

IRSA INVESTMENTS & REPRESENTATIONS INC

Form 6-K

May 24, 2018

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements as of March 31, 2018 and for the nine-month and three-month periods ended as of that date, presented comparatively



Legal information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.

Fiscal year N°: 75, beginning on July 1st, 2017.

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: August 7, 2017.

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.

Direct and indirect interest of the Parent Company on the capital stock: 366,788,251 common shares.

Percentage of votes of the Parent Company (direct and indirect interest) on the shareholders' equity: 63.77% (1).

Type of stock	CAPITAL STATUS	
	Shares authorized for Public Offering (2)	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

(1) For computation purposes, Treasury shares have been subtracted.

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



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Glossary

The following 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
BACS	Banco de Crédito y Securitización S.A.
Baicom	Baicom Networks S.A.
BCRA	Central Bank of the Argentine Republic
BHSA	Banco Hipotecario S.A.
Cellcom	Cellcom Israel Ltd.
Clal	Clal Holdings Insurance Enterprises Ltd.
CLN Token	Colu Token
CNV	Securities Exchange Commission
Condor	Condor Hospitality Trust Inc.
Cresud	Cresud S.A.C.I.F. y A.
DIC	Discount Investment Corporation Ltd.
Dolphin	Dolphin Fund Ltd. and Dolphin Netherlands B.V.
Financial Statements	Unaudited Condensed Interim Consolidated Financial Statements
Annual Financial Statements	Consolidated Financial Statements as of June 30, 2017
CPF	Collective Promotion Funds
IASB	International Accounting Standards Board
IDB Tourism	IDB Tourism (2009) Ltd
IDBD	IDB Development Corporation Ltd.
IFISA	Inversiones Financieras del Sur S.A.
IRSA, The Company”, “Us”, “We	IRSA Inversiones y Representaciones Sociedad Anónima
IRSA CP	IRSA Propiedades Comerciales S.A.
Israir	Israir Airlines & Tourism Ltd.
Lipstick	Lipstick Management LLC
LRSA	La Rural S.A.
Metropolitan	Metropolitan 885 Third Avenue Leasehold LLC
New Lipstick	New Lipstick LLC
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NIS	New Israeli Shekel
NCN	Non-Convertible Notes
PBC	Property & Building Corporation Ltd.
PBEL	PBEL Real Estate LTD
Quality	Quality Invest S.A.
Shufersal	Shufersal Ltd.
Tarshop	Tarshop S.A.





## IRSA Inversiones y Representaciones Sociedad Anónima

## Unaudited Condensed Interim Consolidated Statements of Financial Position

as of March 31, 2018 and June 30, 2017

(All amounts in millions, except otherwise indicated)

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

	Note	03.31.18	06.30.17
<b>ASSETS</b>			
Non-current assets			
Investment properties	8	121,359	99,953
Property, plant and equipment	9	30,992	27,113
Trading properties	10, 21	4,066	4,532
Intangible assets	11	13,814	12,387
Other assets		129	-
Investments in associates and joint ventures	7	8,557	7,885
Deferred income tax assets	18	282	285
Income tax and MPIT credit		201	145
Restricted assets	12	1,322	448
Trade and other receivables	13	5,911	4,974
Investments in financial assets	12	1,388	1,772
Financial assets held for sale	12	7,509	6,225
Derivative financial instruments	12	-	31
Total non-current assets		195,530	165,750
Current assets			
Trading properties	10, 21	3,189	1,249
Inventories	21	4,301	4,260
Restricted assets	12	1,077	506
Income tax and MPIT credit		335	339
Group of assets held for sale	27	3,220	2,681
Trade and other receivables	13	17,550	17,264
Investments in financial assets	12	18,748	11,951
Financial assets held for sale	12	2,822	2,337
Derivative financial instruments	12	24	51
Cash and cash equivalents	12	32,961	24,854
Total current assets		84,227	65,492
<b>TOTAL ASSETS</b>		<b>279,757</b>	<b>231,242</b>
<b>SHAREHOLDERS' EQUITY</b>			
Shareholders' equity attributable to equity holders of the parent (according to corresponding statement)		30,651	25,864
Non-controlling interest		28,400	21,472
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>59,051</b>	<b>47,336</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings	16	141,144	109,489
Deferred income tax liabilities	18	23,756	23,024
Trade and other payables	15	2,507	3,040
Provisions	17	858	943
Employee benefits		930	763
Derivative financial instruments	12	16	86
Salaries and social security liabilities		94	127

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Total non-current liabilities		169,305	137,472
Current liabilities			
Trade and other payables	15	24,670	20,839
Borrowings	16	20,367	19,926
Provisions	17	945	890
Group of liabilities held for sale	27	2,182	1,855
Salaries and social security liabilities		2,683	2,041
Income tax and MPIT liabilities		369	797
Derivative financial instruments	12	185	86
Total current liabilities		51,401	46,434
TOTAL LIABILITIES		220,706	183,906
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		279,757	231,242

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

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Eduardo S. Elsztain

President



IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Income and Other Comprehensive Income  
for the nine-month and three-month periods ended March 31, 2018 and 2017

(All amounts in millions, except otherwise indicated)

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

		Nine month		Three month	
	Note	03.31.18	03.31.17(recast)	03.31.18	03.31.17(recast)
Revenues	19	65,696	55,201	22,656	18,370
Costs	20, 21	(44,764)	(38,462)	(15,487)	(12,837)
Gross profit		20,932	16,739	7,169	5,533
Net gain / (loss) from fair value adjustment of investment properties	8	12,796	3,042	1,294	(428)
General and administrative expenses	20	(3,457)	(2,809)	(1,262)	(1,000)
Selling expenses	20	(12,125)	(9,951)	(4,408)	(3,387)
Other operating results, net	22	545	(207)	(59)	(86)
Profit from operations		18,691	6,814	2,734	632
Share of profit of associates and joint ventures	7	571	142	178	80
Profit before financial results and income tax		19,262	6,956	2,912	712
Finance income	23	992	657	342	147
Finance costs	23	(11,148)	(5,531)	(3,079)	(816)
Other financial results	23	1,838	2,481	642	950
Financial results, net		(8,318)	(2,393)	(2,095)	281
Profit before income tax		10,944	4,563	817	993
Income tax expense	18	159	(1,113)	(338)	(86)
Profit for the period from continuing operations		11,103	3,450	479	907
Profit / (loss) for the period from discontinued operations	28	187	3,056	(20)	(1,217)
Profit / (loss) for the period		11,290	6,506	459	(310)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation adjustment		2,505	3,298	2,048	796
Share of other comprehensive (loss) / income of associates and joint ventures		(499)	(1,523)	(291)	400
Change in the fair value of hedging instruments net of income taxes		(3)	2	30	12
Other reserves		-	1	-	1
Items that may not be reclassified subsequently to profit or loss, net of income tax:					
Actuarial profit from defined contribution plans		(125)	(23)	(78)	(4)
Other comprehensive income for the period from continuing operations		1,878	1,755	1,709	1,205
Other comprehensive income for the period from discontinued operations		67	409	75	409
Total other comprehensive income for the period		1,945	2,164	1,784	1,614
Total comprehensive income for the period		13,235	8,670	2,243	1,304

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Total comprehensive income from continuing operations	12,981	5,205	2,188	2,112
Total comprehensive income / (loss) from discontinued operations	254	3,465	55	(808)
Total comprehensive income for the period	13,235	8,670	2,243	1,304
Profit / (loss) for the period attributable to:				
Equity holders of the parent	9,405	3,784	487	(51)
Non-controlling interest	1,885	2,722	(28)	(259)
(Loss) / profit from continuing operations attributable to:				
Equity holders of the parent	9,285	2,508	507	1,005
Non-controlling interest	1,818	942	(28)	(98)
Total comprehensive income attributable to:				
Equity holders of the parent	8,786	4,386	140	529
Non-controlling interest	4,449	4,284	2,103	775
Profit / (loss) per share from continuing operations attributable to equity holders of the parent:				
Basic	16.36	6.58	0.85	(0.09)
Diluted	16.24	6.54	0.84	(0.09)
Profit per share from continuing operations attributable to equity holders of the parent:				
Basic	16.15	4.36	0.88	1.75
Diluted	16.04	4.33	0.88	1.74

(i)

As of March 31, 2018, it includes Ps. (2,228) which corresponds to the DIC's debt exchange (see Note 16). The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

The previous period has been recast due to the change in the accounting policy for investment properties described in Note 2.3.

