

IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
June 22, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

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

For the month of June, 2012

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

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

Republic of Argentina
(Jurisdiction of incorporation or organization)

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

Form 20-F Form 40-F

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

Yes No

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

REPORT ON FORM 6-K

Attached is an English translation of the Financial Statements for the six-month period ended on December 31, 2011 and on December 31, 2010 filed by the Company with the Comisión Nacional de Valores and the Bolsa de Comercio de Buenos Aires:

- 1 -

IRSA Inversiones y Representaciones

Sociedad Anónima

Free translation of the Unaudited Financial Statements

For the six-month periods
beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

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IRSA Inversiones y Representaciones

Sociedad Anónima and subsidiaries

Free translation of the Unaudited Consolidated Financial Statements
For the six-month periods
beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

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Company: IRSA Inversiones y Representaciones Sociedad Anónima
 Corporate address: Bolívar 108 – Buenos Aires, Argentina
 Principal activity: Real estate investment and development

Financial Statements as of December 31, 2011
 Presented in comparative form with the previous fiscal year.
 Stated in thousands of pesos
 Fiscal year No. 69 beginning July 1st, 2011

DATE OF REGISTRATION WITH
 THE PUBLIC REGISTRY OF
 COMMERCE

Of the By-laws: June 23, 1943
 Of last amendment: February 12, 2008
 Registration number with the
 Superintendence of Corporations: 213,036
 Duration of the Company: April 05, 2043
 Controlling Company: Cresud Sociedad Anónima, Comercial,
 Inmobiliaria, Financiera y
 Agropecuaria (Cresud S.A.C.I.F. y A.)
 Corporate Domicile: Moreno 877, Buenos Aires, Argentina
 Principal Activity: Agricultural, livestock and real estate
 investment
 Shareholding: 63.22%

Information related to subsidiaries is shown in Note 1.a.

CAPITAL COMPOSITION (Note 14 a. to the Basic
 Financial Statements)

Type of share	Authorized of Shares (*)	In thousands of pesos	
		Subscribed	Paid in
Common share, 1 vote each	578,676,460	578,676	578,676

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

Unaudited Consolidated Balance Sheets
as of December 31 and June 30, 2011

In thousands of pesos (Notes 1 and 2)
Free translation from the original prepared in Spanish for publication in Argentina

	December 31, 2011	June 30, 2011		December 31, 2011	June 30, 2011
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 4)	217,951	168,170	Trade accounts payable (Note 11)	161,916	153,149
Investments (Note 5)	170,330	210,183	Customer advances (Note 12)	225,634	232,863
Accounts receivable, net (Note 6)	302,544	248,998	Short-term debt (Note 13)	792,174	683,813
Other receivables (Note 7)	146,628	155,169	Salaries and social security payable (Note 14)	27,329	35,792
Inventories (Note 8)	229,593	262,660	Taxes payable (Note 15)	140,368	119,053
Total Current Assets	1,067,046	1,045,180	Other liabilities (Note 16)	47,717	79,068
			Subtotal Current Liabilities	1,395,138	1,303,738
			Provisions (Note 17)	6,396	2,019
			Total Current Liabilities	1,401,534	1,305,757
			NON-CURRENT LIABILITIES		
			Trade accounts payable (Note 11)	24	47
			Customer advances (Note 12)	105,302	94,244
NON-CURRENT ASSETS					
Accounts receivable, net (Note 6)	18,586	14,300	Long-term debt (Note 13)	1,840,947	1,756,919
Other receivables (Note 7)	178,922	161,331	Taxes payable (Note 15)	299,589	328,692
Inventories (Note 8)	92,760	89,441	Other liabilities (Note 16)	17,749	18,129
			Subtotal Non-Current Liabilities	2,263,611	2,198,031
Investments (Note 5)	2,010,128	1,946,145	Provisions (Note 17)	12,267	12,881
Fixed assets, net (Note 9)	3,372,045	3,405,851	Total Non-Current Liabilities	2,275,878	2,210,912
Intangible assets, net	50,570	42,362	Total Liabilities	3,677,412	3,516,669
Subtotal Non-Current Assets	5,723,011	5,659,430	Minority interest	315,304	316,826
Negative goodwill, net (Note 10)	(368,036)	(389,300)	SHAREHOLDERS' EQUITY		
Total Non-Current Assets	5,354,975	5,270,130	Total Liabilities and Shareholders' Equity	2,429,305	2,481,815
Total Assets	6,422,021	6,315,310		6,422,021	6,315,310

