -                             | -                  | (5)            | -                    | -         | -                 |
| Isaac Elsztein e Hijos S.C.A.   | (1)                         | -               | -                             | -                  | -              | -                    | -         | -                 |
| Fundación IRSA                  | -                           | -               | -                             | -                  | -              | -                    | (4)       | -                 |
| IFISA                           | -                           | -               | -                             | -                  | -              | 54                   | -         | -                 |
| Total Other related parties     | (1)                         | -               | -                             | -                  | (5)            | 54                   | (4)       | -                 |
| Directors and Senior Management |                             |                 |                               |                    |                |                      |           |                   |
| Directors                       | -                           | -               | -                             | -                  | -              | -                    | -         | (80)              |
| Senior Management               | -                           | -               | -                             | -                  | -              | -                    | -         | (4)               |
|                                 | -                           | -               | -                             | -                  | -              | -                    | -         | (84)              |

Total Directors  
and Senior  
Management  
Total

|    |   |   |      |     |     |     |      |
|----|---|---|------|-----|-----|-----|------|
| 12 | 2 | - | (21) | (5) | 290 | (4) | (84) |
|----|---|---|------|-----|-----|-----|------|

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## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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26.

## Related party transactions (Continued)

The following is a summary of the transactions with related parties for the six-month period ended December 31, 2015:

| Related party                         | Leases and/or rights of use | Management fees | Corporate services | Legal services | Financial operations | Donations | Fees and salaries |
|---------------------------------------|-----------------------------|-----------------|--------------------|----------------|----------------------|-----------|-------------------|
| Parent Company                        |                             |                 |                    |                |                      |           |                   |
| Cresud                                | 1                           | -               | (55)               | -              | 35                   | -         | -                 |
| Total Parent Company                  | 1                           | -               | (55)               | -              | 35                   | -         | -                 |
| Associates                            |                             |                 |                    |                |                      |           |                   |
| BHSA                                  | 1                           | -               | -                  | -              | (1)                  | -         | -                 |
| BACS                                  | 3                           | -               | -                  | -              | 11                   | -         | -                 |
| Tarshop                               | 5                           | -               | -                  | -              | -                    | -         | -                 |
| Total Associates                      | 9                           | -               | -                  | -              | 10                   | -         | -                 |
| Joint Ventures                        |                             |                 |                    |                |                      |           |                   |
| Cyrsa                                 | -                           | -               | -                  | -              | (1)                  | -         | -                 |
| NPSF                                  | -                           | 2               | -                  | -              | (1)                  | -         | -                 |
| Total Joint Ventures                  | -                           | 2               | -                  | -              | (2)                  | -         | -                 |
| Other related parties                 |                             |                 |                    |                |                      |           |                   |
| IFISA                                 | -                           | -               | -                  | -              | 8                    | -         | -                 |
| Fundación IRSA                        | -                           | -               | -                  | -              | -                    | (3)       | -                 |
| Estudio Zang, Bergel & Viñes          | -                           | -               | -                  | (3)            | -                    | -         | -                 |
| Condor                                | -                           | -               | -                  | -              | (103)                | -         | -                 |
| Total Other related parties           | -                           | -               | -                  | (3)            | (95)                 | (3)       | -                 |
| Directors and Senior Management       |                             |                 |                    |                |                      |           |                   |
| Directors                             | -                           | -               | -                  | -              | -                    | -         | (70)              |
| Senior Management                     | -                           | -               | -                  | -              | -                    | -         | (3)               |
| Total Directors and Senior Management | -                           | -               | -                  | -              | -                    | -         | (73)              |
| Total                                 | 10                          | 2               | (55)               | (3)            | (52)                 | (3)       | (73)              |

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Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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27. CNV General Resolution N° 622

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

|   |   |
|---|---|
| Exhibit A - Property, plant and equipment           | Note 10 Investment property and Note 11 Property, plant and equipment     |
| Exhibit B - Intangible assets                       | Note 13 Intangible assets   |
| Exhibit C - Equity investments                      | Note 8 Investments in joint ventures and Note 9 Investments in associates |
| Exhibit D - Other investments                       | Note 14 Financial instruments by category                                 |
| Exhibit E - Provisions                              | Note 19 Provisions  |
| Exhibit F - Cost of sales and services provided     | Note 12 Trading properties and Note 23 Expenses by nature                 |
| Exhibit G - Foreign currency assets and liabilities | Note 28 Foreign currency assets and liabilities                           |





## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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## 28. Foreign currency assets and liabilities

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

| Items (3)                             | Amount of<br>foreign currency<br>(1) | Exchange rate<br>prevailing (2) | Total as of<br>12.31.16. | Amount of<br>foreign currency<br>(1) | Exchange rate<br>prevailing (2) | Total as of<br>06.30.16. |
|---------------------------------------|--------------------------------------|---------------------------------|--------------------------|--------------------------------------|---------------------------------|--------------------------|
| <b>Assets</b>                         |                                      |                                 |                          |                                      |                                 |                          |
| Trade and other receivables           |                                      |                                 |                          |                                      |                                 |                          |
| US Dollar                             | 65                                   | 15.790                          | 1,021                    | 38                                   | 14.940                          | 563                      |
| Euros                                 | 13                                   | 16.625                          | 212                      | 12                                   | 16.492                          | 195                      |
| Uruguayan Pesos                       | -                                    | 0.537                           | -                        | 2                                    | 0.489                           | 1                        |
| Receivables with related parties:     |                                      |                                 |                          |                                      |                                 |                          |
| US Dollar                             | 49                                   | 15.890                          | 774                      | 41                                   | 15.040                          | 624                      |
| Total trade and other receivables     |                                      |                                 | 2,007                    |                                      |                                 | 1,383                    |
| Investments in financial assets       |                                      |                                 |                          |                                      |                                 |                          |
| US Dollar                             | 190                                  | 15.790                          | 2,991                    | 165                                  | 14.940                          | 2,470                    |
| Pounds                                | 1                                    | 19.472                          | 13                       | 1                                    | 19.763                          | 10                       |
| Investments with related parties:     |                                      |                                 |                          |                                      |                                 |                          |
| US Dollar                             | 16                                   | 15.890                          | 261                      | 55                                   | 15.040                          | 827                      |
| Total investments in financial assets |                                      |                                 | 3,265                    |                                      |                                 | 3,307                    |
| Cash and cash equivalents             |                                      |                                 |                          |                                      |                                 |                          |
| US Dollar                             | 95                                   | 15.790                          | 1,495                    | 84                                   | 14.940                          | 1,248                    |
| Euros                                 | 3                                    | 16.625                          | 43                       | 4                                    | 16.492                          | 60                       |
| Total Cash and cash equivalents       |                                      |                                 | 1,538                    |                                      |                                 | 1,308                    |
| Total Assets as of 12.31.16           |                                      |                                 | 6,810                    |                                      |                                 | -                        |
| Total Assets as of 06.30.16           |                                      |                                 | -                        |                                      |                                 | 5,998                    |
| <b>Liabilities</b>                    |                                      |                                 |                          |                                      |                                 |                          |
| Trade and other payables              |                                      |                                 |                          |                                      |                                 |                          |
| US Dollar                             | 119                                  | 15.890                          | 1,896                    | 96                                   | 15.040                          | 1,451                    |
| Swiss Franc                           | -                                    | 15.636                          | 1                        | -                                    | -                               | -                        |
| Euros                                 | -                                    | -                               | -                        | 3                                    | 16.640                          | 54                       |

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|                                  |       |        |        |       |        |        |
|----------------------------------|-------|--------|--------|-------|--------|--------|
| New Israel Shekel                | -     | -      | -      | 2     | 3.892  | 7      |
| Payables to related parties:     |       |        |        |       |        |        |
| US Dollar                        | 1     | 15.890 | 9      | 2     | 15.040 | 31     |
| Total Trade and other payables   |       |        | 1,906  |       |        | 1,543  |
| Borrowings                       |       |        |        |       |        |        |
| US Dollar                        | 1,831 | 15.890 | 29,092 | 1,704 | 15.040 | 25,631 |
| Euros                            | -     | 16.770 | -      | 2     | 16.640 | 39     |
| Total Borrowings                 |       |        | 29,092 |       |        | 25,670 |
| Total Liabilities as of 12.31.16 |       |        | 30,998 |       |        | -      |
| Total Liabilities as of 06.30.16 |       |        | -      |       |        | 27,213 |

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

(2) Exchange rate as of December 31, 2016 and June 30, 2016 according to Banco Nación Argentina records.

(3) The Group uses derivative instruments as a complement in order to reduce its exposure to exchange rate movements (See Note 14).



## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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## 29. Groups of assets and liabilities held for sale

As mentioned in Note 4, the investment in Israir has been reclassified to held for sale. Additionally, IDB Tourism is currently negotiating the sale of its equity interests in Open Sky Ltd. in terms and conditions that have not been fully set yet; the assets and liabilities related to Open Sky Ltd. operations have been also reclassified. Furthermore, the equity interest of the Group in Adama and the related non-recourse loan, had been reclassified to assets and liabilities held for sale before the disposal.

Pursuant to IFRS 5, assets and liabilities held for sale have been valued at the lower between their carrying value and fair value less cost of sale. Given some assets' carrying value was higher, an impairment loss of Ps. 231 million has been recorded.

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

## Group of assets held for sale:

|                               | December 31,<br>2016 |
|-------------------------------|----------------------|
| Property, plant and equipment | 1,482                |
| Intangible assets             | 4                    |
| Investments in associates     | 246                  |
| Deferred income tax assets    | 61                   |
| Trade and other receivables   | 1,038                |
| Inventories                   | 8                    |
| Cash and cash equivalents     | 61                   |
| Total                         | 2,900                |

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

|  | December 31,<br>2016 |
|--|----------------------|
| Trade and other payables                 | 1,020                |
| Salaries and social security liabilities | 114                  |
| Employee benefits                        | 43                   |
| Deferred income tax liability            | 27                   |
| Borrowings                               | 693                  |
| Total                                    | 1,897                |



## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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## Results from discontinued operations

The results of Israir and Open Sky operations, the share of profit of Adama and the financial costs associated to the non-recourse loan, until its sale, and the results from sale of the investment in Adama have been reclassified in the Statements of Income/(Operations) under discontinued operations.

|  | December 31, 2016 |                     |         |
|--|-------------------|---------------------|---------|
|  | Adama             | Israir and Open Sky | Total   |
| Revenues   | -                 | 2,603               | 2,603   |
| Costs  | -                 | (2,193)             | (2,193) |
| Gross Profit                                     | -                 | 410                 | 410     |
| General and administrative expenses              | -                 | (93)                | (93)    |
| Selling expenses                                 | -                 | (131)               | (131)   |
| Other operating results, net                     | (i) 4,803         | -                   | 4,803   |
| Profit from operations                           | 4,803             | 186                 | 4,989   |
| Share of profit of joint ventures and associates | 406               | -                   | 406     |
| Profit before financial results and income tax   | 5,209             | 186                 | 5,395   |
| Other financial results                          | (881)             | (241)               | (1,122) |
| Financial results, net                           | (881)             | (241)               | (1,122) |
| Profit / (Loss) before income tax                | 4,328             | (55)                | 4,273   |
| Income tax                                       | -                 | -                   | -       |
| Profit / (Loss) from discontinued operations     | 4,328             | (55)                | 4,273   |

(i)

Includes Ps. 4,709 corresponding to the profit from the sale of Adama.

31.

## Subsequent events

## IDBG and subsidiaries

In January 2017, IDBG received a loan from an Israeli financial entity in the amount of US\$ 41.4 million. Principal will be repaid after the lapse of two years and will accrue 7% interest. The loan is guaranteed by IDBD and PBC (jointly and severally). In addition, a bank loan in the amount of US\$ 59 million granted by a US bank to a subsidiary of IDBG (Great Wash Park LLC), which is building a shopping center in Las Vegas, Nevada, has been extended to December 31, 2018.

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

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

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31.

Subsequent events (Continued)

Comparaencasa LTD

In January 2017, the Group through Tyrus, acquired 69,750 shares which represent a 12.5% equity interest in Comparaencasa Ltd., a company registered in the United Kingdom engaged in the search, comparison and selection of products and/or services offered on the Internet, mainly car insurance and related products, for the Argentine Republic. The transaction price was US\$ 1 million, which has been fully paid. Additionally, Tyrus received warrants for the purchase of shares in future capital issuance for up to US\$ 1.5 million, with a 35% discount, for a term of 5 years.

Avenida Inc.

On January 20, 2017, as part of a corporate reorganization process, Avenida Inc., carried out a 100,000,000:1 reverse stock split and issued additional capital in which the Group and other minority investors took part. The transaction price was US\$ 0.5 million, which has already been fully paid at the date of these Financial Statements.

Also, the Group has an option (warrant) to acquire other 4,421,093 Series I preferred shares at a price of US\$ 0.01 per share for a term of 18 months or until a new capital issuance of capital, whichever takes place earlier, subject to certain conditions.

Condor

On January 24, Condor issued new warrants (150,540) held by RES, which is 66.7% owned by the Group, to replace the warrants held to that date (3,750,000 warrants each, with a right to one share at an exercise price of US\$ 1.92, expiring on January 31 2017). The new warrant entitles the holder to receive 150,540 ordinary shares at an exercise price of US\$ 0.001 with expiration in January 2019



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REVIEW REPORT ON THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS

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

#### Introduction

We have reviewed the unaudited condensed interim consolidated financial statements of IRSA Inversiones y Representaciones Sociedad Anónima and its subsidiaries (hereinafter “the Company”) which included the unaudited condensed interim consolidated statement of financial position as of December 31, 2016, and the unaudited condensed interim consolidated statements of income and comprehensive income for the six-month period and three-month period ended December 31, 2016, the unaudited condensed interim consolidated statement of changes in shareholders’ equity and the unaudited condensed interim consolidated statement of cash flows for the six-month period ended December 31, 2016 and selected explanatory notes.

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

#### Management responsibility

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



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

Scope of our review

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

Conclusion

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

Emphasis paragraph

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

Report on compliance with current regulations

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

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



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

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

d)  
at December 31, 2016, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentina Integrated Pension System which arises from accounting records and submissions amounted to Ps. 87,714 which was no callable at that date.

Autonomous City of Buenos Aires, February 13, 2017.

PRICE WATERHOUSE & Co. S.R.L.

ABELOVICH, POLANO & ASOCIADOS S.R.L.

(Partner)

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Carlos Martín Barbafina

Public Accountant (UCA)

C.P.C.E.C.A.B.A. T° 175 F° 65

C.P.C.E. C.A.B.A. T° 1 F° 30

Marcelo Héctor Fuxman

Public Accountant (UBA)

C.P.C.E.C.A.B.A. T° 134 F° 85





IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Separate Financial Statements for the six-month period ended December 31, 2016 presented comparatively



## IRSA Inversiones y Representaciones Sociedad Anónima

## Unaudited Condensed Interim Separate Statements of Financial Position

as of December 31, 2016 and June 30, 2016

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

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|  | Note | 12.31.16     | 06.30.16     |
|--|------|--------------|--------------|
| <b>ASSETS</b>  |      |              |              |
| Non-current Assets   |      |              |              |
| Investment properties                                      | 6    | 460          | 457          |
| Property, plant and equipment                              | 7    | 4            | 3            |
| Trading properties   | 8    | 75           | 70           |
| Intangible assets  | 9    | 1            | 52           |
| Investments in subsidiaries, associates and joint ventures | 5    | 6,824        | 4,054        |
| Deferred income tax assets                                 | 17   | 580          | 345          |
| Income tax and MPIT credit                                 |      | 84           | 108          |
| Trade and other receivables                                | 11   | 158          | 62           |
| Investments in financial assets                            | 10   | 121          | 100          |
| Total Non-current Assets                                   |      | 8,307        | 5,251        |
| Current Assets   |      |              |              |
| Inventories  |      | 1            | 1            |
| Trading properties   | 8    | 8            | 8            |
| Trade and other receivables                                | 11   | 397          | 101          |
| Income tax and MPIT credit                                 |      | 1            | -            |
| Investments in financial assets                            | 10   | 18           | 24           |
| Cash and cash equivalents                                  | 10   | 22           | 6            |
| Total Current Assets                                       |      | 447          | 140          |
| <b>TOTAL ASSETS</b>  |      | <b>8,754</b> | <b>5,391</b> |
| <b>SHAREHOLDERS' EQUITY</b>                                |      |              |              |
| Share capital  |      | 575          | 575          |
| Treasury shares  |      | 4            | 4            |
| Inflation adjustment of share capital and treasury shares  |      | 123          | 123          |
| Share premium  |      | 793          | 793          |
| Additional paid-in capital from treasury shares            |      | 16           | 16           |
| Legal reserve  |      | 143          | 117          |
| Special reserve  |      | 90           | 94           |
| Other reserves   |      | 433          | 638          |
| Retained Earnings (Accumulated deficit)                    |      | 828          | (1,243)      |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                          |      | <b>3,005</b> | <b>1,117</b> |
| <b>LIABILITIES</b>   |      |              |              |
| Non-Current Liabilities                                    |      |              |              |
| Trade and other payables                                   | 14   | 713          | 571          |
| Borrowings   | 16   | 4,423        | 1,224        |
| Provisions   | 15   | 33           | 7            |
| Total Non-Current Liabilities                              |      | 5,169        | 1,802        |
| Current Liabilities  |      |              |              |
| Trade and other payables                                   | 14   | 89           | 196          |
| Income tax and MPIT liabilities                            |      | 9            | -            |
| Salaries and social security liabilities                   |      | 2            | 1            |
| Borrowings   | 16   | 479          | 2,247        |

|  |    |       |       |
|--|----|-------|-------|
| Provisions                                 | 15 | 1     | 28    |
| Total Current Liabilities                  |    | 580   | 2,472 |
| TOTAL LIABILITIES                          |    | 5,749 | 4,274 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES |    | 8,754 | 5,391 |

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

Alejandro G. Elsztain  
Vice President II

acting as President



IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Separate Statements of Comprehensive Income/(Operations) for the six and three-month periods beginning on July 1 and October 1, 2016 and 2015 and ended December 31, 2016 and 2015