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Eduardo S. Elsztain

President



IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
for the nine-month period ended March 31, 2018

(All amounts in millions, except otherwise indicated)

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

	Attributable to equity holders of the parent										Non-control interest
	Share capital	Treasury shares	Inflation adjustment of share capital and treasury shares (1)	Share premium	Additional paid-in capital from treasury shares	Legal reserve	Special reserve Resolution CNV 609/12 (2)	Other reserves (3)	Retained earnings	Subtotal	
Balance as of July 1, 2017	575	4	123	793	17	143	2,751	2,165	19,293	25,864	21,472
Profit for the period	-	-	-	-	-	-	-	-	9,405	9,405	1,885
Other comprehensive (loss) / profit for the period	-	-	-	-	-	-	-	(619)	-	(619)	2,564
Total comprehensive (loss) / profit for the period	-	-	-	-	-	-	-	(619)	9,405	8,786	4,449
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	-	16
Appropriation of retained earnings approved by Shareholders' meeting held as of 10.31.17	-	-	-	-	-	-	-	2,081	(2,081)	-	-
Shared-based compensation	-	-	-	-	1	-	-	3	-	4	43
Dividends distribution	-	-	-	-	-	-	-	-	(1,400)	(1,400)	-
Dividends distribution to non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,421)
Changes in non-controlling interest	-	-	-	-	-	-	-	(2,603)	-	(2,603)	3,841
Balance as of March 31, 2018	575	4	123	793	18	143	2,751	1,027	25,217	30,651	28,400

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 17 to the Annual Financial Statements.

(2) Related to CNV General Resolution N° 609/12. See Notes 2.1.b) and 17 to the Annual Financial Statements.

(3)

Group's other reserves for the period ended March 31, 2018 are comprised as follows:

	Cost of treasury stock	Changes in non-controlling interest	Reserve for share-based payments	Reserve for future dividends	Currency translation adjustment reserve	Hedging instrument	Special reserve	Reserve for defined contribution plans	Other reserves from subsidiaries
Balance as of July 1, 2017	(28)	186	78	494	1,394	19	-	(15)	37
Other comprehensive (loss) / profit for the period	-	-	-	-	(566)	6	-	(59)	-
Total comprehensive loss for the period	-	-	-	-	(566)	6	-	(59)	-
Share-based compensation	2	-	1	-	-	-	-	-	-
Appropriation of retained earnings approved by Shareholders' meeting held as of 10.31.17	-	-	-	-	-	-	2,081	-	-
Changes in non-controlling interest	-	(2,602)	-	-	-	-	-	-	(1)
Balance as of March 31, 2018	(26)	(2,416)	79	494	828	25	2,081	(74)	36

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Eduardo S. Elsztain



President

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## IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
for the nine-month period ended March 31, 2017

(All amounts in millions, except otherwise indicated)

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

	Attributable to equity holders of the parent										Non-control interest
	Share capital	Treasury shares	Inflation adjustment of share capital and treasury shares (1)	Share premium	Additional paid-in capital from treasury shares	Legal reserve	Special reserve Resolution CNV 609/12 (2)	Other reserves (3)	Retained earnings	Subtotal	
Balance as of July 1, 2016 (recast)	575	4	123	793	16	117	2,755	990	16,259	21,632	14,224
Profit for the period	-	-	-	-	-	-	-	-	3,784	3,784	2,722
Other comprehensive profit for the period	-	-	-	-	-	-	-	602	-	602	1,562
Total comprehensive profit for the period	-	-	-	-	-	-	-	602	3,784	4,386	4,284
Appropriation of retained earnings approved by Shareholders' meeting held as of 10.31.16	-	-	-	-	-	26	(4)	(26)	4	-	-
Shared-based compensation	-	-	-	-	-	-	-	9	-	9	70
Currency translation adjustment for interest held before business combination	-	-	-	-	-	-	-	-	-	-	2
Incorporated by business combination	-	-	-	-	-	-	-	-	-	-	45
Changes in non-controlling interest	-	-	-	-	-	-	-	(221)	-	(221)	1,629
Dividends distribution to	-	-	-	-	-	-	-	-	-	-	(1,982)

non-controlling  
interest in  
subsidiaries

Balance as of  
March 31, 2017 575 4 123 793 16 143 2,751 1,354 20,047 25,806 18,272  
(recast)

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

The previous period has been recast due to the change in the accounting policy for investment properties described in Note 2.3.

(1) Includes Ps. 1 of Inflation adjustment of treasury shares. See Note 17 to the Annual Financial Statements.

(2) Related to CNV General Resolution N° 609/12. See Notes 2.1.b) and 17 to the Annual Financial Statements.

(3) Group's other reserves for the period ended March 31, 2017 are comprised as follows.

	Cost of treasury stock	Changes in non-controlling interest	Reserve for share-based payments	Reserve for future dividends	Currency translation adjustment reserve	Hedging instruments	Reserve for defined contribution plans	Other reserves from subsidiaries	Total Other reserves
Balance as of July 1, 2016 (recast)	(29)	21	67	520	421	(37)	(10)	37	990
Other comprehensive income / (loss) for the period	-	-	-	-	553	77	(28)	-	602
Total comprehensive income / (loss) for the period	-	-	-	-	553	77	(28)	-	602
Share-based compensation	-	-	9	-	-	-	-	-	9
Appropriation of retained earnings approved by Shareholders' meeting held as of 10.31.16	-	-	-	(26)	-	-	-	-	(26)
Changes in non-controlling interest	-	(219)	-	-	-	-	-	(2)	(221)
Balance as of March 31, 2017 (recast)	(29)	(198)	76	494	974	40	(38)	35	1,354

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Eduardo S. Elsztain

President



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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Cash Flows

for the nine-month periods ended March 31, 2018 and 2017

(All amounts in millions, except otherwise indicated)