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

Alejandro G Elsztain
Vice president II
Acting as President

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Unaudited Consolidated Statements of Income
For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

In thousands of pesos, except “earnings per share” (Notes 1 and 2)
Free translation from the original prepared in Spanish for publication in Argentina

	December 31, 2011	December 31, 2010
Revenues	739,613	697,675
Costs	(257,977)	(270,431)
Gross profit	481,636	427,244
Selling expenses	(45,550)	(61,381)
Administrative expenses	(105,231)	(106,152)
Subtotal	(150,781)	(167,533)
Gain from recognition of inventories at net realizable value	35,248	35,930
Net gain from retained interest in securitized receivables	-	5,042
Operating income (Note 3)	366,103	300,683
Amortization of negative goodwill, net	8,865	1,819
Financial results generated by assets:		
Interest income	11,144	12,314
Foreign exchange gain	17,429	9,349
Other holding results	(19,519)	11,511
Subtotal	9,054	33,174
Financial results generated by liabilities:		
Interest expense	(136,217)	(101,822)
Foreign exchange loss	(91,853)	(20,655)
Other financial expenses	(6,526)	(1,951)
Subtotal	(234,596)	(124,428)
Financial results, net (Note 18 a.)	(225,542)	(91,254)
Gain on equity investees	58,570	73,721
Other expenses, net (Note 18 b.)	(7,987)	(15,279)
Income before taxes and minority interest	200,009	269,690
Income tax and Minimum Presumed Income Tax (MPIT)	(65,313)	(49,071)
Minority interest	(1,644)	(50,061)
Net income for the period	133,052	170,558
Earnings per share (Note 13 to the Unaudited Basic Financial Statements)		
Basic net income per share	0.230	0.295
Diluted net income per share	0.230	0.295

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

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Unaudited Consolidated Statements of Cash Flows
For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

In thousands of pesos (Notes 1 and 2)

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

	December 31, 2011	December 31, 2010
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of the beginning of the year	312,274	151,354
Cash and cash equivalents as of the end of the period	333,504	297,708
Net Increase in cash and cash equivalents	21,230	146,354
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	133,052	170,558
Adjustments to reconcile net income to cash flows from operating activities:		
Income tax and MPIT	65,313	49,071
Gain on equity investees	(58,570)	(73,321)
Amortization of negative goodwill, net	(8,865)	(1,819)
Minority interest	1,644	50,061
Gain from recognition of inventories at net realizable value	(35,248)	(35,930)
Allowances and provisions	19,656	32,460
Depreciation and amortization	86,971	79,148
Accrued interest	99,881	97,007
Financial results, net	135,012	(1,363)
Long-term incentive program reserve (Note 23 to the Unaudited Basic Financial Statements)	2,396	-
Net carrying value of fixed assets sold	1,138	(255)
Net loss from the derecognition of intangible assets	(536)	-
Gain from Inventory barter transactions	-	(19,332)
Net income from sales of real estate property	(3,297)	-
Additions of intangible assets	(1,438)	-
Changes in certain assets and liabilities net of non-cash transactions and effects of acquisitions:		
Increase in accounts receivable, net	(49,161)	(121,393)
Decrease (Increase) in other receivables	3,914	(28,530)
Decrease in inventories	71,372	27,174
(Increase) in intangible assets, net	-	(2,082)
Increase in trade accounts payable	18,741	78,907
(Decrease) in taxes payable, salaries and social security payable	(90,083)	(79,924)
Increase in customer advances	2,982	27,411
Decrease in other liabilities	(22,524)	(27,932)
Net cash provided by operating activities	372,350	219,916
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net loans collections	-	40
Advance payments for the acquisition of shares	-	(1,185)
Increase in current investments	(1,371)	(2,927)
Share-holding increase in equity investees	(24,040)	(788,963)
Increase in minority interest	212	-
Acquisition of undeveloped parcels of land	(200)	(115)
Acquisition and improvements of fixed assets	(49,342)	(33,858)

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(Outflows) Inflows for the acquisition / sale of subsidiaries, net	(6,651)	45,322
Collection of dividends	2,669	2,200
Loans granted to related parties, net	(10,684)	26,314
Net cash used in investing activities	(89,407)	(753,172)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (payments) in short-term and long-term debt, net	75,842	(80,059)
Loans from related parties, net	(2,821)	-
Bank overdrafts, net	19,970	190,340
Capital contribution by minority owners in related parties	6,808	2,262
Proceeds from issuance of non-convertible notes, net of expenses	-	607,449
Interest paid	(116,993)	(53,542)
Dividends paid	(219,049)	(127,079)
Payments for the acquisition of shares in related companies	(12,524)	(10,399)
Reimbursement of dividends	6,937	-
Proceeds from issuance of non-convertible notes, net of expenses	-	150,638
Payment of non convertible notes	(19,883)	-
Net cash (used in) generated by financing activities:	(261,713)	679,610
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,230	146,354