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

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|   | Note | Six months |          | Three months |          |
|---|------|------------|----------|--------------|----------|
|   |      | 12.31.16   | 12.31.15 | 12.31.16     | 12.31.15 |
| Revenues  | 18   | 18         | 37       | 10           | 18       |
| Costs   | 19   | (12)       | (15)     | (6)          | (7)      |
| Gross Profit  |      | 6          | 22       | 4            | 11       |
| Gain from disposal of investment properties                             | 6    | -          | 729      | -            | 639      |
| General and administrative expenses                                     | 19   | (77)       | (59)     | (42)         | (35)     |
| Selling expenses  | 19   | (13)       | (13)     | (8)          | (7)      |
| Other operating results, net  | 20   | (38)       | 68       | (34)         | 72       |
| (Loss) / Profit from operations   |      | (122)      | 747      | (80)         | 680      |
| Share of profit / (loss) of subsidiaries, associates and joint ventures | 5    | 2,481      | (542)    | 2,881        | (339)    |
| Profit before financial results and income tax                          |      | 2,359      | 205      | 2,801        | 341      |
| Finance income  | 21   | 44         | 1,129    | 11           | 989      |
| Finance cost  | 21   | (517)      | (1,546)  | (263)        | (1,320)  |
| Other financial results   | 21   | 1          | (70)     | 1            | (69)     |
| Financial results, net  | 21   | (472)      | (487)    | (251)        | (400)    |
| Profit / (Loss) before income tax                                       |      | 1,887      | (282)    | 2,550        | (59)     |
| Income tax  | 17   | 180        | (159)    | 94           | (106)    |
| Profit / (Loss) for the period  |      | 2,067      | (441)    | 2,644        | (165)    |
| Profit / (Loss) per share for the period:                               |      |            |          |              |          |
| Basic   |      | 3.597      | (0.762)  | 4.600        | (0.285)  |
| Diluted (i)   |      | 3.572      | (0.762)  | 4.568        | (0.285)  |

(i) Due to the loss for the period, there is no diluted effect on this result

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

Alejandro G. Elsztain  
Vice President II  
acting as President



IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Separate Statements of Comprehensive Income/(Operations)  
for the six and three month periods beginning on July 1, 2016 and 2015 and  
ended December 31, 2016 and 2015

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

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

|   | Six months |          | Three months |          |
|---|------------|----------|--------------|----------|
|   | 12.31.16   | 12.31.15 | 12.31.16     | 12.31.15 |
| Gain / (Loss) for the period  | 2,067      | (441)    | 2,644        | (165)    |
| Other comprehensive income:   |            |          |              |          |
| Items that may be reclassified subsequently to profit or loss:  |            |          |              |          |
| The Company's interest in other incomes in relation with companies<br>accounted for under the equity method | (12)       | -        | (29)         | -        |
| Currency translation adjustment of subsidiaries, associates, and joint<br>ventures                          | (21)       | 60       | (216)        | 25       |
| Other comprehensive (loss) / income for the period (i)  | (33)       | 60       | (245)        | 25       |
| Total comprehensive income / (loss) for the period  | 2,034      | (381)    | 2,399        | (140)    |

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

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

Alejandro G. Elsztain  
Vice President II  
acting as President





IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Separate Statements of Changes in Shareholders' Equity

for the six-month periods ended December 31, 2016 and 2015

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

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|  | Share<br>Capital | Treasury<br>shares | Inflation<br>adjustment<br>of Share<br>Capital and<br>Treasury<br>Shares | Share<br>premium | Additional<br>Paid-in<br>Capital<br>from<br>Treasury<br>Shares | Legal<br>reserve | Special<br>reserve | Other<br>reserves<br>(Note<br>13) | (Accumulated<br>deficit),<br>Retained<br>earnings |
|--|------------------|--------------------|--|------------------|--|------------------|--------------------|-----------------------------------|---|
| Balance at June 30, 2016                           | 575              | 4                  | 123  | 793              | 16   | 117              | 94                 | 638                               | (1,243)   |
| Gain for the period                                | -                | -                  | -  | -                | -  | -                | -                  | -                                 | 2,067   |
| Other comprehensive loss for the period            | -                | -                  | -  | -                | -  | -                | -                  | (33)                              | -   |
| Total comprehensive (loss) / income for the period | -                | -                  | -  | -                | -  | -                | -                  | (33)                              | 2,067   |
| Loss absorption:                                   | -                | -                  | -  | -                | -  | -                | (4)                | -                                 | 4   |
| Constitution of legal reserve                      | -                | -                  | -  | -                | -  | 26               | -                  | (26)                              | -   |
| Changes of interest in subsidiaries                | -                | -                  | -  | -                | -  | -                | -                  | (152)                             | -   |
| Reserve for share-based payments                   | -                | -                  | -  | -                | -  | -                | -                  | 6                                 | -   |
| Balance at December 31, 2016                       | 575              | 4                  | 123  | 793              | 16   | 143              | 90                 | 433                               | 828   |

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

Alejandro G. Elsztain  
Vice President II  
acting as President



## IRSA Inversiones y Representaciones Sociedad Anónima

## Unaudited Condensed Interim Separate Statements of Changes in Shareholders' Equity

for the six-month periods ended December 31, 2016 and 2015

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

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

|  | Share<br>Capital | Treasury<br>shares | Inflation<br>adjustment<br>of Share<br>Capital and<br>Treasury<br>Shares | Share<br>premium | Additional<br>Paid-in<br>Capital<br>from<br>Treasury<br>Shares | Legal<br>reserve | Special<br>reserve | Other<br>reserves<br>(Note<br>13) | Retained<br>earnings/<br>(Accumulated<br>deficit) | Total<br>Shareholders'<br>equity |
|--|------------------|--------------------|--|------------------|--|------------------|--------------------|-----------------------------------|---|----------------------------------|
| Balance at June 30, 2015                                     | 574              | 5                  | 123  | 793              | 7  | 117              | 4                  | 336                               | 515   | 2,474                            |
| Loss for the period  | -                | -                  | -  | -                | -  | -                | -                  | -                                 | (441)   | (441)                            |
| Other comprehensive income for the period                    | -                | -                  | -  | -                | -  | -                | -                  | 60                                | -   | 60                               |
| Total comprehensive income / (loss) for the period           | -                | -                  | -  | -                | -  | -                | -                  | 60                                | (441)   | (381)                            |
| Constitution of reserve                                      | -                | -                  | -  | -                | -  | -                | -                  | 520                               | (520)   | -                                |
| Constitution of special reserve of General Resolution 609/12 | -                | -                  | -  | -                | -  | -                | (4)                | -                                 | 4   | -                                |
| Changes of interest in subsidiaries                          | -                | -                  | -  | -                | -  | -                | -                  | (9)                               | -   | (9)                              |
| Tender offer to non-controlling shareholders                 | -                | -                  | -  | -                | -  | -                | -                  | (190)                             | -   | (190)                            |
| Reserve for share-based payments                             | 1                | -                  | -  | -                | 6  | -                | -                  | 4                                 | -   | 11                               |
| Balance at December 31, 2015                                 | 575              | 5                  | 123  | 793              | 13   | 117              | -                  | 721                               | (442)   | 1,905                            |

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

Alejandro G. Elsztain  
Vice President II  
acting as President

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IRSA Inversiones y Representaciones Sociedad Anónima  
 Unaudited Condensed Interim Separate Statements of Cash Flows  
 for the six-month periods ended December 31, 2016 and 2015  
 (All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for publication in Argentina

|   | Note | 12.31.16 | 12.31.15 |
|---|------|----------|----------|
| Operating activities:   |      |          |          |
| Cash (used in) / generated by the operations                              | 12   | (235)    | 80       |
| Income tax paid   |      | (18)     | -        |
| Net cash (used in) / generated by operating activities                    |      | (253)    | 80       |
| Investing activities:   |      |          |          |
| Capital contributions to subsidiaries, associates and joint ventures      | 5    | (488)    | (504)    |
| Purchases of investment properties  | 6    | (4)      | (1)      |
| Purchases of property, plant and equipment                                | 7    | (1)      | -        |
| Purchases of trading properties   | 8    | (5)      | -        |
| Purchases of intangible assets  | 9    | (1)      | -        |
| Proceeds from sale of investment properties                               | 2    |          | 768      |
| Proceeds from transfers of assets to subsidiary                           | -    |          | 62       |
| Purchases of investments in financial assets                              | -    |          | (1,387)  |
| Proceeds from sale of investments in financial assets                     | 1    |          | 1,229    |
| Interest received   | -    |          | 2        |
| Increase in equity interest in associates                                 | -    |          | 77       |
| Net cash (used in) / generated by investing activities                    |      | (496)    | 246      |
| Financing activities:   |      |          |          |
| Proceeds from borrowings  |      | 1,912    | 3,937    |
| Repayments of borrowings  |      | (2,573)  | (3,706)  |
| Payment of principal NCN  |      | (1,126)  | (96)     |
| Dividends paid  |      | -        | (8)      |
| Interest paid   |      | (299)    | (218)    |
| Payment of borrowings from subsidiaries, associates and joint ventures    |      | (300)    | (100)    |
| Proceeds from borrowings from subsidiaries, associates and joint ventures |      | 21       | 2        |
| Proceeds from derivative financial instruments                            |      | -        | 55       |
| Repurchase of NCN   |      | -        | (121)    |
| Issuance of NCN   |      | 3,129    | 7        |
| Net cash generated by / (used in) financing activities                    |      | 764      | (248)    |
| Net Increase in cash and cash equivalents                                 |      | 15       | 78       |
| Cash and cash equivalents at the beginning of the year                    | 10   | 6        | 3        |
| Foreign exchange gain on cash and cash equivalents                        |      | 1        | -        |
| Cash and cash equivalents at end of period                                |      | 22       | 81       |

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

Alejandro G. Elsztain  
 Vice President II  
 acting as President







IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements

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

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1.

General information and company's business

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

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

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

These Unaudited Condensed Interim Separate Financial Statements have been approved for issue by the Board of Directors on February 13, 2017.

2.

Basis of preparation of the Unaudited Condensed Interim Separate Financial Statements

2.1.

Basis of preparation

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

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



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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
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2.  
 Basis of preparation of the Unaudited Condensed Interim Separate Financial Statements (Continued)

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

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

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

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

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

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

Balance items as of June 30, 2016 and December 31, 2015 shown in these financial statements for comparative purposes have been modified in order to present the mentioned adjustments. The notes below include a reconciliation of shareholders’ equity of the Unaudited Condensed Interim Separate Financial Statements prepared in accordance with Technical Resolution N° 26 on the closing date of the comparative period and the Statements of Income and other comprehensive income for the six-month period ended December 31, 2015, and those presented in accordance with IFRS in these Unaudited Condensed Interim Separate Financial Statements, as well as the effects of the adjustments to cash flow.



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

The Unaudited Condensed Interim Separate Financial Statements of the Company for the six-month period ended December 31, 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

2.2.  
 Reconciliations of Technical Resolution N° 26 to IFRS

The notes below include a reconciliation of shareholders' equity prepared in accordance with Technical Resolution N° 26 and those presented in accordance with IFRS as of June 30, 2016 and December 31, 2015 and the reconciliation of net income for the six-month period ended December 31, 2015. The reconciliations included below were prepared based on the IFRS standards that are estimated to be applicable for the Company for the financial statements as of and for the year ended June 30, 2017. The items and amounts in the reconciliations included below are subject to change and should only be deemed final when the annual financial statements prepared under IFRS for the first time are issued.

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

The first reconciliation provides an overview of the impact on shareholders' equity for the period ended December 31, 2015 and June 30, 2016 (Note 2.2.1). The second reconciliation provides an overview of the impact on net income for the six-month period ended December 31, 2015 (Note 2.2.2). The mentioned reconciliations do not have impact on other comprehensive income nor the Statements of Cash Flows.

2.2.1.  
 Summary of equity

|   | 06.30.16 | 12.31.15 |
|---|----------|----------|
| Shareholders' equity under Technical Resolution N° 26 | 1,115    | 1,903    |
| Goodwill from the purchase of shares                  | 2        | 2        |
| Total shareholders' equity under IFRS                 | 1,117    | 1,905    |

2.2.2.  
 Summary of loss for the period

|  | 12.31.15 |
|--|----------|
| Loss for the period under Technical Resolution N° 26 | (487)    |
| Other operating results, net                         | 72       |
| Income tax   | (26)     |
| Loss for the period under IFRS                       | (441)    |







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2.

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

2.2.3

Explanation of the transition to IFRS

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

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

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

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

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

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

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



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2.3.  
Significant accounting policies

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

2.4.  
Use of estimates

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

In the preparation of these Unaudited Condensed Interim Separate Financial Statements, the main significant judgments made by Management in applying the Company's accounting policies and the major sources of uncertainty were the same that the Company used in the preparation of the Separate Financial Statements for the fiscal year ended June 30, 2016.

2.5. Comparability of information

Balance items as of December 31, 2015 and June 30, 2016 shown in these Unaudited Condensed Interim Separate Financial Statements for comparative purposes arise from financial statements then ended.

3.  
Acquisitions and disposals

See description of acquisitions and disposals made by the Company and/or its subsidiaries for the six-month period ended December 31, 2016 in Note 4 to the Unaudited Condensed Interim Consolidated Financial Statements.



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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
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4.  
Financial risk management and fair value estimates

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

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

5.  
Information about principal subsidiaries, associates and joint ventures

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

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

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



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5.  
 Information about principal subsidiaries, associates and joint ventures (Continued)

Detailed below is the evolutions of investments in subsidiaries, associates and joint ventures of the Company, for the six-month period ended December 31, 2016 and for the year ended June 30, 2016:

## Subsidiaries, Associates and Joint ventures

|   | December 31, June 30, |       |
|---|-----------------------|-------|
|   | 2016                  | 2016  |
| Beginning of period / year                                  | 4,049                 | 2,732 |
| Capital contribution (i)                                    | 922                   | 2,907 |
| Merger – Spin-off   | -                     | (165) |
| Share of profit / (loss), net                               | 2,481                 | (896) |
| Cash dividends (ii)   | (443)                 | (286) |
| Reimbursement of expired dividends                          | -                     | 10    |
| Acquisition of interest in associates and subsidiaries      | (152)                 | (19)  |
| Acquisition of equity interest (Technical Resolution N° 43) | -                     | 2     |
| Other comprehensive loss                                    | (33)                  | (269) |
| Other reserves  | -                     | 36    |
| Disposal of subsidiaries, associates and joint ventures     | -                     | (3)   |
| End of the period / year (iii)                              | 6,824                 | 4,049 |

(i)  
 During the period capital contributions were made to Tyrus, Llao, Hasa, Palermo Invest S.A., Inversora Bolívar S.A. and Efanur for Ps. 911, Ps. 2, Ps. 3, Ps. 2, Ps. 3 and Ps. 1, respectively. During the fiscal year ended as of June 30, 2016 capital contributions were made to Tyrus and Manibil for Ps. 2,897 and Ps. 10, respectively.

(ii)  
 During the period Palermo Invest S.A., Inversora Bolívar S.A., ECLSA, CYRSA and IRSA CP distributed dividends to the Company for an amount of Ps. 0.2, Ps. 1, Ps. 0.3, Ps. 7.5 and Ps. 434, respectively. During the year ended June 30, 2016 Palermo Invest S.A., Inversora Bolívar S.A., ECLSA, CYRSA and IRSA CP distributed dividends to the Company for an amount of Ps. 3, Ps. 3, Ps. 3, Ps. 6 and Ps. 271, respectively.

(iii) Includes (Ps. 5) as of June 30, 2016 corresponding to the equity interest in HASA, included in Provisions (Note 15).





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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
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5.  
 Information about principal subsidiaries, associates and joint ventures (Continued)

| Issuer and type of securities | Class / Items                        | Amount      | Value                   |                         |                      | Market        |                   | Issuer's information             |                                   |                              |                      | Interests in common stock |
|-------------------------------|--------------------------------------|-------------|-------------------------|-------------------------|----------------------|---------------|-------------------|----------------------------------|-----------------------------------|------------------------------|----------------------|---------------------------|
|                               |                                      |             | recorded as of 12.31.16 | recorded as of 06.30.16 | value as of 12.31.16 | Main activity | Registered office | Last financial statements issued | Common stock Date (nominal value) | Profit (loss) for the period | Shareholders' Equity |                           |
| IRSA CP                       | Common shares 1 vote                 | 118,972,532 | 1,426                   | 1,408                   |                      |               |                   |                                  |                                   |                              |                      |                           |
|                               | Higher value                         |             | 379                     | 387                     | 165.00               | Real estate   | Argentina         | 12.31.16                         | 479                               | 1,510                        | 94.41                |                           |
|                               | Intergroup transactions              |             | (1,611)                 | (1,671)                 |                      |               |                   |                                  |                                   |                              |                      |                           |
| BHSA (1)                      | Common shares 1 vote                 | 73,939,835  | 271                     | 264                     | 6.18                 | Financial     | Argentina         | 12.31.16                         | 124                               | 5,358                        | 5.05%                |                           |
| BACS (1)                      | Common shares 1 vote                 | 3,984,375   | 22                      | 21                      | Not publicly traded  | Financial     | Argentina         | 03.31.16                         | 12                                | 341                          | 6.38%                |                           |
| Cyrsa                         | Common shares 1 vote                 | 8,748,270   | 12                      | 18                      | Not publicly traded  | Real estate   | Argentina         | 12.31.16                         | 3                                 | 24                           | 50.00                |                           |
| ECLSA                         | Common shares 1 vote<br>Higher value | 77,025,906  | 290<br>(2)              | 282<br>(2)              | Not publicly traded  | Investment    | Argentina         | 02.31.16                         | 8                                 | 300                          | 96.74                |                           |

(1)  
 The balances correspond to the financial statements of BHSA and BACS prepared in accordance with the BCRA standards. For the purpose of the valuation of the investment in the Company, adjustments necessary to adequate the financial statements to IFRS have been considered.