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

	Note	03.31.18	03.31.17 (recast)
Operating activities:			
Net cash generated from continuing operating activities before income tax paid	14	9,984	6,862
Income tax and MPIT paid		(848)	(784)
Net cash generated from continuing operating activities		9,136	6,078
Net cash generated from discontinued operating activities		256	234
Net cash generated from operating activities		9,392	6,312
Investing activities:			
Interest held decrease (increase) in associates and joint ventures		23	(447)
Acquisition, improvements and advance payments for constructions of investment properties		(2,326)	(1,911)
Proceeds from sales of investment properties		566	238
Acquisitions and improvements of property, plant and equipment		(2,612)	(1,825)
Proceeds from sales of property, plant and equipment		39	-
Acquisitions of intangible assets		(721)	(329)
Acquisitions of subsidiaries, net of cash acquired		(651)	(46)
Net increase of restricted assets		(744)	-
Dividends collected		111	206
Proceeds from sales of interest held in associates and joint ventures		252	-
Proceeds from loans granted		620	-
Proceeds from liquidation of an associate		8	-
Acquisitions of investments in financial assets		(15,743)	(2,351)
Proceeds from disposal of investments in financial assets		12,921	3,354
Interest received from financial assets		387	102
Dividends received from financial assets		45	-
Payment for other assets acquisition		(120)	-
Loans granted to related parties		(345)	(92)
Loans granted		(102)	-
Net cash used in continuing investing activities		(8,392)	(3,101)
Net cash (used in) / generated from discontinued investing activities		(101)	3,960
Net cash (used in) / generated from in investing activities		(8,493)	859
Financing activities:			
Borrowings		20,946	17,335
Payment of borrowings		(11,611)	(12,256)
Proceeds (payment) of short term borrowings, net		257	(875)
Payment of borrowings to related parties		-	(9)
Interests paid		(5,690)	(3,803)
Capital distributions to non-controlling interest in subsidiaries		(58)	(72)
Capital contributions from non-controlling interest in subsidiaries		384	156
Acquisition of non-controlling interest in subsidiaries		(612)	(1,005)
Proceeds from sales of non-controlling interest in subsidiaries		3,352	2,663
Dividends paid		(1,392)	(724)
Dividends paid to non-controlling interest in subsidiaries		(403)	-
Proceeds from derivative financial instruments		(12)	-

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Net cash generated from continuing financing activities		5,161	1,410
Net cash used in discontinued financing activities		(86)	(759)
Net cash generated from financing activities		5,075	651
Net increase in cash and cash equivalents from continuing activities		5,905	4,387
Net increase in cash and cash equivalents from discontinued activities		69	3,435
Net increase in cash and cash equivalents		5,974	7,822
Cash and cash equivalents at beginning of period	13	24,854	13,866
Cash and cash equivalents reclassified to held for sale		(269)	(161)
Foreign exchange gain on cash and changes in fair value of cash equivalents		2,402	852
Cash and cash equivalents at end of period	13	32,961	22,379

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

The previous period has been recast due to the change in the accounting policy for investment properties described in Note 2.3.

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Eduardo S. Elsztain

President



IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(Amounts in millions, except otherwise indicated)

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1.

The Group's business and general information

These Financial Statements have been approved for issuance by the Board of Directors, on May 9, 2018.

IRSA was founded in 1943, and it 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 direct parent company and IFIS Limited is our ultimate parent company.

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

(\* ) See note 4 for more information about the changes within the Operations Center in Israel.

2.

Summary of significant accounting policies

2.1.

Basis of preparation

These Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", therefore, should be read together with the Annual Financial Statements of the Group as of June 30, 2017 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 interim nine-month periods ended March 31, 2018 and 2017 have not been audited. The management considers they include all necessary adjustments to fairly present the results of each period. The Company's interim periods results do not necessarily reflect the proportion of the Group's full-year results.

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 this 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. 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.

IRSA Inversiones y Representaciones Sociedad Anónima

For the Groups' business in Argentina, considering the released inflation data in Argentina and the declining inflation trend in recent years, the Management is of the view that there is not enough evidence to conclude that Argentina is a hyperinflationary economy. Therefore, no restatement has been applied on financial information, as set forth by IAS 29, for the reporting periods. However, over the last years, certain macroeconomic variables, such as payroll costs and goods prices, have experienced significant annual changes, which 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, as described in Note 2 to those Financial Statements.

In addition to the policies described in the annual financial statements, during the current period the Group acquired CLN tokens, which are valued at the lower value between the cost of acquisition and the net realizable value, and were classified as other non-current assets.

2.3.

Comparability of information

Balance items as of June 30, 2017 and March 31, 2017 shown in these Unaudited Condensed Interim Consolidated Financial Statements for comparative purposes arise from financial statements then ended. As mentioned in Note 2 to the Annual Financial Statements, during the fiscal year ended June 30, 2017 the Group's Board of Directors decided to change the accounting policy for investment property from cost model to fair value model, as permitted under IAS 40. Therefore, the previously issued Interim Financial Statements were retroactively recast as required by IAS 8.

The table below includes the reconciliation between the Statements of Income and Other Comprehensive Income for the nine-month and the three-month periods ended March 31, 2017 as they were originally issued, and the recast statements included in these Financial Statements for comparative purposes. There is no impact on any of the relevant total sums of the Consolidated Statement of Cash Flows.



## IRSA Inversiones y Representaciones Sociedad Anónima

## Statement of Income and Other Comprehensive Income for the nine-month period ending as of March 31, 2017:

	Nine month 03.31.2017 (originally issued)	03.31.2017 (adjustment)	03.31.2017 (other reclassifications) g)	03.31.2017 (recast)
Revenues	55,201	-	-	55,201
Costs	(38,956)	826	a) (332)	(38,462)
Gross profit	16,245	826	(332)	16,739
Gain from disposal of investment properties	210	(182)	b) (28)	-
Net gain from fair value adjustment of investment properties	-	3,103	c) (61)	3,042
General and administrative expenses	(2,839)	-	30	(2,809)
Selling expenses	(10,249)	-	298	(9,951)
Other operating results, net	(220)	(19)	32	(207)
Profit from operations	3,147	3,728	(61)	6,814
Share of (loss) / profit of associates and joint ventures	(152)	229	d) 65	142
Profit before finance results and income tax	2,995	3,957	4	6,956
Finance income	718	-	(61)	657
Finance costs	(5,527)	-	(4)	(5,531)
Other financial results	2,420	-	61	2,481
Financial results, net	(2,389)	-	(4)	(2,393)
Profit before income tax	606	3,957	-	4,563
Income tax	137	(1,250)	e) -	(1,113)
Profit from continuing operations	743	2,707	-	3,450
Profit from discontinued operations	3,056	-	-	3,056
Profit for the period	3,799	2,707	-	6,506
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	1,224	2,074	f) -	3,298
Share of other comprehensive income / (loss) of associates and joint ventures	310	(1,833)	d) -	(1,523)
Change in the fair value of hedging instruments net of income tax	2	-	-	2
Other reserves	1	-	-	1
Items that may not be reclassified subsequently to profit or loss, net of income tax				
Actuarial loss from defined contribution plans	(23)	-	-	(23)

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Other comprehensive income for the period from continuing operations	1,514	241	-	1,755
Other comprehensive income for the period from discontinued operations	409	-	-	409
Other comprehensive income for the period	5,722	2,948	-	8,670
Profit for the period attributable to:				
Equity holders of the parent	2,138	1,646	-	3,784
Non-controlling interest	1,661	1,061	-	2,722
Total comprehensive income for the period attributable to:				
Equity holders of the parent	2,654	1,732	-	4,386
Non-controlling interest	3,068	1,216	-	4,284



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## Statement of Income and Other Comprehensive Income for the three-month period ending as of March 31, 2017:

	Three month 03.31.2017 (originally issued)	03.31.2017 (adjustment)	03.31.2017 (other reclassifications) g)	03.31.2017 (recast)
Revenues	18,370	-	-	18,370
Costs	(13,011)	295	a) (121)	(12,837)
Gross profit	5,359	295	(121)	5,533
Gain from disposal of investment properties	105	(77)	b) (28)	-
Net gain from fair value adjustment of investment properties	-	(367)	c) (61)	(428)
General and administrative expenses	(1,008)	-	8	(1,000)
Selling expenses	(3,500)	-	113	(3,387)
Other operating results, net	(97)	(17)	28	(86)
Profit from operations	859	(166)	(61)	632
Share of (loss) / profit of associates and joint ventures	(59)	143	d) (4)	80
Profit before finance results and income tax	800	(23)	(65)	712
Finance income	(14)	-	161	147
Finance costs	(659)	-	(157)	(816)
Other financial results	889	-	61	950
Financial results, net	216	-	65	281
Profit before income tax	1,016	(23)	-	993
Income tax	(197)	111	e) -	(86)
Profit from continuing operations	819	88	-	907
Loss from discontinued operations	(1,217)	-	-	(1,217)
Loss for the period	(398)	88	-	(310)
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	1,103	(307)	f) -	796
Share of other comprehensive income of associates and joint ventures	-	400	d) -	400
Change in the fair value of hedging instruments net of income tax	12	-	-	12
Other reserves	1	-	-	1
Items that may not be reclassified subsequently to profit or loss, net of income tax				
Actuarial loss from defined contribution plans	(4)	-	-	(4)