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

Alejandro G Elsztain
Vice president II
Acting as President

Unaudited Consolidated Statements of Cash Flows (Continued)
For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010

In thousands of pesos (Notes 1 and 2)
Free translation from the original prepared in Spanish for publication in Argentina

	December 31, 2011	December 31, 2010
Supplemental cash flow information		
Income tax paid	78,450	13,486
Non-cash activities:		
Decrease in inventories through an increase in fixed assets	-	9,264
Issuance of Trust Exchangeable Certificates	-	18,786
Increase in non-current investments through a decrease in other liabilities	-	16,044
Increase in non-current investments through a decrease in other receivables	-	36,229
Increase in minority interest through a decrease in other liabilities	-	20,557
Decrease in inventories through an increase in customer advances	2,602	-
Decrease in inventories through a decrease in customer advances	-	1,920
Decrease in inventories through a decrease in trade accounts payable	10,925	-
Transfer of fixed assets to inventories	10,471	-
Decrease in other investments through an increase in inventories	-	64,140
Increase in inventories through a decrease in non-current investments	-	14,541
Cumulative translation adjustment of subsidiaries	20,061	4,448
Transfer of undeveloped parcels of land to inventories	-	3,030
Increase in other receivables through an increase in taxes payable	4,795	-
Decrease in long-term debt through an increase in shareholders' equity	38	-
Decrease in intangible assets, through a decrease in trade accounts payable	1,153	-
Decrease in other receivables	8,025	-
Decrease in account receivable, net	646	-
Decrease in non-current investments	16,004	-
Decrease in trade accounts payable	(7,345)	-
Decrease in other liabilities	(17,330)	-
Increase in fixed assets, net through an increase in long-term debt	-	53,896
Composition of cash and cash equivalents at the period end		
Cash and Banks	217,951	102,688
Current investments	170,330	273,829
Subtotal cash and banks and current investments	388,281	376,517
Less: (items not considered cash and cash equivalents)		
Mutual funds	29,028	56,006
Retained interest in securitized receivables	-	1,697
Stock shares	17,128	20,611
Mortgage bonds issued by Banco Hipotecario S.A.	481	479
Interest receivable Non-Convertible Notes Cresud S.A.C.I.F. y A.	8,127	-
Other investments	13	16

Cash and cash equivalents	333,504	297,708
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Unaudited Consolidated Statements of Cash Flows (Continued)

For the six-month periods beginning on July 1, 2011 and 2010
and ended December 31, 2011 and 2010
In thousands of pesos (Notes 1 and 2)

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

	December 31, 2011	December 31, 2010
Sale/Acquisition of subsidiaries		
- Accounts receivable, net	(1,307)	278,805
- Other receivables	(1,436)	64,299
- Investments	-	97,287
- Fixed assets, net	(11,885)	2,829
- Intangible assets, net	(9,434)	-
- Trade accounts payable	1,684	(204,255)
- Customer advances	571	-
- Short-term and long-term debt	-	(91,173)
- Salaries and social security payable	49	(11,221)
- Taxes payable	418	(14,637)
- Other liabilities	64	9,381
- Trade accounts payable	-	6,625
Net value of assets deconsolidated/acquired/sold not considered cash and cash equivalents.	(21,276)	137,940
- Impairment and sale of investment	-	(15,326)
- Remaining investment	-	(28,968)
- Minority interest	(1,434)	(30,388)
- Negative goodwill, net	(12,468)	3,316
Net value of assets deconsolidated/acquired/sold	(35,178)	66,574
- Seller financing	26,989	-
- Cash in advance	1,538	(21,252)
Collection/Payment of cash from sale/acquisition of subsidiaries	(6,651)	45,322

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Notes to the Unaudited Consolidated Financial Statements

For the six-months periods beginning July 1, 2011 and 2010 and
ended December 31, 2011 and 2010

In thousands of pesos

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

NOTE 1: BASIS OF CONSOLIDATION – CORPORATE CONTROL

a. Basis of consolidation

Financial Statements have been prepared in constant currency.