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5.  
 Information about principal subsidiaries, associates and joint ventures (Continued)

| Issuer and type of securities | Class / Items             | Amount      | Value recorded as of 12.31.16 | Value recorded as of 06.30.16 | Market value as of 12.31.16 | Issuer's information |                   | Last financial statements issued |                              |                              |                  |
|-------------------------------|---------------------------|-------------|-------------------------------|-------------------------------|-----------------------------|----------------------|-------------------|----------------------------------|------------------------------|------------------------------|------------------|
|                               |                           |             |                               |                               |                             | Main activity        | Registered office | Date                             | Common stock (nominal value) | Profit (loss) for the period | Sharehold Equity |
| EFANUR                        | Common shares 1 vote      | 110,231,290 | 402                           | 301                           | Not publicly traded         | Investment           | Uruguay           | 12.31.16                         | 130                          | 102                          | 403              |
|                               | Irrevocable contributions |             | 1                             | -                             |                             |                      |                   |                                  |                              |                              |                  |
| HASA                          | Common shares 1 vote      | 15,366,840  | (2)                           | (5)                           | Not publicly traded         | Hotel                | Argentina         | 12.31.16                         | 19                           | 3                            | 1                |
|                               | Irrevocable contributions |             | 3                             | -                             |                             |                      |                   |                                  |                              |                              |                  |
| Inversora Bolívar S.A.        | Common shares 1 vote      | 80,336,817  | 326                           | 322                           | Not publicly traded         | Investment           | Argentina         | 12.31.16                         | 84                           | 6                            | 346              |
|                               | Irrevocable contributions |             | 3                             | -                             |                             |                      |                   |                                  |                              |                              |                  |
| Llao Llao Resort S.A.         | Common shares 1 vote      | 73,580,206  | 18                            | 13                            | Not publicly traded         | Hotel                | Argentina         | 12.31.16                         | 147                          | 10                           | 39               |
|                               | Irrevocable contributions |             | 2                             | -                             |                             |                      |                   |                                  |                              |                              |                  |
| Manibil                       | Common shares 1 vote      | 47,748,880  | 69                            | 62                            | Not publicly traded         | Real estate          | Argentina         | 12.31.16                         | 97                           | 14                           | 140              |
| NFSA                          | Common shares 1 vote      | 38,068,999  | 37                            | 36                            | Not publicly traded         | Hotel                | Argentina         | 12.31.16                         | 50                           | 2                            | 48               |
|                               | Higher value              |             | (14)                          | (14)                          |                             |                      |                   |                                  |                              |                              |                  |





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5.  
 Information about principal subsidiaries, associates and joint ventures (Continued)

| Issuer and type of securities   | Class / Items             | Amount        | Value recorded as of 12.31.16 | Value recorded as of 06.30.16 | Market value as of 12.31.16 | Issuer's information |                   |          | Last financial statements issued Date | Common stock (nominal value) | Profit (loss) for the period | Shares Equity |
|---|---------------------------|---------------|-------------------------------|-------------------------------|-----------------------------|----------------------|-------------------|----------|---------------------------------------|------------------------------|------------------------------|---------------|
|   |                           |               |                               |                               |                             | Main activity        | Registered office |          |                                       |                              |                              |               |
| Palermo Invest S.A.   | Common shares 1 vote      | 153,283,988   | 284                           | 278                           |                             |                      |                   |          |                                       |                              |                              |               |
|   | Irrevocable contributions |               | 2                             | -                             | Not publicly traded         | Investment           | Argentina         | 12.31.16 | 158                                   | 6                            | 295                          |               |
|   | Intergroup transactions   |               | (30)                          | (30)                          |                             |                      |                   |          |                                       |                              |                              |               |
| Ritelco S.A.  | Common shares 1 vote      | 94,369,151    | 479                           | 449                           | Not publicly traded         | Investment           | Uruguay           | 12.31.16 | 94                                    | 29                           | 506                          |               |
|   | Irrevocable contributions |               | 27                            | 27                            |                             |                      |                   |          |                                       |                              |                              |               |
| Tyrus   | Common shares 1 vote      | 5,422,587,411 | (261)                         | (1,878)                       | Not publicly traded         | Investment           | Uruguay           | 12.31.16 | 5,885                                 | 1,803                        | 4,433                        |               |
|   | Irrevocable contributions |               | 4,694                         | 3,784                         |                             |                      |                   |          |                                       |                              |                              |               |
|   | Higher value              |               | (9)                           | (9)                           |                             |                      |                   |          |                                       |                              |                              |               |
| Total investments in subsidiaries, associates and joint ventures as of 12.31.16 |                           |               | 6,824                         | -                             |                             |                      |                   |          |                                       |                              |                              |               |
| Total investments in subsidiaries, associates and joint ventures as of 06.30.16 |                           |               | -                             | 4,049                         |                             |                      |                   |          |                                       |                              |                              |               |







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6.  
 Investment properties

Changes in the Company's investments properties for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

|  | Period ended December 31, 2016 |                             |                              | Fiscal year ended June 30, 2016 |       |
|--|--------------------------------|-----------------------------|------------------------------|---------------------------------|-------|
|  | Rental properties              | Undeveloped parcels of land | Properties under development | Total                           | Total |
| Beginning of the period / year:          |                                |                             |                              |                                 |       |
| Costs                                    | 258                            | 164                         | 48                           | 470                             | 447   |
| Accumulated depreciation                 | (13)                           | -                           | -                            | (13)                            | (35)  |
| Net book amount                          | 245                            | 164                         | 48                           | 457                             | 412   |
| Changes of the period / year             |                                |                             |                              |                                 |       |
| Additions                                | -                              | -                           | 4                            | 4                               | 5     |
| Additions as a result of the merger      | -                              | -                           | -                            | -                               | 172   |
| Reclassification to trading properties   | -                              | -                           | -                            | -                               | (67)  |
| Disposals                                | -                              | -                           | -                            | -                               | (63)  |
| Depreciation (i)                         | -                              | -                           | (1)                          | (1)                             | (2)   |
| Net book amount at the period / year-end | 245                            | 164                         | 51                           | 460                             | 457   |
| End of the period / year:                |                                |                             |                              |                                 |       |
| Costs                                    | 258                            | 164                         | 52                           | 474                             | 470   |
| Accumulated depreciation                 | (13)                           | -                           | (1)                          | (14)                            | (13)  |
| Net book amount                          | 245                            | 164                         | 51                           | 460                             | 457   |

(i)  
 Depreciation charges of investment properties were included in "Costs" in the Statements of Income (Note 19).

The following amounts have been recognized in the Statements of Income:

|   | December 31, 2016 | December 31, 2015 |
|---|-------------------|-------------------|
| Rental and services income (Note 18)      | 18                | 37                |
| Cost of rental and services (Note 19)     | (6)               | (11)              |
| Cost of sales and developments (Note 19)  | (6)               | (4)               |
| Gain from disposal of investment property | -                 | 729               |





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7.  
 Property, plant and equipment

Changes in Company's property, plant and equipment for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

|  | Period ended<br>December 31, 2016 |                           |                            | Fiscal year ended<br>June 30, 2016 |       |
|--|-----------------------------------|---------------------------|----------------------------|------------------------------------|-------|
|  | Other buildings<br>and facilities | Furniture<br>and fixtures | Machinery<br>and equipment | Total                              | Total |
| Beginning of the period / year:          |                                   |                           |                            |                                    |       |
| Costs                                    | 14                                | 3                         | 14                         | 31                                 | 29    |
| Accumulated depreciation                 | (13)                              | (3)                       | (12)                       | (28)                               | (26)  |
| Net book amount                          | 1                                 | -                         | 2                          | 3                                  | 3     |
| Changes of the period / year             |                                   |                           |                            |                                    |       |
| Book amount at the beginning of the year | 1                                 | -                         | 2                          | 3                                  | 3     |
| Additions                                | -                                 | -                         | 1                          | 1                                  | 1     |
| Depreciation (i)                         | -                                 | -                         | -                          | -                                  | (1)   |
| Net book amount at the period / year-end | 1                                 | -                         | 3                          | 4                                  | 3     |
| End of the period / year:                |                                   |                           |                            |                                    |       |
| Costs                                    | 14                                | 3                         | 15                         | 32                                 | 31    |
| Accumulated depreciation                 | (13)                              | (3)                       | (12)                       | (28)                               | (28)  |
| Net book amount                          | 1                                 | -                         | 3                          | 4                                  | 3     |

(i)  
 Depreciation charges of property, plant and equipment were included in "Costs" and "General and administrative expenses" in the Statements of Income.



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8.  
 Trading properties

Changes in the Company's trading properties for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

|   | Period<br>ended<br>December 31, 2016 | Properties<br>under development | Total | Fiscal year<br>ended<br>June 30, 2016<br>Total |
|---|--------------------------------------|---------------------------------|-------|--|
| Beginning of the period / year            | 3                                    | 75                              | 78    | 11   |
| Additions                                 | -                                    | 5                               | 5     | -  |
| Reclassification of investment properties | -                                    | -                               | -     | 67   |
| End of the period / year                  | 3                                    | 80                              | 83    | 78   |

|                 | December 31,<br>2016 | June 30,<br>2016 |
|-----------------|----------------------|------------------|
| Net book amount |                      |                  |
| Non-current     | 75                   | 70               |
| Current         | 8                    | 8                |
| Total           | 83                   | 78               |

9.  
 Intangible assets

Changes in Company's intangible assets for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

|                                 | Period<br>ended<br>December 31, 2016 | Rights to receive future units<br>from barter (i) | Others | Total | Fiscal<br>year<br>ended<br>June 30,<br>2016<br>Total |
|---------------------------------|--------------------------------------|---|--------|-------|--|
| Beginning of the period / year: |                                      |   |        |       |  |
| Costs                           | 52                                   |   | 2      | 54    | 54   |
| Accumulated depreciation        | -                                    |   | (2)    | (2)   | (2)  |
| Net book amount                 | 52                                   |   | -      | 52    | 52   |
| Changes of the period / year    |                                      |   |        |       |  |
| Additions                       | -                                    |   | 1      | 1     | -  |

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|  |      |     |      |     |
|--|------|-----|------|-----|
| Disposals (i)                            | (52) | -   | (52) | -   |
| Net book amount at the period / year-end | -    | 1   | 1    | 52  |
| End of the period / year:                |      |     |      |     |
| Costs                                    | -    | 3   | 3    | 54  |
| Accumulated depreciation                 | -    | (2) | (2)  | (2) |
| Net book amount                          | -    | 1   | 1    | 52  |

(i)

See Note 13 to the Unaudited Condensed Interim Consolidated Financial Statements.





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10.  
 Financial instruments by category

Determination of fair values

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

The following table shows the financial assets and financial liabilities of the Company that are measured at fair value through profit or loss as of December 31 and June 30, 2016 and their allocation to the fair value hierarchy.

|   | Financial assets at amortized cost | Financial assets at fair value through profit or loss |         |         | Subtotal financial assets | Non-financial assets | Total |
|---|------------------------------------|---|---------|---------|---------------------------|----------------------|-------|
|   |                                    | Level 1   | Level 2 | Level 3 |                           |                      |       |
|   |                                    | December 31, 2016                                     |         |         |                           |                      |       |
| Assets as per statements of financial position                                    |                                    |   |         |         |                           |                      |       |
| Trade and other receivables (excluding allowance for doubtful accounts) (Note 11) | 164                                | -   | -       | -       | 164                       | 395                  | 559   |
| Investments in financial assets:  |                                    |   |         |         |                           |                      |       |
| - Mutual funds  | -                                  | 2   | -       | -       | 2                         | -                    | 2     |
| - NCN related parties (Note 22)   | 137                                | -   | -       | -       | 137                       | -                    | 137   |
| Cash and cash equivalents:  |                                    |   |         |         |                           |                      |       |
| - Cash at bank and on hand  | 22                                 | -   | -       | -       | 22                        | -                    | 22    |
| Total   | 323                                | 2   | -       | -       | 325                       | 395                  | 720   |

|                                    | Financial liabilities at amortized cost | Financial liabilities at fair value through profit or loss |         |         | Subtotal financial liabilities | Non-financial liabilities | Total |
|------------------------------------|---|--|---------|---------|--------------------------------|---------------------------|-------|
|                                    |   | Level 1  | Level 2 | Level 3 |                                |                           |       |
|                                    |   | Liabilities as per statements of financial position        |         |         |                                |                           |       |
| Trade and other payables (Note 14) | 73                                      | -  | -       | -       | 73                             | 729                       | 802   |
| Borrowings (Note 16)               | 4,902                                   | -  | -       | -       | 4,902                          | -                         | 4,902 |
| Total                              | 4,975                                   | -  | -       | -       | 4,975                          | 729                       | 5,704 |





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10.  
 Financial instruments by category (Continued)

|   | Financial<br>assets<br>at amortized<br>cost | Financial assets at fair<br>value<br>through profit or loss |         |         | Subtotal<br>financial<br>assets | Non-financial<br>assets | Total |
|---|---|---|---------|---------|---------------------------------|-------------------------|-------|
|   |   | Level 1   | Level 2 | Level 3 |                                 |                         |       |
|   |   | June 30, 2016   |         |         |                                 |                         |       |
| Assets as per statements of financial<br>position                                       |   |   |         |         |                                 |                         |       |
| Trade and other receivables (excluding<br>allowance for doubtful accounts) (Note<br>11) | 127   | -   | -       | -       | 127                             | 40                      | 167   |
| Investments in financial assets:  |   |   |         |         |                                 |                         |       |
| - Mutual funds  | -   | 2   | -       | -       | 2                               | -                       | 2     |
| - Government bonds  | -   | 1   | -       | -       | 1                               | -                       | 1     |
| - NCN related parties (Note 22)   | 121   | -   | -       | -       | 121                             | -                       | 121   |
| Cash and cash equivalents:  |   |   |         |         |                                 |                         |       |
| - Cash at bank and on hand  | 6   | -   | -       | -       | 6                               | -                       | 6     |
| Total   | 254   | 3   | -       | -       | 257                             | 40                      | 297   |

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

During the period ended December 31, 2016 there were no transfers between levels of the fair value hierarchy.

As of December 31, 2016 there have been no changes to the economic or business circumstances affecting the fair value of the financial assets and liabilities of the group.



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11.

## Trade and other receivables

Company's trade and other receivables, as of December 31 and June 30, 2016 are as follows:

|   | Note | December 31,<br>2016 | June 30,<br>2016 |
|---|------|----------------------|------------------|
| Non-current                                   |      |                      |                  |
| Receivables from the sale of properties       | 22   | 26                   | 29               |
| Leases and services receivables               |      | 7                    | 8                |
| Total non-current trade receivables           |      | 33                   | 37               |
| VAT receivables                               |      | 54                   | 6                |
| Loans granted                                 | 22   | 44                   | -                |
| Prepaid expenses                              |      | 27                   | 19               |
| Total non-current other receivables           |      | 125                  | 25               |
| Total non-current trade and other receivables |      | 158                  | 62               |
| Current                                       |      |                      |                  |
| Sale, leases and services receivables         | 22   | 39                   | 35               |
| Less: Allowance for doubtful accounts         |      | (4)                  | (4)              |
| Total current trade accounts receivables      |      | 35                   | 31               |
| Advance payments                              |      | 281                  | 4                |
| Borrowings, deposits and other debit balances | 22   | 46                   | 53               |
| Receivable for agreement with TGLT (i)        |      | 25                   | -                |
| Tax receivables                               |      | 5                    | 6                |
| Others  |      | 3                    | 3                |
| Prepaid expenses                              |      | 2                    | 4                |
| Total current other receivables               |      | 362                  | 70               |
| Total current trade and other receivables     |      | 397                  | 101              |
| Total trade and other receivables             |      | 555                  | 163              |

(i) See Note 13 to the Unaudited Condensed Interim Consolidated Financial Statements.

Movements on the Company's allowance for doubtful accounts are as follows:

|                                | December 31,<br>2016 | June 30,<br>2016 |
|--------------------------------|----------------------|------------------|
| Beginning of the period / year | 4                    | 10               |
| Recovery of the period / year  | -                    | (6)              |
| End of the period / year       | 4                    | 4                |

The creation and release of provision for impaired receivables have been included in "Selling expenses" in the Statements of Income (Note 19). Amounts charged to the allowance for doubtful accounts are generally written off, when there is no expectation of recovery.







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12.

## Cash flow information

Following is a detailed description of cash flows generated by the Company's operations for the six-month periods ended December 31, 2016 and 2015:

|  | December<br>Note 31,<br>2016 | December<br>31,<br>2015 |
|--|------------------------------|-------------------------|
| Profit / (Loss) for the period   | 2,067                        | (441)                   |
| Adjustments for:   |                              |                         |
| Income tax   | 17 (180)                     | 159                     |
| Depreciation and amortization  | 19 1                         | 3                       |
| Loss from disposal of investment properties  | 6 -                          | (729)                   |
| Loss from disposal of associates   | -                            | (75)                    |
| Share-based payments   | -                            | 3                       |
| Changes in fair value of investments in financial assets   | 21 (1)                       | 160                     |
| Loss from derivative financial instruments   | 21 -                         | (90)                    |
| Financial results, net   | 472                          | 397                     |
| Derecognition of intangible assets by TGLT agreement   | 27                           | -                       |
| Provisions   | 15 4                         | 7                       |
| Share of (loss) / profit of subsidiaries, associates and joint ventures  | 5 (2,481)                    | 542                     |
| (Increase) / Decrease in trade and other receivables   | (62)                         | 133                     |
| (Decrease) / Increase in trade and other payables  | (82)                         | 11                      |
| Net cash (used in) / generated by operating activities   | (235)                        | 80                      |
| Additional information   | 12.31.16                     | 12.31.15                |
| Reserve for share-based payments   | 6                            | 9                       |
| Currency translation adjustment  | (33)                         | 60                      |
| Changes of interest in subsidiaries  | 152                          | 62                      |
| Increase in borrowings through an increase in investments in financial assets  | -                            | 229                     |
| Use of tax loss carryforwards  | -                            | 88                      |
| Increase in investments in financial assets through an increase in trade and other payables                              | -                            | 180                     |
| Increase in dividends receivable through a decrease in equity investments in subsidiaries, associates and joint ventures | 443                          | 280                     |
| Decrease in dividends receivable through a decrease in borrowings granted to subsidiaries                                | 9                            | 242                     |

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|   |     |    |
|---|-----|----|
| Decrease in dividends receivable through an increase in investment in subsidiaries  | 434 | -  |
| Decrease in dividends receivable through a decrease in trade payables   | -   | 36 |
| Decrease in income tax payable, offset against tax credit   | 25  | -  |
| Increase in borrowings from subsidiaries, associates and joint ventures through a decrease in borrowings granted to subsidiaries, associates and joint ventures | 16  | -  |
| Increase in borrowings from subsidiaries, associates and joint ventures through an increase in trade and other receivables                                      | 167 | -  |
| Decrease in intangible assets through an increase in other receivables  | 24  | -  |



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13.  
Equity

On October 31, 2016, the annual Shareholders' Meeting of the Company approved the appropriation of loss for the fiscal year ended June 30, 2016 in the amount of Ps. 1,254, which is to be partially absorbed by the special reserve that was set up in an amount of Ps. 4 to record initial adjustments related to the adoption of IFRS. The remaining balance, that is a loss of Ps. 1,250, was charged to Retained Earnings. In addition, it decided to reallocate Ps. 26 from the reserve for future dividends to setting up a legal reserve.