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Other comprehensive income for the period from continuing operations	1,112	93	-	1,205
Other comprehensive income for the period from discontinued operations	409	-	-	409
Other comprehensive income for the period	1,123	181	-	1,304
Profit for the period attributable to:				
Equity holders of the parent	71	(122)	-	(51)
Non-controlling interest	(469)	210	-	(259)
Total comprehensive income for the period attributable to:				
Equity holders of the parent	620	(91)	-	529
Non-controlling interest	503	272	-	775

- a)  
Corresponds to the elimination of depreciation expense from investment property, and the adjustment, if applicable, to the depreciation of property, plant and equipment to adjust the value of transfers from investment property to that item.
- b)  
It relates to the elimination of the gain from disposal of investment property, as such property is accounted for at its fair value on the date of sale, which generally coincides with the transaction price.
- c)  
It represents the net change in fair value of investment property.
- d)  
It relates to change in the value, as per the equity method, in associates and joint ventures after applying the change to equity in the accounting policy implemented by the Company.
- e)  
It reflects the tax effect on the items indicated above, as applicable.
- f)  
It pertains to exchange differences related to the change in the accounting policy implemented by the Group in subsidiaries, associates and joint ventures with functional currency other than the peso.
- g)  
See Notes 2.26 and 32 to the Annual Financial Statements.





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2.4.

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 described in Note 3 to those Financial Statements.

3.

Seasonal effects on operations

Operations Center in Argentina

The operations of the Group's shopping malls 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 malls 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 malls sales. Sale discounts at the end of each season also affect the business. As a consequence, for shopping mall 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 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) sometime between March and April, and Rosh Hashaná (Jewish New Year), sometime between September and October each year.

The results of operations of Telecommunications and 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.

Acquisitions and disposals

Significant acquisitions and disposals for the nine-month period ended March 31, 2018 are detailed below. Significant acquisitions and disposals for the fiscal year ended June 30, 2017, are detailed in Note 4 to the Annual Financial Statements.

Operations Center in Argentina

Sale of ADS of IRSA CP

During October 2017, IRSA completed the sale in the secondary market of 10,240,000 ordinary shares of IRSA CP, par value Ps. 1 per share, represented by American Depositary Shares ("ADSs"), representing four ordinary shares each, which represents nearly 8.1% of IRSA CP capital for a total amount of Ps. 2,440 (US\$ 138). After the transaction,

IRSA's direct and indirect interest in IRSA CP amounts to approximately 86.5%. This transaction was accounted in equity as an increase in the equity attributable to the parent for an amount of Ps. 271, net of taxes.

During February 2018, IRSA and a subsidiary have sold 180,075 ordinary shares of IRSA CP, par value Ps. 1 per share, which represents nearly 0.14% of IRSA CP capital for a total amount of Ps. 49. After the transaction, IRSA's direct and indirect interest in IRSA CP amounts to approximately 86.34%. This transaction was accounted in equity as an increase in the equity attributable to the parent for an amount of Ps. 0.7, net of taxes.



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Operations Center in Israel

Purchase of DIC shares by Dolphin

As mentioned in Note 7 to the Annual Financial Statements, in connection with the Promotion of Competition and Reduction of Concentration Law in Israel, after June 30, 2017, Dolphin Netherlands B.V. made a non-binding tender offer for the acquisition of all DIC shares held by IDBD. For purposes of the transaction, a committee of independent directors has been set up to assess the tender offer and negotiate the terms and conditions. The Audit Committee has issued an opinion without reservations as to the transaction in accordance with the terms of section 72 et al. of the Capital Markets Law N° 26,831.

In November 2017, Dolphin IL Investments Ltd. (Dolphin IL), a subsidiary of Dolphin Netherlands B.V., has subscribed the final documents for the acquisition of the total shares owned by IDBD in DIC.

The transaction has been made for an amount of NIS 1,843 (equivalent to NIS 17.20 per share of DIC). The consideration was paid NIS 70 in cash (equivalent to Ps. 348 as of the date of the transaction) and NIS 1,773 (equivalent to Ps. 8,814 as of the date of the transaction) were financed by IDBD to Dolphin, maturing in five years, with the possibility of an extension of three additional years in tranches of one year each, that will accrue an initial interest of 6.5% annually, which will increase by 1% annually in case of extension for each annual tranche. Furthermore, guarantees have been implemented for IDBD, for IDBD bondholders and their creditors, through pledges of different degree of privilege over DIC shares resulting from the purchase. Moreover, a pledge will be granted in relation to 9,636,097 (equivalent to 6.38%) of the shares of DIC that Dolphin currently holds in the first degree of privilege in favor of IDBD and in second degree of privilege in favor of IDBD's creditors. This transaction has no effect in the Groups consolidation structure and has been accounted in equity as a decrease in the equity attributable to the parent for an amount of Ps. 114.

It should be noted that the financial position of IDBD and its subsidiaries at the Operations Center in Israel does not affect the financial position of IRSA and subsidiaries at the Operations Center in Argentina. In addition, the commitments and other covenants resulting from IDBD's financial debt do not have impact on IRSA since such indebtedness has no recourse against IRSA and it is not granted by IRSA's assets.

Purchase of IDBD shares by IFISA

In December 1, 2017, Dolphin Netherlands BV, has executed a stock purchase agreement for all of the shares that IFISA held of IDBD, which amounted to 31.7% of the capital stock. In this way, as of the end of December 31, 2017, Dolphin holds the 100% of IDBD's shares.

The transaction was made at a price of NIS 398 (equivalent to NIS 1.894 per share and approximately to Ps. 1,968 as of the date of the transaction). As consideration of the transaction all receivables from IFISA to Dolphin have been canceled plus a payment of USD 33.7 (equivalents to Ps. 588 as of the date of the transaction). This transaction was accounted in equity as a decrease in the equity attributable to the parent for an amount of Ps. 2,923.

Tender offer for Clal

In July 2017, IDBD received a non-binding offer from an international group for the potential acquisition of its entire interest in Clal. The consideration will be based on the equity value of Clal, in accordance with Clal Financial Statement at the time of completing the transaction and is subject to the performance of a due diligence and the execution of an agreement, as well as obtaining the approvals required by law. IDBD is analyzing the offer. On June

30, 2017, this value amounted to NIS 4,880 (equivalent to approximately Ps. 23,278 as of the date of these Financial Statements), at the proportionate equity interest as of the date of the transaction. In November 2017 the period for the parties to execute an agreement for the sale of the shares, has expired. However, the parties continue negotiating according to the principles of the initial proposal. There is no certainty that the offer will go forward under the terms proposed, or that the transaction will be completed.



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Sale of Shufersal shares

On December 24, 2017, DIC sold shares of Shufersal, in a manner whereby its equity interest decreased from 53.30% to 50.12%. The consideration with respect to the sale of the aforementioned shares amounted to NIS 169.5 (equivalent to Ps. 847 as of the date of the transaction). This transaction was accounted in equity as an increase in the equity attributable to the parent for an amount of Ps. 385.