The Company has consolidated its balance sheets at December 31, and June 30, 2011, statements of income and cash flows for the six-month periods ended December 31, 2011 and 2010 line by line with the financial statements of its subsidiaries, following the procedure established in Technical Resolution No. 21 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (“F.A.C.P.C.E.”) and approved by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires and by the National Securities Commission. All significant intercompany balances and transactions have been eliminated in consolidation. The Unaudited Consolidated Financial Statements include the assets, liabilities and results of operations of the following controlled subsidiaries:

COMPANIES	December	June 30,	December	June 30,
	31, 2011	2011	31, 2011	2011
	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
Ritelco S.A.	100.00	100.00	100.00	100.00
Palermo Invest S.A.	100.00	100.00	100.00	100.00
Inversora Bolívar S.A.	100.00	100.00	100.00	100.00
E-Commerce Latina S.A.	100.00	100.00	100.00	100.00
Solares de Santa María S.A. (1)	100.00	100.00	100.00	100.00
Hoteles Argentinos S.A.	80.00	80.00	80.00	80.00
Alto Palermo S.A. (“APSA”) (2)	94.87	94.89	94.87	94.89
Llao Llao Resorts S.A.	50.00	50.00	50.00	50.00
Tyrus S.A. (“Tyrus”)	100.00	100.00	100.00	100.00
Nuevas Fronteras S.A.	76.34	76.34	76.34	76.34
Unicity S.A. (1)	100.00	100.00	100.00	100.00

(1) See Note 16.7. to the Unaudited Basic Financial Statements

(2) See Note 16.2. and 18.2. to the Unaudited Basic Financial Statements

NOTE 1:

(Continued)

a. (Continued)

In addition, the assets, liabilities and results of operations of the Company subsidiaries (of which the Company holds a direct interest) that follow have been included in the Unaudited Consolidated Financial Statements, applying the proportionate consolidation method.

COMPANIES	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
	December 31, 2011	June 30, 2011	December 31, 2011	June 30, 2011
Cyrsa S.A. ("CYRSA") (1)	50.00	50.00	50.00	50.00
Canteras Natal Crespo S.A. (2)	50.00	50.00	50.00	50.00
Quality Invest S.A. ("Quality") (3)	50.00	50.00	50.00	50.00

(1) The Company holds joint control with Cyrela Brazil Realty S.A. Empreendimentos e Participações ("CYRELA"). (See Note 22 A.1.).

(2) The Company holds joint control of this company with Euromayor S.A.

(3) The Company has joint control of this company with EFESUL S.A (See Note 16.9. to the Unaudited Basic Financial Statements).

They also include assets, liabilities and net income of the companies controlled indirectly through subsidiaries.

b. Comparative Information

Balance items as of June 30, 2011 shown in these unaudited financial statements for comparative purposes arise from audited annual financial statements for the year then ended.

Balances for the six-month period ended December 31, 2011 of income and cash flows statements are shown for comparative purposes with the same period of the previous fiscal year.

The financial statements as of June 30, 2011 and December 31, 2010 originally issued have been subject to certain reclassifications required in order to present these figures comparatively with those stated as of December 31, 2011.

NOTE 1:

(Continued)

c. Additional information about Tarshop S.A.'s sale

On September 13, 2010, APSA sold 80% of Tarshop S.A.. Consequently, the Unaudited Statement of Income and the Unaudited Statement of Cash Flows as of December 31, 2010 include income and cash flows, respectively, for the two-month period in which APSA still controlled it. As from the sale, results generated from the remaining investment are disclosed under caption "Gain on equity investees".

The following table shows a summary of the effect that would have had Tarshop S.A.'s de-consolidation on the Statement of Income and Statement of Cash Flows as of December 31, 2010.

Statements of income	Financial Statements issued as of December 31, 2010 Ps.	Tarshop S.A. as of December 31, 2010 Ps.	Financial Statements assuming the sale as of December 31, 2010 Ps.
Revenues	697,675	(53,887)	643,788
Costs	(270,431)	18,032	(252,399)
Gross profit	427,244	(35,855)	391,389
Operating income (Note 3)	300,683	(16,454)	284,229
Gain on equity investees	73,721	17,525	91,246
Net income for the period	170,558	-	170,558

Statements of Cash Flows	Financial Statements issued as of December 31, 2010 Ps.	Tarshop S.A. as of December 31, 2010 Ps.	Financial Statements assuming the sale as of December 31, 2010 Ps.
Cash Flow:			
-Provided by operating activities	219,916	22,002	241,918
-(Used in) Provided by investing activities	(753,172)	101	(753,071)
-Provided by (used in) financing activities	679,610	(28,553)	651,057

NOTE 2:

SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the subsidiaries mentioned in Note 1 a., have been prepared on a consistent basis with those applied by the Company. The Note 1 a. to the Unaudited Basic Financial Statements details the most significant accounting policies. Below are the most relevant accounting policies adopted by the subsidiaries, which are not included in that note.