See Note 17 to the Unaudited Condensed Interim Consolidated Financial Statements.

14.  
Trade and other payables

Company's trade and other payables as of December 31 and June 30, 2016 are as follows:

|  | Note | December 31,<br>2016 | June 30,<br>2016 |
|--|------|----------------------|------------------|
| Non-current                                |      |                      |                  |
| Customers advances                         | 22   | 710                  | 568              |
| Tenant deposits                            | -    | -                    | 1                |
| Total non-current trade payables           |      | 710                  | 569              |
| Tax amnesty plan for payable taxes         | 2    | 2                    | 2                |
| Tax on shareholders' personal assets       | 1    | 1                    | -                |
| Total non-current other payables           | 3    | 3                    | 2                |
| Total non-current trade and other payables |      | 713                  | 571              |
| Current                                    |      |                      |                  |
| Trade payables                             | 22   | 53                   | 66               |
| Invoices to be received                    | 7    | 7                    | 34               |
| Customers advances                         | 22   | 2                    | 5                |
| Total current trade payables               |      | 62                   | 105              |
| Long-term incentive plan                   | 22   | 18                   | 22               |
| Other tax payables                         | 8    | 8                    | 68               |
| Tax on shareholders' personal assets       | 1    | 1                    | 1                |
| Total current other payables               |      | 27                   | 91               |
| Total current trade and other payables     |      | 89                   | 196              |
| Total trade and other payables             |      | 802                  | 767              |



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15.  
 Provisions

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

|                      | Labor, legal<br>and other claims | Investments<br>in associates and<br>joint ventures (i) | Total |
|----------------------|----------------------------------|--|-------|
| At June 30, 2016     | 30                               | 5  | 35    |
| Additions            | 6                                | -  | 6     |
| Decreases            | (2)                              | (5)  | (7)   |
| At December 31, 2016 | 34                               | -  | 34    |

(iii)  
 Corresponds to the equity interest in HASA with negative equity.

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

|             | December 31,<br>2016 | June 30,<br>2016 |
|-------------|----------------------|------------------|
| Non-current | 33                   | 7                |
| Current     | 1                    | 28               |
| Total       | 34                   | 35               |





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## 16.

## Borrowings

Company's borrowings as of December 31, 2016 and June 30, 2016 are as follows:

|                                 | Secured /<br>unsecured | Currency | Rate     | Interest rate<br>%     | Capital nominal value<br>in million issue<br>currency | Book value<br>December<br>31,<br>2016 | June<br>30,<br>2016 |
|---------------------------------|------------------------|----------|----------|------------------------|---|---------------------------------------|---------------------|
| Non-current                     |                        |          |          |                        |   |                                       |                     |
| IRSA NCN due<br>2020            | Unsecured              | US\$     | Fixed    | 11.50%                 | 75  | 1,124                                 | 1,063               |
| IRSA NCN due<br>2019            | Unsecured              | Ps.      | Floating | Badlar + 299<br>points | 384   | 381                                   | -                   |
| IRSA NCN due<br>2019            | Unsecured              | US\$     | Fixed    | 7.00%                  | 184   | 2,890                                 | -                   |
| Total non-current<br>borrowings |                        |          |          |                        |   | 4,395                                 | 1,063               |
| Related parties<br>(Note 22)    |                        |          |          |                        |   | 28                                    | 161                 |
| Total non-current<br>borrowings |                        |          |          |                        |   | 4,423                                 | 1,224               |
| Current                         |                        |          |          |                        |   |                                       |                     |
| IRSA NCN due<br>2017            | Unsecured              | Ps.      | Floating | Badlar + 450<br>points | 11  | 11                                    | 11                  |
| IRSA NCN due<br>2017            | Unsecured              | US\$     | Fixed    | 8.50%                  | -   | -                                     | 1,159               |
| IRSA NCN due<br>2020            | Unsecured              | US\$     | Fixed    | 11.50%                 | 75  | 58                                    | 56                  |
| IRSA NCN due<br>2019            | Unsecured              | Ps.      | Floating | Badlar + 299<br>points | 384   | 5                                     | -                   |
| IRSA NCN due<br>2019            | Unsecured              | US\$     | Fixed    | 7.00%                  | 184   | 10                                    | -                   |
| Bank overdrafts                 | Unsecured              | Ps.      | Floating | 28.97%                 | -   | 187                                   | 859                 |
| Total current<br>borrowings     |                        |          |          |                        |   | 271                                   | 2,085               |
| Related parties<br>(Note 22)    |                        |          |          |                        |   | 208                                   | 162                 |
| Total current<br>borrowings     |                        |          |          |                        |   | 479                                   | 2,247               |
| Total borrowings                |                        |          |          |                        |   | 4,902                                 | 3,471               |





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16.  
 Borrowings (Continued)

## Related parties breakdown:

|  | Secured /<br>unsecured | Currency | Rate     | Interest rate<br>%        | Capital nominal value<br>in million issue<br>currency | Book value<br>December<br>31,<br>2016 | June<br>30,<br>2016 |
|--|------------------------|----------|----------|---------------------------|---|---------------------------------------|---------------------|
| Non-current  |                        |          |          |                           |   |                                       |                     |
| Inversora Bolívar S.A.                             | Unsecured              | Ps.      | Floating | Badlar                    | 6   | 6                                     | 6                   |
| Nuevas Fronteras S.A.                              | Unsecured              | Ps.      | Floating | Badlar                    | -   | -                                     | 30                  |
| Ritelco S.A.                                       | Unsecured              | US\$     | Floating | Libor 3m +<br>200 points  | -   | -                                     | 125                 |
| Panamerican Mall<br>S.A.                           | Unsecured              | US\$     | Fixed    | 7%                        | 1   | 22                                    | -                   |
| Total non-current<br>related parties<br>borrowings |                        |          |          |                           |   | 28                                    | 161                 |
| Current  |                        |          |          |                           |   |                                       |                     |
| Cyrsa S.A...                                       | Unsecured              | Ps.      | Floating | Badlar                    | 13  | 7                                     | 14                  |
| Nuevas Fronteras S.A.                              | Unsecured              | Ps.      | Floating | Badlar                    | 21  | 33                                    | -                   |
| IRSA CP  | Unsecured              | US\$     | Fixed    | Libor 12m +<br>200 points | 11  | 168                                   | 66                  |
| Ritelco S.A.                                       | Unsecured              | US\$     | Floating | Libor 3m +<br>200 points  | -   | -                                     | 9                   |
| Ritelco S.A.                                       | Unsecured              | US\$     | Floating | 4%                        | -   | -                                     | 73                  |
| Total current related<br>parties borrowings        |                        |          |          |                           |   | 208                                   | 162                 |
| Total related parties<br>borrowings                |                        |          |          |                           |   | 236                                   | 323                 |



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17.

## Current and deferred income tax

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

|                          | December 31,<br>2016 | December 31,<br>2015 |
|--------------------------|----------------------|----------------------|
| Current income tax       | 55                   | 32                   |
| Deferred income tax      | (235)                | 127                  |
| Income tax (Gain) / Loss | (180)                | 159                  |

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

|                               | December 31,<br>2016 | June 30,<br>2016 |
|-------------------------------|----------------------|------------------|
| Beginning of the period /year | 345                  | 283              |
| Use of tax loss carryforwards | -                    | (318)            |
| Income tax expense            | 235                  | 380              |
| End of period / year          | 580                  | 345              |

Below is a reconciliation between income tax expense and the amount that would arise using the income tax rate applicable to profit before income tax for the six-month periods ended December 31, 2016 and 2015:

|   | December 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|----------------------|
| Net income at tax rate  | 661                  | (99)                 |
| Permanent differences:  |                      |                      |
| Share of (profit) / loss of subsidiaries, associates and joint ventures | (843)                | 255                  |
| Non-deductible expenses and others                                      | 2                    | 3                    |
| Income tax (Gain) / Loss  | (180)                | 159                  |

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18.  
 Revenues

|   | December 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|----------------------|
| Rental and averaging of scheduled rental escalation | 15                   | 29                   |
| Property management fees                            | 1                    | 2                    |
| Total income from sales, rents and services         | 16                   | 31                   |
| Expenses  | 2                    | 6                    |
| Total revenues                                      | 18                   | 37                   |

19.  
 Expenses by nature

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

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





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## Expenses by nature (Continued)

For the period ended December 31, 2016:

|   | Costs                         |                                       |  |                     |       |
|---|-------------------------------|---------------------------------------|--|---------------------|-------|
|   | Rental and<br>services' costs | Costs of sales<br>and<br>developments | General and<br>administrative expenses | Selling<br>expenses | Total |
| Salaries, social security costs and<br>other personnel expenses | -                             | 1                                     | 37                                     | 5                   | 43    |
| Fees and payments for services                                  | -                             | -                                     | 18                                     | -                   | 18    |
| Director's fees   | -                             | -                                     | 15                                     | -                   | 15    |
| Advertising and other selling<br>expenses                       | -                             | -                                     | -                                      | 7                   | 7     |
| Maintenance, security, cleaning,<br>repairs and others          | 2                             | 3                                     | -                                      | -                   | 5     |
| Taxes, rates and contributions                                  | 1                             | 2                                     | -                                      | 1                   | 4     |
| Traveling, transportation and<br>stationery                     | -                             | -                                     | 4                                      | -                   | 4     |
| Public services and others                                      | 1                             | -                                     | 2                                      | -                   | 3     |
| Leases and service charges                                      | 1                             | -                                     | 1                                      | -                   | 2     |
| Amortization and depreciation                                   | 1                             | -                                     | -                                      | -                   | 1     |
| Total expenses by nature  | 6                             | 6                                     | 77                                     | 13                  | 102   |

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Expenses by nature (Continued)

For the period ended December 31, 2015:

|   | Costs of sales<br>and<br>developments | General and administrative<br>expenses | Selling<br>expenses | Total |
|---|---------------------------------------|--|---------------------|-------|
| Salaries, social security costs and other<br>personnel expenses | -                                     | 28                                     | 4                   | 35    |
| Fees and payments for services                                  | -                                     | 12                                     | -                   | 12    |
| Director's fees   | -                                     | 10                                     | -                   | 10    |
| Advertising and other selling expenses                          | -                                     | -                                      | 1                   | 1     |
| Maintenance, security, cleaning, repairs and<br>others          | 3                                     | 1                                      | -                   | 7     |
| Taxes, rates and contributions                                  | 1                                     | -                                      | 3                   | 6     |
| Traveling, transportation and stationery                        | -                                     | 4                                      | -                   | 4     |
| Public services and others                                      | -                                     | 2                                      | -                   | 2     |
| Leases and service charges                                      | -                                     | 2                                      | -                   | 2     |
| Amortization and depreciation                                   | -                                     | -                                      | -                   | 3     |
| Allowances for doubtful accounts                                | -                                     | -                                      | 5                   | 5     |
| Total expenses by nature  | 4                                     | 59                                     | 13                  | 87    |

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20.

Other operating results, net

|   | December 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|----------------------|
| Tax on shareholders' personal assets  | (1)                  | (1)                  |
| Gain from disposal of equity interest in associates, subsidiaries and / or joint ventures | -                    | 75                   |
| Donations   | (4)                  | (3)                  |
| Judgements and other contingencies (i)  | (7)                  | (3)                  |
| TGLT agreement result (ii)  | (27)                 | -                    |
| Others  | 1                    | -                    |
| Total other operating results, net  | (38)                 | 68                   |

(i) Includes legal costs and expenses.

(ii) See Note 13 to the Unaudited Condensed Interim Consolidated Financial Statements.

21.

Financial results, net

|   | December 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|----------------------|
| Finance income:                                 |                      |                      |
| - Interest income                               | 19                   | 147                  |
| - Foreign exchange gain                         | 25                   | 982                  |
| Total finance income                            | 44                   | 1,129                |
| Finance costs:                                  |                      |                      |
| - Interest expense                              | (269)                | (291)                |
| - Foreign exchange loss                         | (231)                | (1,240)              |
| - Cost from repayment of borrowings             | 2                    | -                    |
| - Other finance costs                           | (19)                 | (15)                 |
| Total finance costs                             | (517)                | (1,546)              |
| Other financial results:                        |                      |                      |
| - Fair value gain / (loss) of financial assets  | 1                    | (160)                |
| - Gain on derivative financial instruments, net | -                    | 90                   |
| Total other financial results                   | 1                    | (70)                 |
| Total financial results, net                    | (472)                | (487)                |

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## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
 (All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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22.

## Related party transactions

The following is a summary of the balances with related parties as of December 31, 2016:

| Related party          | Description of transaction  | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables current | Trade and other receivables non-current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|------------------------|-----------------------------|---|---|-------------------------------------|---|--------------------------------------|----------------------------------|------------------------|--------------------|
| CRESUD                 | Corporate services          | -   | -                                       | -                                   | 4                                       | -                                    | -                                | -                      | -                  |
|                        | Leases                      | -   | -                                       | -                                   | 4                                       | -                                    | -                                | -                      | -                  |
|                        | Reimbursement of expenses   | -   | -                                       | -                                   | -                                       | -                                    | (9)                              | -                      | -                  |
| Total Parent Company   | -                           | -   | -                                       | 8                                   | -                                       | (9)                                  | -                                | -                      |                    |
| ECLSA                  | Other receivables           | -   | -                                       | -                                   | 1                                       | -                                    | -                                | -                      | -                  |
|                        | Reimbursement of expenses   | -   | -                                       | -                                   | -                                       | -                                    | (16)                             | -                      | -                  |
|                        | Corporate services          | -   | -                                       | -                                   | -                                       | -                                    | (10)                             | -                      | -                  |
| IRSA CP                | Long-term incentive program | -   | -                                       | -                                   | -                                       | -                                    | (18)                             | -                      | -                  |
|                        | Leases                      | -   | -                                       | -                                   | -                                       | -                                    | (1)                              | -                      | -                  |
|                        | Borrowings                  | -   | -                                       | -                                   | -                                       | -                                    | -                                | -                      | (168)              |
|                        | Advance                     | -   | -                                       | -                                   | -                                       | (495)                                | -                                | -                      | -                  |
|                        | Dividends receivables       | -   | -                                       | -                                   | 3                                       | -                                    | -                                | -                      | -                  |
| Palermo Invest S.A.    | Other receivables           | -   | -                                       | -                                   | 1                                       | -                                    | -                                | -                      | -                  |
|                        | Borrowings                  | -   | -                                       | 4                                   | -                                       | -                                    | -                                | -                      | -                  |
| Inversora Bolívar S.A. | Borrowings                  | -   | -                                       | -                                   | -                                       | -                                    | -                                | (6)                    | -                  |
| HASA                   | Hotel services              | -   | -                                       | -                                   | -                                       | -                                    | (3)                              | -                      | -                  |
| Llao Llao Resorts S.A. | Hotel services              | -   | -                                       | -                                   | 1                                       | -                                    | -                                | -                      | -                  |
| Manibil S.A.           | Borrowings                  | -   | -                                       | 40                                  | 1                                       | -                                    | -                                | -                      | -                  |
|                        | Management fees             | -   | -                                       | -                                   | 5                                       | -                                    | -                                | -                      | -                  |
| NFSA                   | Borrowings                  | -   | -                                       | -                                   | -                                       | -                                    | -                                | -                      | (33)               |
| Total Subsidiaries     |                             | -   | -                                       | 44                                  | 12                                      | (495)                                | (48)                             | (6)                    | (201)              |







## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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

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## 22.