Acquisition of New Pharm

As mentioned in Note 4.G to the Annual Financial Statements, Shufersal entered into an agreement for the purchase of the shares of New Pharm Drugstores Ltd. ("New Pharm"), representative of 100% of that Company's share capital. On December 20, 2017, the transaction was completed and Shufersal is the sole shareholder of New Pharm, after the sale of one of its stores and the approval by the antitrust committee. The total consideration was NIS 126 (equivalent to Ps. 630 as of the date of the transaction).

The Group is working on the allocation of the purchase price of the net assets acquired. The information below is preliminary and is subject to change. The following table summarizes the consideration, the fair value of the assets acquired and the liabilities assumed:

	December 2017
Identified assets and assumed liabilities:	
Property, plant and equipment	200
Inventories	380
Trade and other receivables	335
Cash and cash equivalents	25
Provisions	(15)
Borrowings	(260)
Employee benefits	(25)
Trade and other payables	(930)
Total identified net assets	(290)
Goodwill (pending allocation)	920
Total consideration	630

Revenues of New Pharm as of March 31, 2018 are not significant. If New Pharm had been consolidated since the beginning of the year, the Group's consolidated statement of income for the nine-month period ended March 31, 2018 would show a pro forma income of PS. 68,256 and a pro-forma net result of Ps. 11,501.

Ispro

In August 2017, PBC's Board of Directors, decided to start a process to examine the potential sale of its interest in Ispro. In this respect, it has received several offers. As of the date of these Financial Statements, the transaction does not comply with the requirements to be classified as assets held for sale.

Israir



On January 10, 2018, the Anti-Trust Authority communicated IDBD its objection to the transaction between Sun D'or and Israir, described in note 4.f to the Annual Consolidated Financial Statements. The Group is evaluating the reasons for the objection and has appealed the ruling. The Group evaluated the situation and the criteria established by IFRS 5 and kept the classification of the investment as discontinued operations.



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Transfer of Cellcom's shares

On January 22, 2018 DIC transferred 5% of Cellcom's shares (the "Transferred Shares"), by way of a loan transaction in equal parts to two private companies incorporated in Israel, which are related parties to the Group. The agreement will be in effect from the date of its closing until December 31, 2018 and will be extended automatically for a year, until it is terminated in accordance with its terms. DIC will be entitled to terminate the agreement at any time, in its discretion, and to receive back all or some of the Transferred Shares. The Israeli entities will not be entitled to transfer the Transferred Shares to any entity whatsoever without DIC's consent. The Israeli entities will together be entitled to appoint 10% of Cellcom directors (i.e., as of the present date - one director). Additionally, the Israeli entities and the designated director will undertake to vote, together with DIC, on all resolutions which will be presented to Cellcom's general meeting. Furthermore, the economic benefits of the Transferred Shares will be kept by DIC. The Transferred Shares are pledged in favor of DIC.

5.

Financial risk management and fair value estimates

These Financial Statements do not include all the information and disclosures on financial risk management; therefore, they should be read along with Note 5 to the Annual Financial Statements. There have been no changes in risk management or risk management policies applied by the Group since year-end.

Since June 30, 2017 as of the date of this Financial Statements, 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 Financial Statements, the Group reports its financial performance separately in two Operations Centers. At the beginning of the fiscal year initiated as of July 1, 2017 the CODM reviewed certain corporate expenses associated with all the segments of the Operations Center in Argentina and Israel in an aggregate manner. During this period, the corporate expenses analysis were done separately, and it has been included as a new Corporate segment. The segment information for the period ended March 31, 2017 has been modified for comparability purposes. Below is a summary of the business unit and a reconciliation between the operating income according to segment information and the operating income of the statement of income and other comprehensive income of the Group for the periods ended March 31, 2018 and 2017:

March 31, 2018						
Operations Center in Argentina	Operations Center in Israel	Total	Joint ventures (1)	Expenses and collective promotion funds	Elimination of inter-segment transactions and non-reportable assets / liabilities	Total as per statement of income / statement of

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							financial position
Revenues	3,901	60,558	64,459	(37)	1,281	(7)	65,696
Costs	(810)	(42,667)	(43,477)	17	(1,304)	-	(44,764)
Gross profit / (loss)	3,091	17,891	20,982	(20)	(23)	(7)	20,932
Net gain from fair value adjustment of investment	11,627	1,375	13,002	(206)	-	-	12,796
properties							
General and administrative expenses	(655)	(2,825)	(3,480)	14	-	9	(3,457)
Selling expenses	(305)	(11,826)	(12,131)	6	-	-	(12,125)
Other operating results, net	(80)	610	530	17	-	(2)	545
Profit / (loss) from operations	13,678	5,225	18,903	(189)	(23)	-	18,691
Share of profit / (loss) of associates and joint ventures	569	(214)	355	216	-	-	571
Segment profit / (loss)	14,247	5,011	19,258	27	(23)	-	19,262
Reportable assets	58,387	210,539	268,926	(225)	-	11,056	279,757
Reportable liabilities	-	(186,184)	(186,184)	-	-	(34,522)	(220,706)
Net reportable assets	58,387	24,355	82,742	(225)	-	(23,466)	59,051



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March 31, 2017 (recast)

	Operations Center in Argentina	Operations Center in Israel	Total	Joint ventures (1)	Expenses and collective promotion funds	Elimination of inter-segment transactions and non-reportable assets / liabilities	Total as per statement of income / statement of financial position
Revenues	3,111	51,030	54,141	(26)	1,090	(4)	55,201
Costs	(578)	(36,750)	(37,328)	14	(1,148)	-	(38,462)
Gross profit / (loss)	2,533	14,280	16,813	(12)	(58)	(4)	16,739
Net gain from fair value adjustment of investment properties	2,204	1,021	3,225	(183)	-	-	3,042
General and administrative expenses	(476)	(2,342)	(2,818)	3	-	6	(2,809)
Selling expenses	(258)	(9,695)	(9,953)	2	-	-	(9,951)
Other operating results, net	(31)	(168)	(199)	(6)	-	(2)	(207)
Profit / (loss) from operations	3,972	3,096	7,068	(196)	(58)	-	6,814
Share of profit / (loss) of associates and joint ventures	75	(59)	16	126	-	-	142
Segment profit / (loss)	4,047	3,037	7,084	(70)	(58)	-	6,956
Reportable assets	42,467	154,795	197,262	(259)	-	6,688	203,691
Reportable liabilities	-	(134,115)	(134,115)	-	-	(25,498)	(159,613)
Net reportable assets	42,467	20,680	63,147	(259)	-	(18,810)	44,078

(1)

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

(2)

Includes deferred income tax assets, 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. 76 as of March 31, 2018.