In addition to the description in the Unaudited Basic Financial Statements:

a. Revenue recognition

- Revenues from admission rights, leases and services

Leases with tenants are accounted for as operating leases. Tenants are generally charged a rent, which consists of the higher of: (i) a monthly base rent (the “Base Rent”) and (ii) a specified percentage of the tenant’s monthly gross retail revenues (the “Percentage Rent”) (which generally ranges between 4% and 10% of tenant’s gross revenues).

Furthermore, pursuant to the rent escalation clause in most leases, a tenant’s Base Rent generally increases between 7% and 12% each year during the term of the lease. Minimum rental income is recognized on the accrued criteria.

Certain lease agreements contain provisions, which provide for rents based on a percentage of revenues or based on a percentage of revenues volume above a specified threshold. APSA determines the compliance with specific targets and calculates the additional rent on a monthly basis as provided for in the contracts. Thus, these contingent rents are not recognized until the required thresholds are exceeded.

Generally, APSA’s lease agreements vary from 36 to 120 months. Law No. 24,808 provides that tenants may rescind commercial lease agreements after the initial six-months, upon not less than 60 days’ written notice, subject to penalties which vary from one to one and a half months rent if the tenant rescinds during the first year of its lease, and one month of rent if the tenant rescinds after the first year of its lease.

NOTE 2: (Continued)

a. (Continued)

Additionally, APSA charges its tenants a monthly administration fee related to the administration and maintenance of the common area and the administration of contributions made by tenants to finance promotional efforts for the overall shopping centers' operations. The administration fee is prorated among the tenants according to their leases, which varies from shopping center to shopping center. Administration fees are recognized monthly when earned.

In addition to rent, tenants are generally charged "admission rights", a non-refundable admission fee that tenants may be required to pay upon entering into a lease or upon lease renewal. Admission right is normally paid in one lump sum or in a small number of monthly installments. Admission rights are recognized using the straight-line method over the life of the respective lease agreements.

· Lease agent operations

Fibesa S.A., company in which APSA has shares of 99.99996%, acts as the leasing agent for APSA bringing together APSA and potential lessees for the retail space available in certain of the APSA's shopping centers. Fibesa S.A.'s revenues are derived primarily from collected commissions calculated as a percentage of the final rental income value, admission rights and commissions from rental of advertising spaces. Revenues are recognized at the time that the transaction is successfully concluded.

• Consumer Financing operations

Revenues derived from credit card transactions consist of commissions and financing income, charges to clients for life and disability insurance and for statements of account, among others. Commissions are recognized at the time the merchants' transactions are processed, while the rest financing income is recognized when accrued. Income generated from granting consumer loans mainly includes financial interests, which are recognized by the accrual method during the period, irrespective of whether collection has or has not been made.

NOTE 2: (Continued)

a. (Continued)

- Hotel operations

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

b. Investments

- Equity investees and other non-current investments

The interests held in entities over which the Company does not exert control, joint control or significant influence have been measured for accounting purposes at cost plus any declared dividends.

Given the sale of 80% of Tarshop S.A.'s shares described in Note 22 B.3., as of the date of issuance of these unaudited financial statements, APSA maintains a 20% investment in Tarshop S.A. that is valued by the equity method due to the existence of significant influence by the group of companies on Tarshop S.A.'s decisions and the intention to keep it as a long-term investment.

The equity investments in TGLT S.A. and Hersha Hospitality Trust were valued at their acquisition cost.

c. Intangible assets, net

Intangible assets are carried at restated cost less accumulated amortization and corresponding allowances for impairment in value, if applicable. Included in the intangible assets caption are the following:

- Concession

Intangible assets include Arcos del Gourmet S.A.'s concession right, which will be amortized over the life of the concession agreement (see Notes 22 B.1. and 24 B.5.), after the opening of the shopping center.

- Trademarks

Trademarks include the expenses and fees related to their registration.

NOTE 2: (Continued)

c.

(Continued)

- Pre-operating and organization expenses

These expenses are amortized by the straight-line method in 3 years, starting upon the opening of the shopping center.

The net carrying value of these assets does not exceed their estimated recoverable value at period/year end.

- Non-compete agreement

These expenses were amortized by the straight-line method in 28 months, starting upon December 1st, 2009.