## Related party transactions (Continued)

| Related party               | Description of transaction  | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables non-current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|-----------------------------|-----------------------------|---|---|---|-------------------------------------|--------------------------------------|----------------------------------|------------------------|--------------------|
| Fibesa S.A.                 | Long-term incentive program | -   | -                                       | -                                       | 12                                  | -                                    | -                                | -                      | -                  |
| PAMSA                       | Long-term incentive program | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
|                             | NCN                         | -   | -                                       | -                                       | -                                   | -                                    | -                                | (22)                   | -                  |
| NPSF                        | Long-term incentive program | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| Total Subsidiaries          |                             | -   | -                                       | -                                       | 14                                  | -                                    | -                                | (22)                   | -                  |
| IRSA CP                     |                             |   |   |   |                                     |                                      |                                  |                        |                    |
| Irsa International LLC      | Reimbursement of expenses   | -   | -                                       | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| New Lipstick                | Reimbursement of expenses   | -   | -                                       | -                                       | 4                                   | -                                    | -                                | -                      | -                  |
| Total Subsidiaries          |                             | -   | -                                       | -                                       | 5                                   | -                                    | -                                | -                      | -                  |
| TYRUS                       |                             |   |   |   |                                     |                                      |                                  |                        |                    |
| BHSA                        | Reimbursement of expenses   | -   | -                                       | -                                       | -                                   | -                                    | (1)                              | -                      | -                  |
| BACS                        | NCN                         | 121   | 16                                      | -                                       | -                                   | -                                    | -                                | -                      | -                  |
| Total Associates            |                             | 121   | 16                                      | -                                       | -                                   | -                                    | (1)                              | -                      | -                  |
| CYRSA                       | Other receivables           | -   | -                                       | -                                       | 3                                   | -                                    | -                                | -                      | -                  |
|                             | Borrowings                  | -   | -                                       | -                                       | -                                   | -                                    | -                                | -                      | (7)                |
| Total Joint Ventures        |                             | -   | -                                       | -                                       | 3                                   | -                                    | -                                | -                      | (7)                |
| Consultores                 | Reimbursement of expenses   | -   | -                                       | -                                       | 4                                   | -                                    | -                                | -                      | -                  |
| Total Other related parties |                             | -   | -                                       | -                                       | 4                                   | -                                    | -                                | -                      | -                  |
| Directors                   | Advances                    | -   | -                                       | -                                       | 4                                   | -                                    | -                                | -                      | -                  |

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|                             |     |    |    |    |       |      |      |       |
|-----------------------------|-----|----|----|----|-------|------|------|-------|
| Total<br>Directors<br>Total | -   | -  | -  | 4  | -     | -    | -    | -     |
|                             | 121 | 16 | 44 | 50 | (495) | (58) | (28) | (208) |

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## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
 (All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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## Related party transactions (Continued)

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

| Related party          | Description of transaction  | Investments in financial assets non-current | Investments in financial assets current | Trade and other receivables current | Trade and other payables non-current | Trade and other payables current | Borrowings non-current | Borrowings current |
|------------------------|-----------------------------|---|---|-------------------------------------|--------------------------------------|----------------------------------|------------------------|--------------------|
| CRESUD                 | Corporate services          | -   | -                                       | -                                   | -                                    | (23)                             | -                      | -                  |
|                        | Reimbursement of expenses   | -   | -                                       | -                                   | -                                    | (5)                              | -                      | -                  |
|                        | Long-term incentive program | -   | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
|                        | Leases                      | -   | -                                       | 3                                   | -                                    | -                                | -                      | -                  |
| Total Parent Company   | -                           | -   | 4                                       | -                                   | (28)                                 | -                                | -                      |                    |
| IRSA CP                | Reimbursement of expenses   | -   | -                                       | -                                   | -                                    | (9)                              | -                      | -                  |
|                        | Corporate services          | -   | -                                       | -                                   | -                                    | (20)                             | -                      | -                  |
|                        | Long-term incentive program | -   | -                                       | -                                   | -                                    | (22)                             | -                      | -                  |
|                        | Sale of property            | -   | -                                       | -                                   | (377)                                | -                                | -                      | -                  |
|                        | Leases                      | -   | -                                       | -                                   | -                                    | (1)                              | -                      | -                  |
| ECLSA                  | Borrowings                  | -   | -                                       | -                                   | -                                    | -                                | -                      | (66)               |
|                        | Other Liabilities           | -   | -                                       | -                                   | -                                    | (2)                              | -                      | -                  |
|                        | Other receivables           | -   | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| Palermo Invest S.A.    | Dividends receivables       | -   | -                                       | 3                                   | -                                    | -                                | -                      | -                  |
|                        | Other receivables           | -   | -                                       | 1                                   | -                                    | -                                | -                      | -                  |
| Ritelco S.A.           | Borrowings                  | -   | -                                       | 4                                   | -                                    | -                                | -                      | -                  |
| Inversora Bolívar S.A. | Borrowings                  | -   | -                                       | -                                   | -                                    | -                                | (125)                  | (82)               |
| HASA                   | Borrowings                  | -   | -                                       | -                                   | -                                    | -                                | (6)                    | -                  |
| Llao Llao Resorts S.A. | Hotel services              | -   | -                                       | -                                   | -                                    | (3)                              | -                      | -                  |
|                        | Hotel services              | -   | -                                       | 2                                   | -                                    | -                                | -                      | -                  |

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|                    |                 |   |   |    |       |      |       |       |
|--------------------|-----------------|---|---|----|-------|------|-------|-------|
| NFSA               | Management fees | - | - | 3  | -     | -    | -     | -     |
|                    | Borrowings      | - | - | -  | -     | -    | (30)  | -     |
| Total Subsidiaries |                 | - | - | 14 | (377) | (57) | (161) | (148) |

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## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)  
 (All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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## Related party transactions (Continued)

| Related party                   | Description of transaction  | Investments in financial instruments non-current | Investments in financial instruments current | Trade and other receivables current | Trade and other payables current | Trade and other payables non-current | Borrowings current | Borrowings non-current |
|---------------------------------|-----------------------------|--|--|-------------------------------------|----------------------------------|--------------------------------------|--------------------|------------------------|
| Fibesa S.A.                     | Long-term incentive program | -  | -  | 11                                  | -                                | -                                    | -                  | -                      |
| PAMSA                           | Long-term incentive program | -  | -  | 1                                   | -                                | -                                    | -                  | -                      |
| Total subsidiaries              |                             | -  | -  | 12                                  | -                                | -                                    | -                  | -                      |
| IRSA CP                         |                             |  |  |                                     |                                  |                                      |                    |                        |
| Irsa International LLC          | Reimbursement of expenses   | -  | -  | 1                                   | -                                | -                                    | -                  | -                      |
| Real Estate Strategies Group LP | Reimbursement of expenses   | -  | -  | 4                                   | -                                | -                                    | -                  | -                      |
| New Lipstick                    | Reimbursement of expenses   | -  | -  | 4                                   | -                                | -                                    | -                  | -                      |
| Imadison LLC                    | Reimbursement of expenses   | -  | -  | 3                                   | -                                | -                                    | -                  | -                      |
| Total Subsidiaries              |                             | -  | -  | 12                                  | -                                | -                                    | -                  | -                      |
| TYRUS                           |                             |  |  |                                     |                                  |                                      |                    |                        |
| BHSA                            | Reimbursement of expenses   | -  | -  | -                                   | -                                | (1)                                  | -                  | -                      |
| BACS                            | NCN                         | 100  | 21   | -                                   | -                                | -                                    | -                  | -                      |
| Total Associates                |                             | 100  | 21   | -                                   | -                                | (1)                                  | -                  | -                      |
| CYRSA                           | Other receivables           | -  | -  | 3                                   | -                                | -                                    | -                  | -                      |
|                                 | Borrowings                  | -  | -  | -                                   | -                                | -                                    | -                  | (14)                   |
| Total Joint Ventures            |                             | -  | -  | 3                                   | -                                | -                                    | -                  | (14)                   |
| NPSF                            | Long-term incentive program | -  | -  | 1                                   | -                                | -                                    | -                  | -                      |
| Quality                         | Reimbursement of expenses   | -  | -  | 1                                   | -                                | -                                    | -                  | -                      |

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|                                       |     |    |    |       |      |       |       |
|---------------------------------------|-----|----|----|-------|------|-------|-------|
| Total Joint Ventures IRSA CP          | -   | -  | 2  | -     | -    | -     | -     |
| Consultores Reimbursement of expenses | -   | -  | 4  | -     | -    | -     | -     |
| Total Other related parties           | -   | -  | 4  | -     | -    | -     | -     |
| Directors Advances                    | -   | -  | 4  | -     | -    | -     | -     |
| Total Directors                       | -   | -  | 4  | -     | -    | -     | -     |
| Total                                 | 100 | 21 | 55 | (377) | (86) | (161) | (162) |

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## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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

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22.

## Related party transactions (Continued)

The following is a summary of the transactions with related parties for the six-month period ended December 31, 2016:

| Related party                         | Leases and/or rights of use | Fees | Corporate services | Financial operations | Donations |
|---------------------------------------|-----------------------------|------|--------------------|----------------------|-----------|
| CRESUD                                | 1                           | -    | (22)               | -                    | -         |
| Total Parent Company                  | 1                           | -    | (22)               | -                    | -         |
| IRSA CP                               | (1)                         | -    | (10)               | (4)                  | -         |
| Ritelco S.A.                          | -                           | -    | -                  | (1)                  | -         |
| Manibil                               | -                           | -    | -                  | 4                    | -         |
| NFSA                                  | -                           | 1    | -                  | (2)                  | -         |
| Total Subsidiaries                    | (1)                         | 1    | (10)               | (3)                  | -         |
| BACS                                  | -                           | -    | -                  | 16                   | -         |
| Total Associates                      | -                           | -    | -                  | 16                   | -         |
| CYRSA                                 | -                           | -    | -                  | (2)                  | -         |
| Total Joint Ventures                  | -                           | -    | -                  | (2)                  | -         |
| Estudio Zang, Bergel & Viñes          | -                           | (2)  | -                  | -                    | -         |
| Fundación IRSA                        | -                           | -    | -                  | -                    | (4)       |
| Total Other related parties           | -                           | (2)  | -                  | -                    | (4)       |
| Senior Management                     | -                           | (1)  | -                  | -                    | -         |
| Directors                             | -                           | (15) | -                  | -                    | -         |
| Total Directors and Senior Management | -                           | (16) | -                  | -                    | -         |
| Total                                 | -                           | (17) | (32)               | 11                   | (4)       |

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## IRSA Inversiones y Representaciones Sociedad Anónima

## Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)

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

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## Related party transactions (Continued)

The following is a summary of the transactions with related parties for the six-month period ended December 31, 2015:

| Related party                         | Leases and/or rights of use | Fees | Corporate services | Financial operations | Donations |
|---------------------------------------|-----------------------------|------|--------------------|----------------------|-----------|
| CRESUD                                | 1                           | -    | (15)               | (7)                  | -         |
| Total Parent Company                  | 1                           | -    | (15)               | (7)                  | -         |
| IRSA CP                               | (1)                         | -    | (10)               | 1,059                | -         |
| ECLSA                                 | -                           | -    | -                  | (1)                  | -         |
| Inversora Bolívar S.A.                | -                           | -    | -                  | (1)                  | -         |
| Ritelco S.A.                          | -                           | -    | -                  | (51)                 | -         |
| NFSA                                  | -                           | 1    | -                  | (2)                  | -         |
| HASA                                  | -                           | -    | -                  | (1)                  | -         |
| Total Subsidiaries                    | (1)                         | 1    | (10)               | 1,003                | -         |
| ERSA                                  | -                           | -    | -                  | (1)                  | -         |
| Total Subsidiaries IRSA CP            | -                           | -    | -                  | (1)                  | -         |
| Irsa International LLC                | -                           | -    | -                  | (1)                  | -         |
| Total Subsidiaries Tyrus              | -                           | -    | -                  | (1)                  | -         |
| BACS                                  | -                           | -    | -                  | 10                   | -         |
| Total Associates                      | -                           | -    | -                  | 10                   | -         |
| CYRSA                                 | -                           | -    | -                  | (1)                  | -         |
| Total Joint Ventures                  | -                           | -    | -                  | (1)                  | -         |
| Estudio Zang, Bergel & Viñes          | -                           | (1)  | -                  | -                    | -         |
| Fundación IRSA                        | -                           | -    | -                  | -                    | (3)       |
| Total Other related parties           | -                           | (1)  | -                  | -                    | (3)       |
| Senior Management                     | -                           | (1)  | -                  | -                    | -         |
| Directors                             | -                           | (10) | -                  | -                    | -         |
| Total Directors and Senior Management | -                           | (11) | -                  | -                    | -         |
| Total                                 | -                           | (11) | (25)               | 1,003                | (3)       |

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23.  
CNV General Resolution N° 622/13

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

|   |  |
|---|--|
| Exhibit A - Property, plant and equipment           | Note 6 Investment properties and Note 7 Property, plant and equipment          |
| Exhibit B - Intangible assets                       | Note 9 Intangible assets   |
| Exhibit C - Equity investments                      | Note 5 Information about principal subsidiaries, associates and joint ventures |
| Exhibit D - Other investments                       | Note 10 Financial instruments by category                                      |
| Exhibit E - Provisions                              | Note 11 Trade and other receivables and Note 15 Provisions                     |
| Exhibit F- Cost of sales and services provided      | Note 8 Trading properties and Note 19 Expenses by nature                       |
| Exhibit G - Foreign currency assets and liabilities | Note 24 Foreign currency assets and liabilities                                |





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## Foreign currency assets and liabilities

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

| Items                                    | Amount of<br>foreign currency<br>(1) | Prevailing<br>exchange rate (2) | Total as of<br>12.31.16 | Amount of<br>foreign currency<br>(1) | Prevailing<br>exchange rate (2) | Total as of<br>06.30.16 |
|--|--------------------------------------|---------------------------------|-------------------------|--------------------------------------|---------------------------------|-------------------------|
| <b>Assets</b>                            |                                      |                                 |                         |                                      |                                 |                         |
| Trade and other<br>receivables           |                                      |                                 |                         |                                      |                                 |                         |
| US Dollar                                | 3.390                                | 15.79                           | 54                      | 3.70                                 | 14.600                          | 55                      |
| Receivables with<br>related parties:     |                                      |                                 |                         |                                      |                                 |                         |
| US Dollar                                | 3.404                                | 15.89                           | 54                      | 1.161                                | 14.700                          | 16                      |
| Total Trade and other<br>receivables     |                                      |                                 | 108                     |                                      |                                 | 71                      |
| Investments in<br>financial assets       |                                      |                                 |                         |                                      |                                 |                         |
| US Dollar                                | 0.105                                | 15.79                           | 2                       | 0.2                                  | 14.600                          | 3                       |
| Total Investments in<br>financial assets |                                      |                                 | 2                       |                                      |                                 | 3                       |
| Cash and cash<br>equivalents             |                                      |                                 |                         |                                      |                                 |                         |
| US Dollar                                | 1.311                                | 15.79                           | 21                      | 0.34                                 | 14.600                          | 5                       |
| Euros                                    | 0.076                                | 16.6253                         | 1                       | 0.06                                 | 16.6075                         | 1                       |
| Total Cash and cash<br>equivalents       |                                      |                                 | 22                      |                                      |                                 | 6                       |
| Total Assets as of<br>12.31.16           |                                      |                                 | 132                     |                                      |                                 | -                       |
| Total Assets as of<br>06.30.16           |                                      |                                 | -                       |                                      |                                 | 80                      |
| <b>Liabilities</b>                       |                                      |                                 |                         |                                      |                                 |                         |
| Trade and other<br>payables              |                                      |                                 |                         |                                      |                                 |                         |
| US Dollar                                | 2.139                                | 15.89                           | 34                      | 2                                    | 14.700                          | 31                      |
| Swiss Francs                             | 0.060                                | 15.6355                         | 1                       |                                      |                                 |                         |
| Payables with related<br>parties:        |                                      |                                 |                         |                                      |                                 |                         |
| US Dollar                                | 0.818                                | 15.89                           | 13                      | 0.48                                 | 14.700                          | 7                       |
| Israeli Shekel                           |                                      |                                 |                         | 0.46                                 | 3.8921                          | 2                       |
| Total Trade and other<br>payables        |                                      |                                 | 48                      |                                      |                                 | 40                      |
| Borrowings                               |                                      |                                 |                         |                                      |                                 |                         |

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|                                  |        |       |       |       |        |       |
|----------------------------------|--------|-------|-------|-------|--------|-------|
| US Dollar                        | 259.62 | 15.89 | 4,125 | 155   | 14.700 | 2,279 |
| Borrowings with related parties: |        |       |       |       |        |       |
| US Dollar                        | 10.589 | 15.89 | 168   | 18.57 | 14.700 | 273   |
| Total Borrowings                 |        |       | 4,293 |       |        | 2,552 |
| Total Liabilities as of 12.31.16 |        |       | 4,341 |       |        | -     |
| Total Liabilities as of 06.30.16 |        |       | -     |       |        | 2,592 |

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

(5) Exchange rate as of December 31, 2016 and June 30, 2016 according to Banco Nación Argentina records.



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25.  
CNV General Resolution N° 629/14 – Storage of documentation

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

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

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

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

26.  
Negative working capital

As of December 31, 2016, the Company has recorded a negative working capital of Ps. 134, which is permanently under consideration of the Board of Directors and Management.



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27.  
Subsequent events

See other subsequent events in Note 31 to Unaudited Condensed Interim Consolidated Financial Statements.

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IRSA Inversiones y Representaciones Sociedad Anónima

Information required by Section 68 of the Buenos Aires Stock Exchange Regulations and Section 12, Chapter III, Title IV of the National Securities Commission Regulations  
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Free translation from the original prepared in Spanish for publication in Argentina

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

None.

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

See Note 2.1.

3.  
Receivables and liabilities by maturity date.

| Items                                    | Falling due<br>12.31.16 | Without term<br>Current | Without term<br>Non-current | To be due      |                    |                    |                     |                   |                   |                   |                 | Total |  |
|--|-------------------------|-------------------------|-----------------------------|----------------|--------------------|--------------------|---------------------|-------------------|-------------------|-------------------|-----------------|-------|--|
|  |                         |                         |                             | Up to 3 months | From 3 to 6 months | From 6 to 9 months | From 9 to 12 months | From 1 to 2 years | From 2 to 3 years | From 3 to 4 years | From 4 years on |       |  |
| Accounts receivables                     |                         |                         |                             |                |                    |                    |                     |                   |                   |                   |                 |       |  |
| Trade and other receivables              | 23                      | 27                      | -                           | 107            | 83                 | 79                 | 78                  | 111               | 31                | 9                 | 7               | 555   |  |
| Total                                    | 23                      | 27                      | -                           | 107            | 83                 | 79                 | 78                  | 111               | 31                | 9                 | 7               | 555   |  |
| Liabilities                              |                         |                         |                             |                |                    |                    |                     |                   |                   |                   |                 |       |  |
| Trade and other payables                 | 16                      | -                       | -                           | 65             | 1                  | 1                  | 6                   | 1                 | 710               | -                 | 2               | 802   |  |
| Borrowings                               | -                       | -                       | -                           | 278            | 33                 | -                  | 168                 | -                 | 3,293             | 1,130             | -               | 4,902 |  |
| Salaries and social security liabilities | -                       | 1                       | -                           | 1              | -                  | -                  | -                   | -                 | -                 | -                 | -               | 2     |  |
| Provisions                               | -                       | 1                       | 33                          | -              | -                  | -                  | -                   | -                 | -                 | -                 | -               | 34    |  |
| Total                                    | 16                      | 2                       | 33                          | 344            | 34                 | 1                  | 174                 | 1                 | 4,003             | 1,130             | 2               | 5,740 |  |



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4.a.