Below is a summarized analysis of the business unit of the Group's Operations Center in Argentina for the periods ended March 31, 2018 and 2017:

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	March 31, 2018							
	Operations Center in Argentina							
	Shopping Malls	Offices	Sales and developments	Hotels	International	Corporate	Others	Total
Revenues	2,696	387	78	739	-	-	1	3,901
Costs	(234)	(33)	(40)	(465)	-	-	(38)	(810)
Gross profit / (loss)	2,462	354	38	274	-	-	(37)	3,091
Net gain from fair value adjustment of investment properties	9,023	1,537	1,067	-	-	-	-	11,627
General and administrative expenses	(229)	(65)	(60)	(145)	(35)	(113)	(8)	(655)
Selling expenses	(174)	(31)	(17)	(82)	-	-	(1)	(305)
Other operating results, net	(39)	(4)	(25)	(12)	(15)	-	15	(80)
Profit / (loss) from operations	11,043	1,791	1,003	35	(50)	(113)	(31)	13,678
Share of profit of associates and joint ventures	-	-	12	-	1	-	556	569
Segment profit / (loss)	11,043	1,791	1,015	35	(49)	(113)	525	14,247
Investment properties and trading properties	38,056	9,610	6,725	-	-	-	78	54,469
Investment in associates and joint ventures	1	-	150	-	661	-	2,598	3,410
Other operating assets	83	48	56	170	63	-	88	508
Operating assets	38,140	9,658	6,931	170	724	-	2,764	58,387





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	March 31, 2017 (recast)							
	Operations Center in Argentina							
	Shopping Malls	Offices	Sales and developments	Hotels	International	Corporate	Others	Total
Revenues	2,216	323	4	568	-	-	-	3,111
Costs	(172)	(24)	(22)	(360)	-	-	-	(578)
Gross profit / (loss)	2,044	299	(18)	208	-	-	-	2,533
Net gain from fair value adjustment of investment properties	1,382	690	132	-	-	-	-	2,204
General and administrative expenses	(179)	(56)	(24)	(100)	(30)	(86)	(1)	(476)
Selling expenses	(133)	(34)	(14)	(73)	-	-	(4)	(258)
Other operating results, net	(34)	(7)	(29)	1	(10)	-	48	(31)
Profit / (loss) from operations	3,080	892	47	36	(40)	(86)	43	3,972
Share of profit of associates and joint ventures	-	-	5	-	(55)	-	125	75
Segment profit / (loss)	3,080	892	52	36	(95)	(86)	168	4,047
Investment properties and trading properties	27,898	6,486	4,864	-	-	-	-	39,248
Investment in associates and joint ventures	-	199	106	-	655	-	1,921	2,881
Other operating assets	83	34	35	161	2	-	23	338
Operating assets	27,981	6,719	5,005	161	657	-	1,944	42,467

Below is a summarized analysis of the business unit of the Group's Operations Center in Israel for the periods ended March 31, 2018 and 2017:

	March 31, 2018						
	Operations Center in Israel						
	Real Estate	Supermarkets	Telecommunications	Insurance	Corporate	Others	Total
Revenues	3,793	42,460	14,030	-	-	275	60,558
Costs	(1,238)	(31,360)	(9,907)	-	-	(162)	(42,667)
Gross profit	2,555	11,100	4,123	-	-	113	17,891
Net gain from fair value adjustment of investment properties	1,375	-	-	-	-	-	1,375
General and administrative expenses	(261)	(650)	(1,343)	-	(270)	(301)	(2,825)
Selling expenses	(76)	(8,804)	(2,887)	-	-	(59)	(11,826)
	132	(143)	141	-	418	62	610

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Other operating results,  
net

Profit / (loss) from operations	3,725	1,503	34	-	148	(185)	5,225
Share of profit / (loss) of associates and joint ventures	31	14	-	-	-	(259)	(214)
Segment profit / (loss)	3,756	1,517	34	-	148	(444)	5,011
Operating assets	96,527	43,692	34,251	11,249	15,888	8,932	210,539
Operating liabilities	(75,726)	(30,401)	(27,183)	(919)	(47,615)	(4,340)	(186,184)
Operating assets (liabilities), net	20,801	13,291	7,068	10,330	(31,727)	4,592	24,355

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	March 31, 2017 (recast)						
	Operations Center in Israel						
	Real Estate	Supermarkets	Telecommunications	Insurance	Corporate	Others	Total
Revenues	3,830	35,030	11,721	-	-	449	51,030
Costs	(1,927)	(26,419)	(8,163)	-	-	(241)	(36,750)
Gross profit	1,903	8,611	3,558	-	-	208	14,280
Net gain from fair value adjustment of investment properties	1,021	-	-	-	-	-	1,021
General and administrative expenses	(211)	(472)	(1,143)	-	(311)	(205)	(2,342)
Selling expenses	(70)	(7,016)	(2,582)	-	-	(27)	(9,695)
Other operating results, net	31	(35)	(35)	-	(55)	(74)	(168)
Profit / (loss) from operations	2,674	1,088	(202)	-	(366)	(98)	3,096
Share of (loss) / profit of associates and joint ventures	(31)	8	-	-	-	(36)	(59)
Segment profit / (loss)	2,643	1,096	(202)	-	(366)	(134)	3,037
Operating assets	66,339	30,713	29,354	7,194	12,313	8,882	154,795
Operating liabilities	(51,907)	(23,684)	(23,488)	-	(27,475)	(7,561)	(134,115)
Operating assets (liabilities), net	14,432	7,029	5,866	7,194	(15,162)	1,321	20,680

7.

## Investments in associates and joint ventures

Changes in the Group's investments in associates and joint ventures for the nine-month period ended March 31, 2018 and for the year ended June 30, 2017 were as follows:

	March 31, 2018	June 30, 2017
Beginning of the period / year	7,813	16,835
Increase in equity interest in associates and joint ventures	104	1,102
Issuance of capital and contributions	116	160
Capital reduction	(238)	(32)
Decrease for control obtainment	-	(59)
Associates incorporated by business combination	-	107
Share of profit	571	378
Transfer to borrowings to associates (i)	(190)	-
Currency translation adjustment	538	232

Cash dividends (ii)	(127)	(250)
Distribution for associate liquidation (iii)	(72)	-
Reclassification to held for sale	(44)	(10,709)
Others	10	49
End of the period / year (iv)	8,481	7,813

(i)  
Corresponds to a reclassification made at the time of formalizing the terms of repayment of the loan with the associate in the Operations Center in Israel.

(ii)  
See Note 24.

(iii)  
It corresponds to the distribution following the liquidation of Baicom.

(iv)  
As of March 31, 2018 and June 30, 2017 includes Ps. (76) and Ps. (72) respectively, reflecting interests in companies with negative equity, which were disclosed in "Provisions" (see Note 17).



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Name of the entity	% ownership interest		Value of Group's interest in equity		Group's interest in comprehensive income / (loss)	
	March 31, 2018	June 30, 2017	March 31, 2018	June 30, 2017	March 31, 2018	March 31, 2017 (recast)
<b>Associates</b>						
New Lipstick (1)	49.9%	49.9%	(76)	(72)	(4)	(70)
BHSA	29.9%	29.9%	2,246	1,693	553	48
Condor	28.1%	28.7%	727	634	126	98
PBEL	45.4%	45.4%	709	768	43	70
Other associates	-	-	1,371	1,552	(108)	239
<b>Joint ventures</b>						
Quality	50.0%	50.0%	674	482	168	107
La Rural SA	50.0%	50.0%	114	113	14	7
Mehadrin	45.4%	45.4%	1,376	1,312	64	(34)
Other joint ventures	-	-	1,340	1,331	253	176
Total associates and joint ventures			8,481	7,813	1,109	641

(1)

Metropolitan, a subsidiary of New Lipstick, has renegotiated its non-recourse debt with IRSA, which amounted to US\$ 113.1, and obtained a debt reduction of US\$ 20 by the lending bank, an extension to April 30, 2020 and an interest rate reduction from LIBOR + 4 b.p. to 2 b.p. upon payment of US\$ 40 in cash (US\$ 20 in September 2017 and US\$ 20 in October 2017), of which IRSA has contributed with US\$ 20. Following the renegotiation, Metropolitan's debt amounts to US\$ 53.1. Additionally, Metropolitan has agreed to exercise on or before February 1, 2019 the purchase option on part of the land where the property is built and, to deposit the sum of money corresponding to 1% of the purchase price. Furthermore, Metropolitan has agreed to cause IRSA and other shareholders to furnish the bank, on or before February 1, 2020, with a payment guarantee with financial ratios acceptable to the Bank for the outstanding balance of the purchase price, or a letter of credit in relation to the loan balance then outstanding.