Under the agreement executed with Banco Hipotecario S.A. for the sale of Tarshop S.A.'s shares, APSA has signed a non-compete agreement in favor of BHSA and has thus written off this intangible (See Note 22 B.3.).

d. Negative Goodwill, net

Amortizations were calculated through the straight-line method on the basis of an estimated useful life considering the weighted average of the remaining useful life of the assets acquired.

The residual value of goodwill arising from the acquisition of net assets and shares in companies has been shown in the "Negative goodwill, net" caption. Amortizations were classified in the "Amortization of the negative goodwill, net" caption of the Statement of Income. Goodwill related to the acquisition of interest in subsidiaries is included in non-current investments.

Values thus obtained do not exceed the respective estimated recoverable values at period/year end.

NOTE 2: (Continued)

e. Liabilities in kind related to barter transactions

Liabilities in kind corresponding to obligations to deliver units to be built are valued considering the value of the assets received or the cost of construction of the units to deliver plus necessary additional costs to transfer the assets to the creditor, the largest, thus reducing its value pro rata the units that are granted notarial titled deed. Liabilities in kind have been shown in the "Trade account payables" caption.

NOTE 3: NET INCOME BY BUSINESS SEGMENT

The Company has determined that its reportable segments are those that are based on the Company's method of internal reporting. Accordingly, the Company has six reportable segments. These segments are Development and Sale of properties, Office and other Non-Shopping center Rental Properties, Shopping centers, Hotel Operations, Consumer financing and Financial operations and others.

A general description of each segment follows:

- Development and Sale of properties

This segment includes the operating results of the Company's construction and/or sale of property business.

- Office and other Non-Shopping center Rental Properties

This segment includes the operating results of lease and service revenues of office space and other building properties from tenants.

- Shopping centers

This segment includes the operating results of shopping centers activities.

NOTE 3:

(Continued)

- Hotel operations

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

- Consumer financing

Includes the results of granting of consumer credits, of credit cards receivables and related securitization programs carried through Tarshop S.A. (See Note 1 c.) and APSAMEDIA S.A. (See Note 22 B.11.).

- Financial operations and others

This segment primarily includes results related to or generated by security transactions and other non-core activities of the Company. This segment also includes gain/loss in equity investees of the company related to the banking industry.

The Company measures its reportable segments based on operating result. Inter-segment transactions, if any, are accounted for at current market prices. The Company evaluates performance of its segments and allocates resources to them based on operating result. The Company is not dependent on any single customer.

The accounting policies of the segments are the same as those described in Note 1 to the Unaudited Basic Financial Statements and in Note 2 to the Unaudited Consolidated Financial Statements.

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NOTE 3: (Continued)

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

As of December 31, 2011

	Development and Sale of Properties	Office and Other Non-Shopping Center Rental Properties (a)	Shopping Centers	Hotel Operations	Consumer Financing	Financial Operations and Others	Total
Revenues	124,166	91,205	435,980	85,034	3,228	-	739,613
Costs	(94,444)	(15,689)	(90,198)	(55,222)	(2,424)	-	(257,977)
Gross profit	29,722	75,516	345,782	29,812	804	-	481,636
Selling expenses	(9,213)	(4,463)	(22,879)	(10,919)	1,924	-	(45,550)
Administrative expenses	(19,166)	(21,645)	(42,617)	(21,523)	(280)	-	(105,231)
Subtotal	(28,379)	(26,108)	(65,496)	(32,442)	1,644	-	(150,781)
Gain from recognition of inventories at net realizable value	35,248	-	-	-	-	-	35,248
Operating income/(loss)	36,591	49,408	280,286	(2,630)	2,448	-	366,103
Depreciation and amortization (b)	47	11,294	69,091	6,535	4	-	86,971
Acquisition of fixed assets, net and intangible assets, net	-	10,113	36,319	2,910	-	-	49,342
Non-current investments in equity investees	87,560	208,804	-	295,497	39,672	977,937	1,609,470
Operating assets	736,358	1,348,769	2,441,498	502,588	18,506	977,937	6,025,656
Non-operating assets	37,462	31,523	(179,119)	73,936	44,282	388,281	396,365
Total assets	773,820	1,380,292	2,262,379	576,524	62,788	1,366,218	6,422,021
Operating liabilities	20,320	117,533	477,358	39,932	5,430	-	660,573
Non-operating liabilities	524,197	468,964	1,614,057	226,237	2,271	181,113	3,016,839
Total liabilities	544,517	586,497	2,091,415	266,169	7,701	181,113	3,677,412

- (a) Includes offices, commercial and residential premises.
 - (b) Included in operating income
-