Breakdown of accounts receivable and liabilities by maturity and currency.

| Items                   |  | Current           |                     |       | Non-current       |                     |       | Totals            |                     |       |
|-------------------------|--|-------------------|---------------------|-------|-------------------|---------------------|-------|-------------------|---------------------|-------|
|                         |  | Local<br>currency | Foreign<br>currency | Total | Local<br>currency | Foreign<br>currency | Total | Local<br>currency | Foreign<br>currency | Total |
| Accounts<br>receivables | Trade and other<br>receivables                 | 354               | 43                  | 397   | 93                | 65                  | 158   | 447               | 108                 | 555   |
|                         | Total  | 354               | 43                  | 397   | 93                | 65                  | 158   | 447               | 108                 | 555   |
| Liabilities             | Trade and other<br>payables                    | 75                | 14                  | 89    | 679               | 34                  | 713   | 754               | 48                  | 802   |
|                         | Borrowings                                     | 243               | 236                 | 479   | 366               | 4,057               | 4,423 | 609               | 4,293               | 4,902 |
|                         | Salaries and<br>social security<br>liabilities | 2                 | -                   | 2     | -                 | -                   | -     | 2                 | -                   | 2     |
|                         | Provisions                                     | 1                 | -                   | 1     | 33                | -                   | 33    | 34                | -                   | 34    |
|                         | Total  | 321               | 250                 | 571   | 1,078             | 4,091               | 5,169 | 1,399             | 4,341               | 5,740 |

4.b.

Breakdown of accounts receivable and liabilities by adjustment clause.

On December 31, 2016 there are no receivables and liabilities subject to adjustment clause.



IRSA Inversiones y Representaciones Sociedad Anónima

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4.c.

Breakdown of accounts receivable and liabilities by interest clause.

| Items                                    | Current<br>Accruing<br>interest |                  | Non-accruing<br>interest | Total | Non-current<br>Accruing<br>interest |                  | Non-accruing<br>interest | Total | Accruing<br>interest |                  | Non-<br>Accruing<br>interest | Total |
|--|---------------------------------|------------------|--------------------------|-------|-------------------------------------|------------------|--------------------------|-------|----------------------|------------------|------------------------------|-------|
|  | Fixed<br>rate                   | Floating<br>rate |                          |       | Fixed<br>rate                       | Floating<br>rate |                          |       | Fixed<br>rate        | Floating<br>rate |                              |       |
| Accounts receivables                     |                                 |                  |                          |       |                                     |                  |                          |       |                      |                  |                              |       |
| Trade and other receivables              | 20                              | -                | 377                      | 397   | 66                                  | 4                | 88                       | 158   | 86                   | 4                | 465                          | 555   |
| Total                                    | 20                              | -                | 377                      | 397   | 66                                  | 4                | 88                       | 158   | 86                   | 4                | 465                          | 555   |
| Liabilities                              |                                 |                  |                          |       |                                     |                  |                          |       |                      |                  |                              |       |
| Trade and other payables                 | -                               | -                | 89                       | 89    | 3                                   | -                | 710                      | 713   | 3                    | -                | 799                          | 802   |
| Borrowings                               | 236                             | 243              | -                        | 479   | 4,036                               | 387              | -                        | 4,423 | 4,272                | 630              | -                            | 4,902 |
| Salaries and social security liabilities | -                               | -                | 2                        | 2     | -                                   | -                | -                        | -     | -                    | -                | 2                            | 2     |
| Provisions                               | -                               | -                | 1                        | 1     | -                                   | -                | 33                       | 33    | -                    | -                | 34                           | 34    |
| Total                                    | 236                             | 243              | 92                       | 571   | 4,039                               | 387              | 743                      | 5,169 | 4,275                | 630              | 835                          | 5,702 |



IRSA Inversiones y Representaciones Sociedad Anónima

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5.

Related parties.

a.

Interest in related parties:

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

b.

Related parties debit/credit balances. See Note 22 to the Unaudited Condensed Interim Separate Financial Statements.

6.

Loans to directors.

See Note 24 to the Unaudited Condensed Interim Separate Financial Statements.

7.

Physical inventory.

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

8.

Current values.

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

9.

Appraisal revaluation of property, plant and equipment.

None.







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10.  
Obsolete unused property, plant and equipment.

None.

11.  
Equity interest in other companies in excess of that permitted by section 31 of Law N° 19,550.

None.

12.  
Recovery values.

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

13.  
Insurances.

Insured Assets.

| Real Estate                  | Insured amounts<br>(1) | Accounting values | Risk covered  |
|------------------------------|------------------------|-------------------|---|
| Bouchard 551                 | 2                      | 8                 | All operational risk with additional coverage and minor risks |
| Maipú 1300                   | 2                      | 5                 | All operational risk with additional coverage and minor risks |
| Libertador 498               | 3                      | 4                 | All operational risk with additional coverage and minor risks |
| Santa María del Plata        | 0.053                  | 171               | All operational risk with additional coverage and minor risks |
| Casona Abril                 | 4                      | 3                 | All operational risk with additional coverage and minor risks |
| Catalinas Norte plot of land | 2                      | 131               | All operational risk with additional coverage and minor risks |
| Subtotal                     | 13                     | 322               |   |
| Single policy                | 15,000                 | -                 | Third party liability   |

(1) The insured amounts are in US dollars.

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





IRSA Inversiones y Representaciones Sociedad Anónima

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

None.

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

Not applicable.

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

Not applicable.

17. Unpaid accumulated dividends on preferred shares.

None.

18. Restrictions on distributions of profits.

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

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

IRSA NCN due 2017, 2019 and 2020 contain certain customary covenants and restrictions, including amount others, limitations for the incurrence of additional indebtedness, restricted payments, disposal of assets, and entering into certain transactions with related companies. Restricted payments include restrictions on the payment of dividends.

Autonomous City of Buenos Aires February 13, 2017.



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REVIEW REPORT ON THE UNAUDITED CONDENSED  
INTERIM SEPARATE FINANCIAL STATEMENTS

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

Introduction

We have reviewed the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima (hereinafter “the Company”) which included the unaudited condensed interim separate statement of financial position as of December 31, 2016, and the unaudited condensed interim separate statements of income and comprehensive income for the six-month period and three-month period ended December 31, 2016 the unaudited condensed interim separate statements of changes in shareholders’ equity and the unaudited condensed interim separate statements of cash flows for the six-month period ended December 31, 2016 and selected explanatory notes.

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

Management responsibility

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





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

Scope of our review

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

Conclusion

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

Emphasis paragraph

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

Report on compliance with current regulations

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

- a)  
the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima are being processed for recording in the "Inventory and Balance Sheet Book", and comply, as regards those matters that are within our competence, with the provisions set forth in the Commercial Companies Law and in the corresponding resolutions of the National Securities Commission;
- b)  
the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima arise from accounting records carried in all formal respects in accordance with applicable legal provisions;
- c)  
we have read the additional information to the notes to the unaudited condensed interim separate statements required by section 68 of the listing regulations of the Buenos Aires Stock Exchange and by section 12 of Chapter III Title IV of the text of the National Securities Commission, on which, as regards those matters that are within our competence, we have no observations to make;

d)  
at December 31, 2016, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentina Integrated Pension System which arises from accounting records and submissions amounted to Ps. 87,714 which was no callable at that date.

Autonomous City of Buenos Aires, February 13, 2017.

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

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 17

Carlos Martín Barbarina

Public Accountant (UCA)

C.P.C.E.C.A.B.A. T° 175 F° 65

(Partner)

C.P.C.E. C.A.B.A. T° 1 F° 30

Marcelo Héctor Fuxman

Public Accountant (UBA)

C.P.C.E.C.A.B.A. T° 134 F° 85



Buenos Aires, February 13, 2017 - IRSA Inversiones y Representaciones Sociedad Anónima (NYSE: IRS) (BASE: IRSA), Argentina's leading real estate company, announces today the results of its operations for the six month period of FY 2017 ended December 31, 2016.

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

#### Consolidated Results

| In ARS Million                               | IIQ 17 | IIQ 16 | YoY Var | 6M 17  | 6M 16 | YoY Var |
|--|--------|--------|---------|--------|-------|---------|
| Revenues                                     | 18,144 | 1,195  | 1418.3% | 36,831 | 2,164 | 1602.0% |
| Profit from operations                       | 1,141  | 1,223  | -6.7%   | 2,288  | 1,948 | 17.5%   |
| Depreciation and amortization                | 1,492  | 51     | 2825.5% | 2,901  | 106   | 2636.8% |
| EBITDA                                       | 2,633  | 1,275  | 106.5%  | 5,189  | 2,054 | 152.6%  |
| Profit / (loss) for the period               | 4,979  | -596   | -       | 4,197  | -910  | -       |
| Attributable to equity holders of the parent | 2,644  | -213   | -       | 2,067  | -487  | -       |
| Attributable to non-controlling interest     | 2,335  | -383   | -       | 2,130  | -423  | -       |

The Company's consolidated results reflect in all lines the material accounting impact of the consolidation of the Israeli holding company IDB Development Corporation ("IDBD"). Profit from operations and EBITDA for the six-month period of 2017 increased 17.5% and 152.6%, respectively, as compared to the same period of 2016. In turn, the Company recorded net income of ARS 4,197 million for the six-month period of 2017, compared to a net loss of ARS 910 million for the same period of 2016, mainly explained by the gain resulting from the sale of the agrochemical company Adama and the increase in the listing price of Clal Insurance company, owned by IDBD, which is recorded at fair value.

#### Operations Center in Argentina

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

During the first six months of fiscal year 2017, our tenants' sales reached ARS 17,815.5 million, 19.9% higher than in the same period of 2016, although recording a deceleration as compared to the preceding quarters, reflecting the fall in spending that has been observed in the past months. Our portfolio's leasable area increased by approximately 2,300 square meters, mainly explained by the completion of the second expansion stage at Distrito Arcos and the addition of significant tenants such as Megatlon, Farmacity, Akiabara, Stock Center and Mishka. The occupancy rate stood at optimum levels of 98.4%, reflecting the quality of our portfolio.

#### Shopping Centers' Financial Indicators (in ARS million)

|                               | IIQ 17 | IIQ 16 | YoY Var | 6M 17 | 6M 16 | YoY Var |
|-------------------------------|--------|--------|---------|-------|-------|---------|
| Revenues                      | 812    | 661    | 22.8%   | 1,494 | 1,193 | 25.2%   |
| Profit from operations        | 564    | 475    | 18.7%   | 1,033 | 854   | 21.0%   |
| Depreciation and amortization | 44     | 40     | 10.0%   | 87    | 82    | 6.1%    |
| EBITDA                        | 608    | 515    | 18.1%   | 1,120 | 936   | 19.7%   |

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

|                                     | IIQ 17  | IQ 17   | IVQ 16  | IIIQ 16 | IIQ 16  |
|-------------------------------------|---------|---------|---------|---------|---------|
| Total leaseable area (sqm)          | 337,396 | 335,032 | 333,155 | 334,079 | 333,719 |
| Tenants' sales (3 month cumulative) | 9,809.3 | 8,006.2 | 7,910.9 | 6,132.2 | 8,273.8 |
| Occupancy                           | 98.4%   | 98.4%   | 98.4%   | 98.6%   | 99.0%   |

Revenues from this segment grew 25.2% during this six-month period, whereas EBITDA reached ARS 1,120 million (+ 19.7% compared to the same period of 2016). The EBITDA margin, excluding income from expenses and collective promotion fund, was 75.0%.

Operating data of our Shopping Centers

| Shopping Center          | Date of Acquisition | Gross Leaseable Area (sqm)(1) | Stores | IRSA Propiedades Comerciales S.A.'s Interest | Occupancy(2) | Book Value (ARS million) (3) |
|--------------------------|---------------------|-------------------------------|--------|--|--------------|------------------------------|
| Alto Palermo             | Nov-97              | 18,966                        | 144    | 100.0%                                       | 99.5%        | 206                          |
| Abasto Shopping(4)       | Jul-94              | 36,827                        | 172    | 100.0%                                       | 99.8%        | 238                          |
| Alto Avellaneda          | Nov-97              | 36,040                        | 136    | 100.0%                                       | 99.9%        | 122                          |
| Alcorta Shopping         | Jun-97              | 15,377                        | 113    | 100.0%                                       | 92.3%        | 120                          |
| Patio Bullrich           | Oct-98              | 11,760                        | 90     | 100.0%                                       | 100.0%       | 106                          |
| Buenos Aires Design      | Nov-97              | 14,352                        | 63     | 53.7%  | 96.0%        | 4                            |
| Dot Baires Shopping      | May-09              | 49,847                        | 159    | 80.0%  | 100.0%       | 363                          |
| Soleil                   | Jul-10              | 13,991                        | 78     | 100.0%                                       | 99.6%        | 97                           |
| Distrito Arcos           | Dec-14              | 14,508                        | 66     | 90.0%  | 97.7%        | 271                          |
| Alto Noa Shopping        | Mar-95              | 19,038                        | 90     | 100.0%                                       | 99.4%        | 34                           |
| Alto Rosario Shopping(5) | Nov-04              | 29,515                        | 149    | 100.0%                                       | 99.5%        | 126                          |
| Mendoza Plaza Shopping   | Dec-94              | 42,146                        | 141    | 100.0%                                       | 94.8%        | 89                           |
| Córdoba Shopping         | Dec-06              | 15,299                        | 109    | 100.0%                                       | 100.0%       | 52                           |
| La Ribera Shopping(6)    | Aug-11              | 9,841                         | 66     | 50.0%  | 97.4%        | 24                           |
| Alto Comahue             | Mar-15              | 9,890                         | 104    | 99.6%  | 97.4%        | 312                          |
| Patio Olmos (7)          |                     |                               |        |  |              | 24                           |
| Total                    |                     | 337,396                       | 1,680  |  | 98.4%        | 2,188                        |

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

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

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

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

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

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

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

Cumulative tenants' sales as of December 31

(per Shopping Center, in ARS million)

| Shopping Center        | IIQ 17  | IIQ 16  | YoY Var | 6M 17    | 6M 16    | YoY Var |
|------------------------|---------|---------|---------|----------|----------|---------|
| Alto Palermo           | 1,234.6 | 1,036.5 | 19.1%   | 2,208.0  | 1,796.7  | 22.9%   |
| Abasto Shopping        | 1,322.7 | 1,150.5 | 15.0%   | 2,424.0  | 2,104.3  | 15.2%   |
| Alto Avellaneda        | 1,241.8 | 1,121.9 | 10.7%   | 2,259.1  | 1,991.8  | 13.4%   |
| Alcorta Shopping       | 682.3   | 583.2   | 17.0%   | 1,195.5  | 993.0    | 20.4%   |
| Patio Bullrich         | 376.6   | 306.1   | 23.1%   | 657.1    | 552.5    | 18.9%   |
| Buenos Aires Design    | 139.3   | 105.9   | 31.5%   | 269.7    | 208.7    | 29.2%   |
| Dot Baires Shopping    | 1,116.4 | 974.9   | 14.5%   | 1,959.2  | 1,692.1  | 15.8%   |
| Soleil                 | 453.1   | 333.5   | 35.9%   | 853.2    | 625.6    | 36.4%   |
| Distrito Arcos         | 420.0   | 257.3   | 63.2%   | 739.5    | 470.6    | 57.1%   |
| Alto Noa Shopping      | 424.7   | 376.6   | 12.8%   | 797.0    | 689.3    | 15.6%   |
| Alto Rosario Shopping  | 885.2   | 748.4   | 18.3%   | 1,626.0  | 1,341.0  | 21.3%   |
| Mendoza Plaza Shopping | 706.9   | 629.6   | 12.3%   | 1,354.6  | 1,204.1  | 12.5%   |
| Córdoba Shopping       | 337.6   | 287.6   | 17.4%   | 607.2    | 508.0    | 19.5%   |
| La Ribera Shopping(1)  | 198.4   | 163.7   | 21.2%   | 379.2    | 316.6    | 19.7%   |
| Alto Comahue           | 269.8   | 198.3   | 36.1%   | 486.2    | 360.6    | 34.9%   |
| Total                  | 9,809.3 | 8,273.8 | 18.6%   | 17,815.5 | 14,854.8 | 19.9%   |

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

Cumulative tenants' sales as of December 31

(per Type of Business, in ARS million)

| Type of Business      | IIQ 17  | IIQ 16  | Var %  | 6M 17    | 6M 16    | Var %  |
|-----------------------|---------|---------|--------|----------|----------|--------|
| Anchor Store          | 527.7   | 455.9   | 15.8%  | 945.2    | 822.8    | 14.9%  |
| Clothes and Footwear  | 5,586.9 | 4,492.0 | 24.4%  | 9,746.1  | 7,810.0  | 24.8%  |
| Entertainment         | 206.8   | 177.3   | 16.6%  | 559.6    | 463.1    | 20.8%  |
| Home                  | 252.1   | 208.6   | 20.8%  | 471.5    | 398.2    | 18.4%  |
| Restaurant            | 871.4   | 637.8   | 36.6%  | 1,771.8  | 1,303.3  | 35.9%  |
| Miscellaneous         | 1,208.5 | 1,008.5 | 19.8%  | 2,122.0  | 1,743.4  | 21.7%  |
| Services              | 53.4    | 117.5   | -54.5% | 108.2    | 205.3    | -47.3% |
| Electronic appliances | 1,102.6 | 1,176.2 | -6.3%  | 2,091.1  | 2,108.7  | -0.8%  |
| Total                 | 9,809.3 | 8,273.8 | 18.6%  | 17,815.5 | 14,854.8 | 19.9%  |

Revenues from cumulative leases as of December 31

(Breakdown, in ARS million)

|   | IIQ 17 | IIQ 16 | Var %  | 6M 17 | 6M 16 | Var %  |
|---|--------|--------|--------|-------|-------|--------|
| Base Rent (1)                             | 417    | 301    | 38.5%  | 785   | 569   | 38.0%  |
| Contingent Rent                           | 232    | 221    | 5.2%   | 383   | 362   | 5.7%   |
| Total Rent                                | 649    | 522    | 24.4%  | 1,167 | 930   | 25.5%  |
| Admission rights                          | 64     | 48     | 32.5%  | 126   | 93    | 34.8%  |
| Fees                                      | 12     | 10     | 14.7%  | 23    | 18    | 28.6%  |
| Parking                                   | 49     | 38     | 27.6%  | 95    | 75    | 26.3%  |
| Commissions                               | 24     | 18     | 31.7%  | 45    | 34    | 33.3%  |
| Revenues from non-traditional advertising | 16     | 18     | -8.0%  | 32    | 30    | 7.2%   |
| Others                                    | 4      | 1      | 176.7% | 6     | 3     | 101.9% |

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|  |       |     |       |       |       |       |
|--|-------|-----|-------|-------|-------|-------|
| Revenues before Expenses and Collective Promotion Fund | 818   | 656 | 24.7% | 1,494 | 1,183 | 26.3% |
| Expenses and Collective Promotion Fund                 | 376   | 317 | 18.5% | 690   | 553   | 24.6% |
| Total (2)  | 1,194 | 973 | 22.7% | 2,184 | 1,737 | 25.7% |

(1) Includes Revenues from stands for ARS 91 million.