Below is additional information about the Group's investments in associates and joint ventures:

Name of the entity	Place of business / Country of incorporation	Main activity	Common shares 1 vote	Latest financial statements issued		
				Share capital (nominal value)	Profit / (loss) for the period	Shareholders' equity
<b>Associates</b>						
New Lipstick	U.S.	Real estate	N/A	N/A	(*) (24)	(*) (159)
BHSA	Argentina	Financial	448,689,072	(***) 1,500	(***) 1,019	(***) 8,433
Condor	U.S.	Hotel	3,337,613	N/A	(*) (9)	(*) 112
PBEL	India	Real estate	450	(**) 1	(**) (72)	(**) (453)
Other associates				N/A	N/A	N/A
<b>Joint ventures</b>						
Quality	Argentina	Real estate	105,789,342	212	337	1,341
La Rural SA	Argentina		714,498	1	76	187

		Organization of events				
Mehadrin	Israel	Agriculture	1,509,889	(**) 3	(**) (13)	(**) 525
Other joint ventures			-	N/A	N/A	N/A

(\*)

Amounts in millions of US Dollars under USGAAP. Condor's year-end falls on December 31, so the Group estimates their interest with a three-month lag, including material adjustments, if any.

(\*\*)

Amounts in millions of NIS.

(\*\*\*)

Information as of March 31, 2018 according to BCRA's standards. For the purpose of the valuation of the investment in the Company, figures as of March 31, 2018 have been considered with the necessary IFRS adjustments.





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8.  
Investment properties

Changes in the Group's investment properties for the nine-month period ended March 31, 2018 and for the year ended June 30, 2017 were as follows:

	Period ended March 31, 2018			Year ended June 30, 2017	
	Rental properties	Undeveloped parcels of land	Properties under development	Total	Total
Fair value at the beginning of the period / year	89,301	7,647	3,005	99,953	82,703
Additions	743	246	1,278	2,267	2,651
Capitalized finance costs	-	-	17	17	3
Capitalized leasing costs	16	-	1	17	24
Amortization of capitalized leasing costs (i)	(3)	-	-	(3)	(2)
Transfers	191	9	(200)	-	-
Transfers from property, plant and equipment	(130)	10	-	(120)	156
Transfers to trading properties	(351)	-	-	(351)	(14)
Transfers to assets held for sale	-	-	-	-	(71)
Assets incorporated by business combination	54	-	-	54	-
Reclassifications previous periods	-	-	-	-	(224)
Disposals due to sales	(59)	-	-	(59)	(220)
Currency translation adjustment	6,286	267	235	6,788	10,494
Net gain from fair value adjustment	11,410	1,025	361	12,796	4,453
Fair value at the end of the period / year	107,458	9,204	4,697	121,359	99,953

(i)  
Amortization charges of capitalized leasing costs were included in "Costs" in the Statements of Income (Note 20).

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

	March 31, 2018	March 31, 2017(recast)
Rental and services income	7,923	6,362
Direct operating expenses	(2,287)	(2,004)
Development expenditures	(571)	(1,265)
Net realized gain from fair value adjustment of investment properties	136	210
Net unrealized gain from fair value adjustment of investment properties	12,660	2,832

Valuation techniques are described in Note 10 to the Annual Financial Statements. There were no changes to the valuation techniques. The Company has reassessed the assumptions at the end of the period, incorporating the effect of the tax reform described in Note 18 to these financial statements, which increased the fair value of the shopping malls, which are valued with a discount cash flow model, and the variation of the exchange rate in other assets valued in US dollars.



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9.

Property, plant and equipment

Changes in the Group's property, plant and equipment for the nine-month period ended March 31, 2018 and for the year ended June 30, 2017 were as follows:

	Period ended March 31, 2018					Year ended June 30, 2017	
	Buildings and facilities	Machinery and equipment	Communication networks	Others	Total	Total	Total
Costs	17,573	4,614	8,156	1,973	32,316	25,839	
Accumulated depreciation	(1,418)	(1,152)	(1,994)	(639)	(5,203)	(1,790)	
Net book amount at the beginning of the year	16,155	3,462	6,162	1,334	27,113	24,049	
Additions	739	656	766	648	2,809	2,751	
Disposals	(5)	(24)	(44)	(9)	(82)	(241)	
Reclassification to assets held for sale	-	-	-	-	-	(1,557)	
Impairment / recovery	(41)	-	-	-	(41)	12	
Assets incorporated by business combinations	200	-	-	-	200	-	
Currency translation adjustment	2,050	444	752	192	3,438	5,013	
Transfers to investment properties	120	-	-	-	120	(156)	
Depreciation charges (i)	(663)	(498)	(939)	(465)	(2,565)	(2,758)	
Balances at the end of the period / year	18,555	4,040	6,697	1,700	30,992	27,113	
Costs	20,895	5,886	10,008	2,926	39,715	32,316	
Accumulated depreciation	(2,340)	(1,846)	(3,311)	(1,226)	(8,723)	(5,203)	
Net book amount at the end of the period / year	18,555	4,040	6,697	1,700	30,992	27,113	

(i) As of March 31, 2018, depreciation charges of property, plant and equipment were recognized as follows: Ps. 1,487 in "Costs", Ps. 159 in "General and administrative expenses" and Ps. 919 in "Selling expenses", respectively in the Statement of Income (Note 20).

10.

Trading properties

Changes in the Group's trading properties for the nine-month period ended March 31, 2018 and for the year ended June 30, 2017 were as follows:

	Period ended March 31, 2018			Year ended June 30, 2017	
	Completed properties	Properties under development	Undeveloped sites	Total	Total
	801	3,972	1,008	5,781	4,971

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Beginning of the period / year					
Additions	5	1,135	51	1,191	1,229
Capitalized finance costs	-	6	-	6	-
Currency translation adjustment	192	576	112	880	971
Transfers	325	(268)	(57)	-	-
Transfers from intangible assets	6	-	(15)	(9)	13
Transfers from investment properties	351	-	-	351	14
Disposals	(904)	(1)	(40)	(945)	(1,417)
End of the period / year	776	5,420	1,059	7,255	5,781
Non-current				4,066	4,532
Current				3,189	1,249
Total				7,255	5,781



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11.

## Intangible assets

Changes in the Group's intangible assets for the nine-month period ended March 31, 2018 and for the year ended June 30, 2017 were as follows:

	Period ended March 31, 2018							Year ended June 30, 2017
	Goodwill	Trademarks	Licenses	Customer relations	Information systems and software	Contracts and others	Total	Total
Costs	2,778	4,029	1,002	4,746	2,103	1,659	16,317	12,979
Accumulated amortization	-	(75)	(210)	(2,184)	(814)	(647)	(3,930)	(1,216)
Net book amount at the beginning of the period / year	2,778	3,954	792	2,562	1,289	1,012	12,387	11,763
Additions	-	-	-	-	429	72	501	612
Disposals	-	-	-	-	-	-	-	(52)
Reclassifications previous periods	-	-	-	-	-	-	-	31
Transfers to assets held for sale	-	-	-	-	-	-	-	(182)
Transfers to trading properties	-	-	-	-	-	9	9	(13)
Assets incorporated by business combination (i)	982	-	-	-	-	15	997	26
Currency translation adjustment	377	497	93	232	158	80	1,437	2,284
Amortization charges (ii)	-	(33)	(57)	(746)	(387)	(294)	(1,517)	(2,082)
Balances at the end of the period / year	4,137	4,418	828	2,048	1,489	894	13,814	12,387
Costs	4,137	4,542	1,129	5,036	2,840	1,955	19,639	16,317
Accumulated amortization	-	(124)	(301)	(2,988)	(1,351)	(1,061)	(5,825)	(3,930)
Net book amount at the end of the period / year	4,137	4,418	828	2,048	1,489	894	13,814	12,387

(i)

In addition to the business combination described in Note 4, there were other business combinations included which were evaluated as not material.