NOTE 3: (Continued)

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

As of December 31, 2010

	Development and Sale of Properties	Office and Other Non-Shopping Center Rental Properties (a)	Shopping Centers	Hotel Operations	Consumer Financing (1)	Financial Operations and Others	Total
Revenues	117,329	81,712	330,736	105,106	62,792	-	697,675
Costs	(87,838)	(14,535)	(83,928)	(62,626)	(21,504)	-	(270,431)
Gross profit	29,491	67,177	246,808	42,480	41,288	-	427,244
Selling expenses	(4,428)	(4,928)	(19,045)	(12,092)	(20,888)	-	(61,381)
Administrative expenses	(22,343)	(23,824)	(34,258)	(19,475)	(6,252)	-	(106,152)
Subtotal	(26,771)	(28,752)	(53,303)	(31,567)	(27,140)	-	(167,533)
G a i n f r o m recognition of inventories at net realizable value	35,930	-	-	-	-	-	35,930
G a i n f r o m retained interest in securitized receivables	-	-	-	-	5,042	-	5,042
Operating income	38,650	38,425	193,505	10,913	19,190	-	300,683
Depreciation and amortization (b)	217	11,247	59,888	7,099	697	-	79,148
Acquisition of fixed assets, net and intangible assets, net	14	573	27,963	5,257	51	-	33,858
Non-current investments in equity investees (c)	84,062	207,074	-	277,248	49,459	923,807	1,541,650
Operating assets (c)	671,738	1,367,767	2,413,943	479,881	26,198	1,007,869	5,967,396
Non-operating assets (c)	40,754	44,846	(175,462)	36,913	22,510	378,353	347,914
Total assets (c)	712,492	1,412,613	2,238,481	516,794	48,708	1,386,222	6,315,310
Operating liabilities (c)	24,491	137,990	402,523	39,030	31,112	-	635,146
Non-operating liabilities (c)	483,151	436,886	1,568,627	198,135	-	194,724	2,881,523

Total liabilities

(c)	507,642	574,876	1,971,150	237,165	31,112	194,724	3,516,669
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(a) Includes offices, commercial and residential premises.

(b) Included in operating income

(c) Information as of June 30, 2011

(1) See Note 1.c..

NOTE 4: CASH AND BANKS

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Cash on hand	2,693	1,768
Bank accounts	215,258	166,402
	217,951	168,170

NOTE 5: INVESTMENTS

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Current		
Mutual funds	144,581	204,167
Stock shares	17,128	2,912
Mortgage bonds issued by Banco Hipotecario S.A.	481	477
Other investments	13	12
Interest receivable Non-Convertible Notes Cresud S.A.C.I.F. y A. (Note 24 B.4.)	8,127	2,615
Total Current	170,330	210,183
Non-current		
Banco Hipotecario S.A. (1)	971,304	917,690
Banco de Crédito & Securitización S.A. (Note 16.10. to the Unaudited Basic Financial Statements)	6,633	6,117
Hersha Hospitality Trust (Note 22 A.2.)	274,107	277,248
New Lipstick LLC (Note 22 A.3.)	120,854	115,946
Rigby 183 LLC (Note 22 A.6.)	87,950	91,128
Tarshop S.A. (Note 22 B.3.)	39,672	49,459
Bitania 26 S.A. (Note 22 A.8.)	21,390	-
TGLT S.A. (Notes 22 B.12. and 16.8. to the Unaudited Basic Financial Statements)	59,031	56,381
Manibil S.A.	28,529	27,681
Advance payments for the acquisition of shares (Note 16.10. to the Unaudited Basic Financial Statements)	272	1,797
Non-convertible Notes Cresud S.A.C.I.F. y A. (Note 24 B.4.)	2,690	7,706
Other investments	535	501
Subtotal	1,612,967	1,551,654

NOTE 5:

(Continued)

	December 31, 2011	June 30, 2011
Undeveloped parcels of land:		
Santa María del Plata	158,750	158,742
Puerto Retiro (2)	54,275	54,370
Caballito plot of land	45,814	45,814
Patio Olmos (Note 22 B.4.)	33,385	33,475
Zetol plot of land (Note 22 A.5.)	33,289	31,721
Air Space Coto	16,110	16,110
Air Space Soleil Factory	6,676	6,676
Vista al Muelle plot of land (Note 22 A.5.)	23,231	22,140
Canteras Natal Crespo	5,967	5,779
Pilar	3,408	3,408
Other undeveloped parcels of land	16,256	16,256
Subtotal	397,161	394,491
Total non-current	2,010,128	1,946,145

(1) As of December 31, and June 30, 2011, includes Ps. 25,351 and Ps. 21,863, respectively, as goodwill and higher and lesser values and unrealized profits resulting from intergroup transactions. As of December 31, and June 30, 2011 represents 446,515,208 shares with a quoted value at closing equivalent to Ps. 1.48 and Ps. 2.36 per share, respectively.