(2) Does not include Patio Olmos.



### III. Offices

The A+ office market in the City of Buenos Aires remains robust. Demand for Premium commercial spaces continues its upward trend, with sale prices in the whereabouts of USD 5,000 per square meter, 25% higher than at the closing of 2015, while rental prices increased slightly as compared to the previous year, averaging USD 30 per square meter for the A+ segment. The vacancy rate stood at 5.3%, significantly below the figures recorded at the closing of 2015.

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

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

Source: LJ Ramos

#### Sale and Rental Prices of A+ Offices – Northern Area

Source: LJ Ramos

|                               | IIQ 17 | IIQ 16 | YoY Var | 6M 17 | 6M 16 | YoY Var |
|-------------------------------|--------|--------|---------|-------|-------|---------|
| Revenues                      | 116    | 70     | 65.7%   | 217   | 145   | 49.7%   |
| Profit from operations        | 117    | 40     | 192.5%  | 180   | 84    | 114.3%  |
| Depreciation and amortization | 8      | 7      | 14.3%   | 15    | 17    | -11.8%  |
| EBITDA                        | 125    | 47     | 166.0%  | 195   | 101   | 93.1%   |

During the first six months of fiscal year 2017, revenues from the offices segment increased 49.7% as compared to the same period of 2016, mainly explained by the depreciation of the peso vis-à-vis the dollar. EBITDA from this segment grew 93.1% in the first six months of fiscal year 2017 compared to the same period of 2016, principally explained by the increase in revenues and the gain resulting from the business combination of Entertainment Holding S.A. (which is indirect holder of 35% of La Rural S.A., the company that runs the exhibition center known as Predio Ferial de Palermo in the City of Buenos Aires) with our subsidiary IRSA Propiedades Comerciales.

For the second quarter in a row, the portfolio maintained an occupancy rate of 100%, which increased by 5.8 pp compared to the same quarter of 2016 due to the lease of two vacant floors in the República building, one floor in Torre BankBoston, and two floors in the Suipacha building. Rental prices stood at USD 26.1 per square meter, slightly below the previous quarters.

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|                      | IIQ 17 | IQ 17  | IVQ 16 | IIIQ 16 | IIQ 16 |
|----------------------|--------|--------|--------|---------|--------|
| Gross leaseable area | 79,225 | 81,020 | 81,020 | 81,020  | 81,918 |
| Occupancy            | 100.0% | 100.0% | 98.7%  | 93.3%   | 94.2%  |
| Rent (ARS/sqm)       | 414    | 389    | 390    | 384     | 338    |
| Rent (USD/sqm)       | 26.1   | 25.5   | 26.1   | 26.3    | 26.0   |

Below is information on our offices and other rental properties' segment as of December 31, 2016:

|                                 | Date of Acquisition | Leaseable Areasqm (1) | Occupancy Rate (2) | IRSA's Effective Interest | Book Value (3) (ARS million) |
|---------------------------------|---------------------|-----------------------|--------------------|---------------------------|------------------------------|
| <b>Offices</b>                  |                     |                       |                    |                           |                              |
| Edificio República(4)           | 04/28/08            | 19,885                | 100%               | 100%                      | 186                          |
| Torre Bankboston(4)             | 08/27/07            | 14,873                | 100%               | 100%                      | 134                          |
| Bouchard 551                    | 03/15/07            | -                     | -                  | 100%                      | 7                            |
| Intercontinental Plaza(4)       | 11/18/97            | 4,774                 | 100%               | 100%                      | 5                            |
| Bouchard 710 (4)                | 06/01/05            | 15,014                | 100%               | 100%                      | 59                           |
| Maipú 1300                      | 09/28/95            | 1,353                 | 100%               | 100%                      | 5                            |
| Libertador 498                  | 12/20/95            | 620                   | 100%               | 100%                      | 4                            |
| Suipacha 652/64(4)              | 11/22/91            | 11,465                | 100%               | 100%                      | 8                            |
| Dot Building (5)                | 11/28/06            | 11,242                | 100%               | 80%                       | 121                          |
| Subtotal Offices                |                     | 79,225                | 100%               | N/A                       | 529                          |
| <b>Other Properties</b>         |                     |                       |                    |                           |                              |
| Santa María del Plata S.A.      | 10/17/97            | 116,100               | 100%               | 100%                      | 13                           |
| Predio San Martin (6)           | 05/31/11            | 109,610               | 78%                | 50%                       | 62                           |
| Other Properties (7)            | N/A                 | 14,578                | 87%                | N/A                       | 264                          |
| Subtotal Other Properties       |                     | 240,288               | 89%                | N/A                       | 339                          |
| <b>TOTAL OFFICES AND OTHERS</b> |                     | <b>319,513</b>        | <b>92%</b>         | <b>N/A</b>                | <b>868</b>                   |

Notes:

(1) Total leaseable area for each property as of December 31, 2016. Excludes common areas and parking.

(2) Calculated dividing occupied square meters by leaseable area as of December 31, 2016.

(3) The contracts in effect as of December 31, 2016, in each property were computed.

(4) Corresponds to total consolidated leases.

(5) Through IRSA Propiedades Comerciales S.A.

(6) Through Quality Invest S.A.

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

IV. Sales and Developments

|   | IIQ 17 | IIQ 16 | YoY Var | 6M 17 | 6M 16 | YoY Var |
|---|--------|--------|---------|-------|-------|---------|
| Revenues                                  | -      | 2      | -100.0% | 1     | 5     | -80.0%  |
| Gain from disposal of investment property | 86     | 639    | -86.5%  | 86    | 1,029 | -91.6%  |
| Profit/ (loss) from operations            | 2      | 587    | -99.7%  | -49   | 937   | -105.2% |

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|                               |   |     |        |     |     |         |
|-------------------------------|---|-----|--------|-----|-----|---------|
| Depreciation and amortization | 1 | -   | 100.0% | 1   | -   | 100.0%  |
| EBITDA                        | 3 | 587 | -99.5% | -48 | 937 | -105.1% |

For the six-month period of fiscal year 2017, EBITDA from the Sales and Developments segment was negative for ARS 48 million as compared to EBITDA for ARS 937 million during the first six months of 2016, in which higher gains from disposal of investment property had been recorded. While 1,795 sqm in the Intercontinental Plaza office building were sold in the first half of FY 2017, 1,761 sqm in the Maipú 1300 building, 5,963 sqm in the Intercontinental Plaza building, the Isla Sirgadero plot, and the entire Dique IV office building located in Puerto Madero, were sold in the first half of FY 2016.

Accumulated sales as of December 31 of the fiscal year (ARS Million)

| DEVELOPMENT                             | 6M 17 | 6M 16 | YoY Var |
|---|-------|-------|---------|
| Residential apartments                  |       |       |         |
| Condominios I and II(1)                 | 1     | -     | 100.0%  |
| Libertador 1703 and 1755 (Horizons) (2) | -     | 2     | -100.0% |
| Other residential apartments (3)        | -     | 1     | -100.0% |
| TOTAL                                   | 1     | 3     | -100.0% |

(1)

Through IRSA Propiedades Comerciales S.A.

(2)

Owned by CYRSA S.A.

(3)

Corresponds to Entre Ríos 465.

#### V. CAPEX 2017

|   | Developments         |              |            |
|---|----------------------|--------------|------------|
|   | Greenfield           | Expansion    | Greenfield |
|   | Polo Dot (1st Stage) | Alto Palermo | Catalinas  |
| Beginning of works                        | FY2017               | FY2017       | FY2017     |
| Estimated opening date                    | FY2019               | FY2019       | FY2020     |
| Total GLA (sqm)                           | 32,000               | 3,884        | 35,468     |
| IRSA Propiedades Comerciales %            | 80%                  | 100%         | 45%        |
| Investment amount at 100% (USD million)   | 65                   | 28.5         | 101        |
| Work progress (%)                         | 0.9%                 | 0%           | 0.1%       |
| Estimated Stabilized EBITDA (USD million) | USD 8-10             | USD 4-6      | USD 5-7    |

#### Alto Palermo Expansion

The expansion project of Alto Palermo will add a gross leaseable area of approximately 4,000 square meters to the shopping center that has the highest sales per square meter and consists in moving the food court to a third level by using the area of an adjacent building acquired in 2015. The demolition stage ended in the second quarter of FY2017.

#### First Stage of Polo Dot

The project called "Polo Dot", located in the commercial complex adjacent to our Dot Baires shopping center, has experienced significant growth since our first investments in the area. The total project will consist in 3 office buildings (one of them could include a hotel) in land reserves owned by the Company and the expansion of the shopping center by approximately 15,000 square meters of gross leaseable area. At a first stage, we will develop an 11-floor office building with an area of approximately 32,000 square meters on an existing building, in respect of which we have already executed lease agreements for approximately 75% of the footage, before starting the works. The construction stage started in the second quarter of FY2017, and we expect that the building will become operational within 18 to 24 months. The second stage of the project will include two office/hotel buildings that will add 38,400 square meters of gross leaseable area to the complex. We have seen a significant demand for Premium office spaces in this new commercial hotspot, and we are confident that we will be able to open these buildings with attractive rent levels and high occupancy.



## Catalinas Building

The “Catalinas” project is located in one of the most sought-after spots for Premium office development in Argentina. The building to be constructed will have 35,468 square meters of gross leaseable area in 30 office floors and 316 parking spaces. Construction works started during the second quarter of FY2017, and are expected to be completed in about 3 years.

## VI.

## Hotels

During the six-month period of fiscal year 2017, the hotel segment recorded an increase in revenues of 52.9% mainly due to the depreciation of the exchange rate, which resulted in an increase in the average rate per room. The segment’s EBITDA reached ARS 34 million during the semester under review.

| Hotels (in millions of ARS)    | IIQ 17 | IIQ 16 | YoY Var | 6M 17 | 6M 16 | YoY Var |
|--------------------------------|--------|--------|---------|-------|-------|---------|
| Revenues                       | 200    | 133    | 50.4%   | 373   | 244   | 52.9%   |
| Profit/ (loss) from operations | 23     | 2      | 1050.0% | 27    | -5    | -640.0% |
| Depreciation and amortization  | 3      | 3      | 0.0%    | 7     | 7     | 0.0%    |
| EBITDA                         | 26     | 5      | 420.0%  | 34    | 2     | 1600.0% |

|                                   | IIQ 17 | IQ 17 | IVQ 16 | IIIQ 16 | IIQ 16 |       |
|-----------------------------------|--------|-------|--------|---------|--------|-------|
| Average Occupancy                 | 69.1%  | 65.3% | 65.8%  | 67.7%   | 67.6%  |       |
| Average Rate per Room (ARS/night) |        | 2,784 | 2,737  | 2,102   | 2,074  | 1,760 |
| Average Rate per Room (USD/night) |        | 182   | 183    | 175     | 181    | 178   |

The following is information on our hotel segment as of December 31, 2016:

| Hotels                  | Date of Acquisition | IRSA’s Interest | Number of Rooms | Average Occupancy (1) | Average Rate | Average Book Value (in millions of ARS) |
|-------------------------|---------------------|-----------------|-----------------|-----------------------|--------------|---|
| Intercontinental (3)    | 11/01/97            | 76.34%          | 309             | 74.0%                 | 2,158        | 50                                      |
| Sheraton Libertador (4) | 03/01/98            | 80.00%          | 200             | 75.0%                 | 1,895        | 28                                      |
| Llao Llao (5)           | 06/01/97            | 50.00%          | 205             | 55.9%                 | 5,197        | 75                                      |
| Total                   |                     |                 | 714             | 69.1%                 | 2,784        | 153                                     |

## Notes:

- 1) Cumulative average for the 6-month period.
- 2) Cumulative average for the 6-month period.
- 3) Through Nuevas Fronteras S.A. (IRSA’s subsidiary).
- 4) Through Hoteles Argentinos S.A. (IRSA’s subsidiary).
- 5) Through Llao Llao Resorts S.A. (IRSA’s subsidiary).

## VII.

## International

## Lipstick Building, New York, United States

The Lipstick Building is a landmark building in the City of New York, located at Third Avenue and 53th Street in Midtown Manhattan, New York. It was designed by architects John Burgee and Philip Johnson (Glass House and

Seagram Building, among other renowned works) and it is named after its elliptical shape and red façade. Its gross leaseable area is approximately 58,000 sqm and consists of 34 floors.

As of December 31, 2016, the building reached an occupancy rate of 96.60%, thus generating an average rent of USD 67.12 per sqm.

| Lipstick                   | Sep-16 | Dec-16 | YoY Var |
|----------------------------|--------|--------|---------|
| Gross Leaseable Area (sqm) | 58,094 | 58,094 | -       |
| Occupancy                  | 97.33% | 96.60% | -0,73pp |
| Rental price (USD/sqm)     | 67.04  | 67.12  | 0.12%   |

In October 2016, the lease agreement for Floor 34 was renewed for 7 additional years, at an average rental price of USD 95 per square meter. Occupancy remained almost unaltered, as the lease of a portion of Floor 27 (9,603 psf), equivalent to 2,926 square meters, was not consummated due to changes in the Tenant Improvement financing policy by the bank.

#### Investment in Condor Hospitality Trust.

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

During the last quarters, the company's results have shown an improvement in operating levels and we received dividends on our holdings of common and preferred shares (6.25% per annum). Moreover, the company has made progress in its strategy of selectively disposing of lower-class hotels for very attractive prices and replacing them with higher-class hotels, and it is also studying different alternatives for developing its expansion plan. On January 24, 2017, Condor issued approximately 150,000 warrants held by RES, due in 2019, for a strike price of USD 0.001, entitling it to acquire approximately 150,000 common shares.

#### VIII. Financial Operations and Others

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

BHSA is a leading bank in the mortgage lending industry, in which IRSA held an equity interest of 29.91% as of December 31, 2016 (excluding treasury shares). During the six-month period of fiscal year 2017, the investment in Banco Hipotecario generated income of ARS 38 million, 78% lower than the ARS 170 million recorded in the same period of 2016.

For further information, visit <http://www.cnv.gob.ar> or <http://www.hipotecario.com.ar>.

##### Operations Center in Israel

#### IX. Investment in IDB Development Corporation

As of December 31, 2016, the investment made in IDBD was USD 515 million, and IRSA's indirect equity interest reached 68.3% of IDBD's stock capital. Moreover, IRSA has invested USD 26.7 million in DIC, representing 8.8% of its stock capital.



## Operating Income – In Millions of ARS

|   | September 30, 2016 (for the period 04.01 through 09.30) |              |                    |            |        |         |
|---|---|--------------|--------------------|------------|--------|---------|
|   | Operations Center in Israel                             |              |                    |            |        |         |
|   | Real Estate   | Supermarkets | Telecommunications | Insurances | Others | Total   |
| Revenues  | 2,484   | 23,476       | 7,863              | -          | 198    | 34,021  |
| Costs   | -1,700  | -17,544      | -5,356             | -          | -100   | -24,700 |
| Gross profit  | 784   | 5,932        | 2,507              | -          | 98     | 9,321   |
| Gain from disposal of investment property                 | -   | -            | -                  | -          | 19     | 19      |
| General and administrative expenses                       | -130  | -302         | -761               | -          | -307   | -1,500  |
| Selling expenses  | -47   | -4,811       | -1,679             | -          | -29    | -6,566  |
| Other operating results, net                              | -   | -31          | -19                | -          | -49    | -99     |
| Profit / (loss) from operations                           | 607   | 788          | 48                 | -          | -268   | 1,175   |
| Share of profit / (loss) of associates and joint ventures | -114  | -            | -                  | -          | 108    | -6      |
| Segment profit / (loss)                                   | 493   | 788          | 48                 | -          | -160   | 1,169   |
| Operating assets  | 62,361  | 32,467       | 28,415             | 6,143      | 23,060 | 152,446 |
| Operating liabilities                                     | 51,209  | 25,944       | 22,529             | -          | 32,836 | 132,518 |
| Operating assets / (liabilities), net                     | 11,152  | 6,523        | 5,886              | 6,143      | -9,776 | 19,928  |

The revenues and operating income from the Real Estate segment through the subsidiary Property & Building (“PBC”) reached ARS 2,484 million and ARS 607 million, respectively, during the consolidated six months (April 1, 2016 to September 30, 2016). During this period, there was an increase in rental income and occupancy rates from PBC’s investment property.

The Supermarkets segment, through Shufersal, recorded revenues of ARS 23,476 million for the period, mainly due to an increase in revenues from the retail segment, offset by a slight decrease in revenues from the real estate segment. Same-store sales keep rising. Operating income from this segment reached ARS 788 million.

The Telecommunications segment, operated by Cellcom, recorded revenues of ARS 7,863 million. There was a decrease in revenues in both revenues from services and revenues from handsets. The reduction in revenues from services under review mainly reflected lower revenues from cell telephone services due to the continued erosion of the price of these services as a result of stronger competition in the cell telephone market and lower revenues from international call services. The reduction in the revenues from handsets was mainly due to the reduction in the number of cell phones sold. Operating income was ARS 48 million.

The Others segment recorded revenues for ARS 198 million, and an operating loss of ARS 268 million.

As concerns “Clal”, the Group values its interest in this insurance company as a financial asset at fair value. The valuation of Clal’s shares was ARS 6,143 million (USD 386 million) as of December 31, 2016, a 21% increase in dollars compared to September 30, 2016.