(ii)

As of March 31, 2018, amortization charges were recognized in the amount of Ps. 354 in "Costs", Ps. 318 in "General and administrative expenses" and Ps. 845 in "Selling expenses", in the Statement of Income (Note 20).

12.

## Financial instruments by category

The present note shows the financial assets and financial liabilities by category of financial instrument and a reconciliation to the corresponding line in the Consolidated 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. Financial assets and financial liabilities as of March 31, 2018 are as follows:

	Financial assets at amortized cost	Financial assets at fair value through profit or loss			Subtotal financial assets	Non-financial assets	Total
		Level 1	Level 2	Level 3			
March 31, 2018							
Assets as per Statement of Financial Position							
Trade and other receivables (excluding the allowance for doubtful accounts and other receivables)	17,291	-	-	2,241	19,532	4,431	23,963
Investments in financial assets:							
- Public companies' securities	-	496	-	136	632	-	632
- Private companies' securities	-	-	-	871	871	-	871
- Deposits	2,306	16	-	-	2,322	-	2,322
- Mutual funds	-	4,567	-	-	4,567	-	4,567
- Bonds	-	10,110	365	-	10,475	-	10,475
- Others	-	1,124	-	145	1,269	-	1,269
Derivative financial instruments:							
- Foreign-currency future contracts	-	-	8	-	8	-	8
- Swaps	-	-	5	-	5	-	5
- Others	-	-	11	-	11	-	11
Restricted assets	2,399	-	-	-	2,399	-	2,399
Financial assets held for sale:							
- Clal	-	10,331	-	-	10,331	-	10,331
Cash and cash equivalents:							
- Cash at bank and on hand	8,470	-	-	-	8,470	-	8,470
- Short-term investments	21,171	3,320	-	-	24,491	-	24,491
Total assets	51,637	29,964	389	3,393	85,383	4,431	89,814

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	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			
March 31, 2018							
Liabilities as per Statement of Financial Position							
Trade and other payables	18,584	-	-	-	18,584	8,593	27,177
Borrowings (excluding finance leases)	161,505	-	-	-	161,505	-	161,505
Derivative financial instruments:							
- Foreign-currency future contracts	-	-	37	-	37	-	37
- Swaps	-	-	35	-	35	-	35
- Others	-	5	-	16	21	-	21
- Forwards	-	-	108	-	108	-	108
Total liabilities	180,089	5	180	16	180,290	8,593	188,883

Financial assets and financial liabilities as of June 30, 2017 were as follows:

	Financial assets at amortized cost	Financial assets at fair value through profit or loss			Subtotal financial assets	Non-financial assets	Total
		Level 1	Level 2	Level 3			
June 30, 2017							
Assets as per Statements of Financial Position							
Trade and other receivables (excluding the allowance for doubtful accounts and other receivables)	16,575	-	-	2,156	18,731	3,819	22,550
Investments in financial assets:							
- Public companies' securities	-	1,665	-	82	1,747	-	1,747
- Private companies' securities	-	16	-	964	980	-	980
- Deposits	1,235	13	-	-	1,248	-	1,248
- Mutual funds	-	3,855	-	-	3,855	-	3,855
- Bonds	-	4,719	425	-	5,144	-	5,144
- Others	-	749	-	-	749	-	749
Derivative financial instruments:							
- Warrants	-	-	26	-	26	-	26
- Foreign-currency future contracts	-	-	27	-	27	-	27
- Swaps	-	-	29	-	29	-	29
Restricted assets	954	-	-	-	954	-	954
Financial assets held for sale:							
- Clal	-	8,562	-	-	8,562	-	8,562

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Cash and cash equivalents:

- Cash at bank and on hand	8,529	-	-	-	8,529	-	8,529
- Short term investments	14,510	1,815	-	-	16,325	-	16,325
Total assets	41,803	21,394	507	3,202	66,906	3,819	70,725

	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			
June 30, 2017							
Liabilities as per Statement of Financial Position							
Trade and other payables	16,166	-	-	-	16,166	7,713	23,879
Borrowings (excluding finance leases)	129,412	-	-	-	129,412	-	129,412
Derivative financial instruments:							
- Foreign-currency future contracts	-	-	5	-	5	-	5
- Forwards	-	5	152	10	167	-	167
Total liabilities	145,578	5	157	10	145,750	7,713	153,463



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The fair value of financial assets and liabilities at their amortized cost does not differ significantly from their book value, except for borrowings (Note 16). The fair value of payables approximates their respective carrying amounts because, due to their short-term nature, the effect of discounting is not considered significant. Fair values are based on discounted cash flows (Level 3).

The valuation models used by the Group for the measurement of Level 2 and Level 3 instruments are no different from those used as of June 30, 2017.

As of March 31, 2018, there have been no changes to the economic or business circumstances affecting the fair value of the financial assets and liabilities of the Group.

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. When no quoted prices are available in an active market, fair values (particularly with derivatives) are based on recognized valuation methods.

Description	Pricing model / method	Parameters	Fair value hierarchy	Range
Trade and other receivables - Cellcom	Discounted cash flows	Discount interest rate.	Level 3	3.3
Interest rate swaps	Cash flows - Theoretical price	Interest rate future contracts and cash flows	Level 2	-
Preferred shares of Condor	Binomial tree – Theoretical price I	Underlying asset price (Market price); share price volatility (historical) and market interest-rate (Libor rate curve).	Level 3	Underlying asset price 1.8 to 2.2 Share price volatility 58% to 78% Market interest-rate 1.7% to 2.1%
Promissory note	Discounted cash flows - Theoretical price	Market interest-rate (Libor rate curve)	Level 3	Market interest-rate 1.8% to 2.2%
Warrants of Condor	Black-Scholes – Theoretical price	Underlying asset price (Market price); share price volatility (historical) and market interest-rate.	Level 2	Underlying asset price 1.8 to 1.7 Share price volatility 58% to 78% Market interest-rate 1.7% to 2.1%
TGLT NCN			Level 3	

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	Black-Scholes – Theoretical price	Underlying asset price (Market price); share price volatility (historical) and market interest-rate (Libor rate curve).		Underlying asset price 0.5 to 1 Share price volatility 50% to 69% Market interest rate 5.5% to 7.5%
Call option of Arcos	Discounted cash flows	Projected revenues and discounting rate.	Level 3	-
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 shares in the equity funds on the basis of their Financial Statements, based on fair value or investments assessments. Projected revenue discounted at the discount rate /	Level 3	1 - 3.5
Investments in financial assets - Others	Discounted cash flow - Theoretical price	The value is calculated in accordance with shares in the equity funds on the basis of their Financial Statements, based on fair value or investment assessments.	Level 3	1 - 3.5
Derivative financial instruments – Forwards	Theoretical price	Underlying asset price and volatility	Level 2 and 3	-

The following table presents the changes in Level 3 instruments as of March 31, 2018 and June 30, 2017:

	Investments in financial assets - Public companies’ Securities	Derivative financial instruments - Forwards	Investments in financial assets - Private companies’ Securities	Investments in financial assets - Others	Trade and other receivables	Total as of March 31, 2018	Total as of June 30, 2017
Balances at beginning of the period / year	82	(10)	964	-	2,156	3,192	(7,105)
Additions and acquisitions	-	-	29	135	1,288	1,452	1,761
Transfer to level 1 (i)	-	-	(100)	-	,	(100)	-
Transfer to current trade and other receivables	-	-	-	-	(1,460)	(1,460)	(1,874)
Currency translation adjustment	23	(6)	71				