## X. EBITDA by segment (ARS million)

## Operations Center in Argentina

| 6M 17                         | Shopping Centers | Offices | Sales and Developments | Hotels  | International | Financial Operations and Others | Total  |
|-------------------------------|------------------|---------|------------------------|---------|---------------|---------------------------------|--------|
| Operating income / (loss)     | 1,033            | 180     | -49                    | 27      | -51           | -4                              | 1,136  |
| Depreciation and Amortization | 87               | 15      | 1                      | 7       | -             | -                               | 110    |
| EBITDA                        | 1,120            | 195     | -48                    | 34      | -51           | -4                              | 1,246  |
| 6M 16                         | Shopping Centers | Offices | Sales and Developments | Hotels  | International | Financial Operations and Others | Total  |
| Operating income / (loss)     | 854              | 84      | 937                    | -5      | 87            | 2                               | 1,959  |
| Depreciation and Amortization | 82               | 17      | -                      | 7       | -             | -                               | 106    |
| EBITDA                        | 936              | 101     | 937                    | 2       | 87            | 2                               | 2,065  |
| EBITDA Var                    | 19.7%            | 93.1%   | -105.1%                | 1600.0% | -158.6%       | -300.0%                         | -39.7% |

## Operations Center in Israel

| 6M 17 (for the period 04.01 through 09.30) | Real Estate | Supermarkets | Telecommunications | Others | Total |
|--|-------------|--------------|--------------------|--------|-------|
| Operating income / (loss)                  | 607         | 788          | 48                 | -268   | 1,175 |
| Depreciation and Amortization              | 456         | 644          | 1,588              | 104    | 2,792 |
| EBITDA                                     | 1,063       | 1,432        | 1,636              | -164   | 3,967 |
| 6M 16                                      | Real Estate | Supermarkets | Telecommunications | Others | Total |
| Operating income / (loss)                  |             |              |                    |        |       |
| Depreciation and Amortization              |             |              |                    |        |       |
| EBITDA                                     |             |              |                    |        |       |
| Var EBITDA                                 | -           | -            | -                  | -      | -     |

## XI. Reconciliation with Consolidated Income Statement (ARS million)

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

|   | Total as per segment information | Adjustment for share of profit / (loss) of joint ventures * | Expenses and Collective Promotion Funds | Adjustment to income for elimination of inter-segment transactions | Total as per Statements of income |
|---|----------------------------------|---|---|--|-----------------------------------|
| Revenues                                  | 36,106                           | -18   | 745                                     | -2   | 36,831                            |
| Costs                                     | -25,196                          | 10  | -759                                    | -  | -25,945                           |
| Gross profit / (loss)                     | 10,910                           | -8  | -14                                     | -2   | 10,886                            |
| Gain from disposal of investment property | 105                              | -   | -                                       | -  | 105                               |

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|   |        |    |     |    |        |
|---|--------|----|-----|----|--------|
| General and administrative expenses                       | -1,837 | 2  | -   | 4  | -1,831 |
| Selling expenses  | -6,751 | 2  | -   | -  | -6,749 |
| Other operating results, net                              | -116   | -5 | -   | -2 | -123   |
| Profit / (loss) from operations                           | 2,311  | -9 | -14 | -  | 2,288  |
| Share of (loss) / profit of associates and joint ventures | -98    | 5  | -   | -  | -93    |
| Net segment profit / (loss) before financing and taxation | 2,213  | -4 | -14 | -  | 2,195  |

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

## XII. Financial Debt and Other Indebtedness

## Operations Center in Argentina

Financial debt as of December 31, 2016:

| Description   | Currency | Amount (1) | Interest Rate            | Maturity   |
|---|----------|------------|--------------------------|------------|
| Bank Overdrafts                                     | ARS      | 13.9       | Floating                 | < 360 days |
| IRSA 2020 Non-Convertible Notes, Series II          | USD      | 71.4       | 11.50%                   | Jul-20     |
| Series VI Non-Convertible Notes                     | ARS      | 0.7        | Badlar + 450 bps         | Feb-17     |
| Series VII Non-Convertible Notes                    | ARS      | 24.2       | Badlar + 299             | Sep-19     |
| Series VIII Non-Convertible Notes                   | USD      | 184.5      | 7.00%                    | sep-19     |
| Loans (2)   | USD      | 28.0       | Floating                 | Jun-17     |
| Other loans   |          | 0.2        |                          |            |
| IRSA's Total Debt                                   |          | 322.9      |                          |            |
| IRSA's Cash & Cash Equivalents + Investments (3)    | USD      | 10.1       |                          |            |
| IRSA's Net Debt                                     | USD      | 312.8      |                          |            |
| Bank Overdrafts                                     | ARS      | 7.0        | Floating                 | < 360 days |
| IRCP Series I Non-Convertible Notes                 | ARS      | 25.6       | 26.5% / Badlar + 400 bps | May-17     |
| IRSA CP Series II Non-Convertible Notes             | USD      | 360.0      | 8.75%                    | Mar-23     |
| Other loans   | ARS      | 0.3        | -                        | -          |
| IRSA CP's Total Debt                                |          | 392.9      |                          |            |
| IRSA CP's Cash & Cash Equivalents + Investments (4) | USD      | 193.2      |                          |            |
| IRSA CP's Net Debt                                  | USD      | 199.7      |                          |            |

(1) Principal amount in USD (million) at an exchange rate of ARS 15.89/USD, without considering accrued interest or eliminations of balances with subsidiaries.

(2) Corresponds to a loan from IRSA CP.

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

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

## Operations Center in Israel

Financial debt as of September 30, 2016:

| Indebtedness           | Amount (1) |
|------------------------|------------|
| IDBD's Total Debt      | 809        |
| DIC's Total Debt       | 1201       |
| Shufersal's Total Debt | 659        |
| Cellcom's Total Debt   | 1097       |
| PBC's Total Debt       | 2477       |
| Others' Total Debt (2) | 2          |

(1) Principal amount in USD (million) at an exchange rate of 3.7464 NIS/USD, without considering accrued interest or elimination of balances with subsidiaries. Includes bonds and loans.

(2) Includes IDB Tourism, Bartan and IDBG.



### XIII. Material and Subsequent Events

#### Operations Center in Argentina

#### October 2016: General Ordinary and Extraordinary Shareholders' Meeting

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

#### Updating of Report on Shared Services Agreement

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

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

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

#### November 2016: Payment of cash dividend by IRSA Propiedades Comerciales S.A.

On November 17, 2016, our subsidiary IRSA Propiedades Comerciales S.A., in which we hold a 94.61% controlling interest, paid a cash dividend of ARS 460,000,000 (Argentine legal tender) equivalent to 365.038658054% of the Stock Capital, i.e., an amount per share (ARS 0.10 par value) of \$0.365038658054 and an amount per ADR (Argentine Pesos per ADR) of \$14.6015463222 to be charged against the fiscal year ended June 30, 2016.

#### December 2016: Caballito Barter

On June 29, 2011, a barter agreement for USD 12.8 was executed between the Group and TGLT in respect of a plot located in the neighborhood of Caballito (Buenos Aires). In 2013, a neighbors' association secured an injunction that suspended the works to be executed by TGLT in the property, and filed a legal action against the Government of the City of Buenos Aires and TGLT. In light of the unfavorable judgments rendered in the trial and appellate proceedings, on December 30, 2016, the Group and TGLT reached a settlement whereby they agreed to terminate the barter, subject to the satisfaction of several conditions by TGLT.

#### January 2017: Comparaencasa Investment

In January 2017, the Company, acting through its subsidiary Tyrus S.A., purchased 69,750 shares, representing 12.5% of the stock capital of Comparaencasa Ltd., a company registered in the United Kingdom engaged in the search, comparison and selection of products and/or services through the Internet, mainly car insurance for the Republic of Argentina, and related activities. The transaction amount was USD 1 million, and it has been fully paid.

Moreover, Tyrus received warrants to subscribe for shares in future equity rounds for an aggregate of up to USD 1.5 million, at a discount of 35%, effective for 5 years.





January 2017: Issue of Warrants by Condor

On January 24, 2017, Condor issued new warrants (150,540) that were subscribed by RES, a corporation in which the Company holds a 66.7% controlling interest, in exchange for the warrants previously held by it (3,750,000 warrants each, entitling to one share for a strike price of USD 1.92, due on January 31, 2017). The new warrants entitle RES to receive 150,540 common shares for a strike price of USD 0.001, due in January 2019.

Operations Center in Israel

November 2016: Sale of Adama

On November 22, 2016, the sale to ChemChina of 40% of the shares in Adama that were held by Koor, a company indirectly controlled by IDBD through DIC, was consummated. The sale proceeds were USD 230 million in excess of the total repayment of the non-recourse loan, plus interest thereon, which had been granted to Koor by a Chinese bank.

November 2016: Issue of new series of notes by IDBD

In November 2016, IDBD issued Series 12 Notes in the Israeli market for an amount of NIS 383,500,000. The Notes fall due in 2019, bear interest at an annual fixed interest rate of 6.95%, and are secured by a pledge on approximately 46.2 million shares of its subsidiary DIC. The proceeds will be used to repay existing liabilities.

December 2016: Partial sale of interest in Gav-Yam (PBC's subsidiary)

On December 5, 2016, PBC sold in the market 280,873 shares of its subsidiary Gav-Yam Land Corporation Ltd. for NIS 391 million, thus reducing its equity interest in this company from 69.06% to 55.06% of its stock capital.

December 2016: Negotiations between Israil (IDB Tourism's subsidiary) and Sun Dor

As of December 31, 2016, IDB Tourism was in an advanced stage of negotiations with Sun D'or International Airlines Ltd. ("Sun D'or"), subsidiary of El Al Israel Airlines Ltd. ("El Al"), to enter into the following transactions:

- Israil would sell to a third party the aircraft owned by it under a sale and leaseback agreement for an estimated amount of USD 70 million;
- after the sale of the aircraft, IDB Tourism would receive USD 45 million plus 25% of the shares in Sun D'or, and El Al would retain 75% of the shares in such company;
- the parties would enter into a shareholders' agreement whereby El Al would be granted a call option (and IDB Tourism would be granted a put option) for the acquisition of Sun D'Or's shares for such price and subject to such terms as determined in due course.

December 2016: DIC's purchase of additional interest in Shufersal

On December 12, 2016, DIC purchased shares of Shufersal for NIS 75 million, thus increasing its equity interest in it from 58.17% to 60.67%.

January 2017: Court decision on IDBD's issue of Series K Notes secured by Clal Insurance Enterprise Holdings Ltd. ("Clal")'s shares

On January 25, 2017, the Supreme Court of Israel set aside the decision notified on September 16, 2016 whereby it had ordered the enforcement authority to report, within a term of 30 days, the reasons that allegedly prevented IDBD from pledging 5% of its shares in Clal. In its new ruling, the Supreme Court ordered that in addition to the 3.92% of Clal's shares pledged for the benefit of a secured creditor of the Menorah Group, IDBD was able to pledge only 1.08% of Clal's shares in favor of the Series K bondholders.

Therefore, IDBD is evaluating the possibility of issuing a new series of Notes secured by potential cash flows generated by its investment in Clal.

#### XIV. Comparative Summary Consolidated Balance Sheet Data

|   | 12.31.16 | 12.31.15 | 12.31.14 | 12.31.13 | 12.31.12 |
|---|----------|----------|----------|----------|----------|
| Non-current assets  | 107,470  | 88,868   | 6,867    | 7,558    | 6,681    |
| Current assets  | 58,643   | 45,052   | 2,438    | 1,182    | 1,208    |
| Total Assets  | 166,113  | 133,920  | 9,305    | 8,740    | 7,889    |
| Non-current liabilities   | 105,876  | 90,702   | 4,491    | 4,171    | 3,209    |
| Current liabilities   | 41,163   | 37,469   | 2,586    | 1,672    | 1,509    |
| Sub-total   | 147,039  | 128,171  | 7,077    | 5,843    | 4,718    |
| Non-controlling Interest  | 16,071   | 3,846    | 347      | 389      | 465      |
| Capital and reserves attributable to equity holders of the parent | 3,003    | 1,903    | 1,881    | 2,508    | 2,706    |
| Total   | 19,074   | 5,749    | 2,228    | 2,897    | 3,171    |

## XV. Comparative Summary Consolidated Income Statement Data

|   | 12.31.16 | 12.31.15 | 12.31.14 | 12.31.13 | 12.31.12 |
|---|----------|----------|----------|----------|----------|
| Profit from operations                                    | 2,288    | 1,948    | 1,591    | 527      | 559      |
| Share /loss of associates and joint ventures              | -93      | -398     | -681     | 51       | 14       |
| Profit before financial results and income tax            | 2,195    | 1,550    | 910      | 578      | 573      |
| Finance income  | 732      | 374      | 43       | 60       | 58       |
| Finance expenses  | -4,868   | -2,138   | -535     | -713     | -358     |
| Other financial results                                   | 1,531    | -460     | 8        | 42       | 47       |
| Financial results, net                                    | -2,605   | -2,224   | -484     | -611     | -253     |
| (Loss) / profit before income tax                         | -410     | -674     | 426      | -33      | 320      |
| Income tax expense  | 334      | -236     | -379     | 7        | -74      |
| (Loss) / profit for the period from continuing operations | -76      | -910     | 47       | -26      | 246      |
| Profit from discontinued operations after income tax      | 4,273    | -        | -        | -        | -        |
| Profit (loss) for the period                              | 4,197    | -910     | 47       | -26      | 246      |
| Other comprehensive income for the period                 | 402      | 1,876    | -136     | 72       | 24       |
| Total comprehensive income/(loss)for the period           | 4,599    | 966      | -89      | 46       | 270      |
| Equity holders of the parent                              | 2,034    | -283     | -148     | 30       | 247      |
| Non-controlling interest                                  | 2,565    | 1,249    | 59       | 16       | 23       |

## XVI. Comparative Summary Consolidated Cash Flow Data

|   | 12.31.16 | 12.31.15 | 12.31.14 | 12.31.13 | 31.12.12 |
|---|----------|----------|----------|----------|----------|
| Net cash generated by operating activities              | 4,862    | 600      | 649      | 422      | 352      |
| Net cash generated by / (used in) investment activities | 2,156    | 7,692    | 876      | -625     | -195     |
| Net cash generated by / (used in) financing activities  | 2,177    | 695      | -967     | -399     | -61      |
| Net increase / (decrease) in cash and cash equivalents  | 9,195    | 8,987    | 558      | -602     | 96       |
| Cash and cash equivalents at beginning of year          | 13,866   | 375      | 610      | 797      | 259      |
| Foreign exchange gain on cash and cash equivalents      | 639      | 3,670    | -351     | 31       | 11       |
| Cash and cash equivalents at the end of the period      | 23,700   | 13,032   | 817      | 226      | 366      |

## XVII. Comparative Ratios

|                               | 12.31.16 | 12.31.15      | 12.31.14    | 12.31.13   | 12.31.12   |      |
|-------------------------------|----------|---------------|-------------|------------|------------|------|
| Liquidity                     |          |               |             |            |            |      |
| CURRENT ASSETS                | 58,643   | 1.42 45,052   | 1.20 2,438  | 0.94 1,182 | 0.71 1,208 | 0.80 |
| CURRENT LIABILITIES           | 41,163   | 37,469        | 2,586       | 1,672      | 1,509      |      |
| Indebtedness                  |          |               |             |            |            |      |
| TOTAL LIABILITIES             | 147,039  | 48.96 128,171 | 67.35 7,077 | 3.76 5,843 | 2.33 4,718 | 1.74 |
| SHAREHOLDERS' EQUITY(*)(3,003 |          | 1,903         | 1,881       | 2,508      | 2,706      |      |
| Solvency                      |          |               |             |            |            |      |
| SHAREHOLDERS' EQUITY(*)(3,003 | 0.02     | 1,903         | 0.01 1,881  | 0.27 2,508 | 0.43 2,706 | 0.57 |
| TOTAL LIABILITIES             | 147,039  | 128,171       | 7,077       | 5,843      | 4,718      |      |
| Restricted Assets             |          |               |             |            |            |      |
| NON-CURRENT ASSETS            | 107,470  | 0.65 88,868   | 0.68 6,867  | 0.74 7,558 | 0.86 6,681 | 0.85 |
| TOTAL ASSETS                  | 166,113  | 133,920       | 9,305       | 8,740      | 7,889      |      |

(\* ) Attributable to equity holders of the parent.



XVIII. Brief comment on prospects for the next period

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

Our subsidiary IRSA Propiedades Comerciales S.A. continues to record growth in both its shopping center and Premium office businesses. Although our tenants' sales decelerated during the first six months of 2017 as compared to the previous fiscal year, occupancy remains significantly high and the public keeps choosing each of our proposals; besides, top-notch domestic and international corporations continue to select our office spaces. The portfolio retained full occupancy during the whole semester of 2017, with an average rental price of USD 26.1 per square meter.

We will remain active during the year by promoting marketing actions, events and promotions in our shopping centers, which have proved to be highly effective in terms of sales and have been eagerly endorsed by the public. Moreover, we plan to optimize even further the performance of our current shopping centers through improvements that result in taking better advantage of the leaseable square meters and creating higher functionality and appeal for the benefit of consumers, retailers and tenants alike.

As concerns the office projects launched at the start of this fiscal year, we are making progress in the development of the first stage of the "Polo Dot" project, which consists of an 11-floor, 32,000-square meter office building in a property owned by the Company. The project will be featured as the first "Office Park" in Buenos Aires, and we expect it to become operational in fiscal year 2019. We have had a large demand for Premium office spaces in this emerging new commercial hotspot, and we hope to secure high occupancy at this building upon completion of construction works, as shown by the fact that 75% of the footage has already been rented. Moreover, the Catalinas office project is already in progress and is scheduled to be completed in fiscal year 2020.

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

As concerns our investments outside Argentina, we will continue working in the improvement of the operating ratios of our "Lipstick" building in New York and backing the new strategy of selectively selling low-class hotels and replacing them with higher-class hotels, that is being developed by the "Condor Hospitality Trust" hotel REIT (NASDAQ: CDOR), in which we hold 49% of its voting rights.

Regarding our investment in the Israeli company IDBD, we are much pleased with the results obtained during this first half of the year, following the sale of the agrochemical company ADAMA and the improvement in the listing price of Clal Insurance company, which is recorded at fair value. In 2017, we will continue to work for deleveraging the company and improving the operating margins of each of its operating subsidiaries.

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