(2)

See Note 21 A.(i).

NOTE 6: ACCOUNT RECEIVABLE, NET

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Leases and services and from the sale of properties receivables	116,598	18,586	97,025	14,300
Checks to be deposited	111,722	-	95,226	-
Consumer financing receivables	14,314	-	70,248	-
Hotel receivables	15,647	-	9,954	-
Related parties (Note 19)	8,043	-	8,767	-
Receivables with collection agents	4,616	-	4,869	-
Pass-through expenses receivables	36,096	-	18,953	-
Debtors under legal procedures	50,691	-	48,954	-
Receivables from the sale of fixed assets	-	-	4,034	-
Notes receivables	12,537	-	5,987	-
Credit cards receivables	523	-	497	-
Less:				
Allowance for leases, services and from sale of properties receivables and consumer financing receivables	(67,789)	-	(114,946)	-
Allowance for hotel receivables	(454)	-	(570)	-
	302,544	18,586	248,998	14,300

NOTE 7:

OTHER RECEIVABLES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Related parties (Note 19)	45,384	434	42,270	415
Prepaid expenses and services	36,254	4,018	43,632	3,114
Value Added Tax ("VAT")	38,202	44,009	42,386	49,059
Gross revenue tax	5,337	1,225	6,947	1,067
MPIT	2,565	91,205	1,824	84,492
Income tax, net	1	-	2,373	-
Loans granted, net	684	-	644	-
Deferred Income Tax	-	43,400	-	30,383
Mortgage receivable	-	2,208	-	2,208
Others	18,201	4,673	15,093	4,478
Less:				
Allowance for doubtful mortgage receivable	-	(2,208)	-	(2,208)
Present value	-	(10,042)	-	(11,677)
	146,628	178,922	155,169	161,331

NOTE 8:

INVENTORIES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Horizons Project (Note 22 A.1.)	175,782	-	209,458	-
Caballito Nuevo (1)	2,660	441	5,473	-
Rosario plot of land (2)	6,220	-	25,511	-
Units to be received Beruti (Note 19)(3)	-	23,608	-	23,309
Units to be received Caballito (Note 19)(4)	-	52,205	-	51,999
El Encuentro (5)	1,665	1,680	4,432	1,486
Torres de Rosario (Note 22 B.5.)	13,625	5,805	9,320	4,388
Plots of land receivable Pereiraola (6)	-	8,200	-	8,200
Inventories (hotel operations)	3,938	-	3,575	-
Abril	358	727	1,085	-
Museo Renault (7)	21,148	-	-	-
Other inventories	4,197	94	3,806	59
	229,593	92,760	262,660	89,441

(1) See Note 5 (2) to the Unaudited Basic Financial Statements.

(2) See Note 22 B.10.

(3) See Note 22 B.6.

(4) See Note 16.11 to the Unaudited Basic Financial Statements.

(5) See Note 5 (3) to the Unaudited Basic Financial Statements.

(6) See Note 16.3 to the Unaudited Basic Financial Statements.

(7) See Note 16.1 to the Unaudited Basic Financial Statements.

NOTE 9:

FIXED ASSETS, NET

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Hotels		
Llao Llao	72,802	75,207
Intercontinental Buenos Aires	52,678	52,288
Sheraton Libertador	39,482	41,091
Bariloche plots of land	21,900	21,900
Subtotal Hotels	186,862	190,486
Office buildings		
Edificio República	213,161	215,535
Torre BankBoston	151,144	152,498
Bouchard 551	147,078	148,242
Intercontinental	77,163	78,394
Dot Baires Office Building	104,069	105,144
Bouchard 710	63,764	64,277
Dique IV	61,092	62,218
Maipú 1300	36,213	36,904
Costeros Dique IV	18,229	18,523
Libertador 498 (See Note 16.1 to the Unaudited Basic Financial Statements)	9,819	12,024
Suipacha 652	10,258	10,484
Avda. De Mayo 595	4,138	4,255
Madero 1020	187	197
Rivadavia 2768	178	191
Sarmiento 517	237	244
Subtotal Office buildings	896,730	909,130
Other fixed assets		
Catalinas Norte plot of land	108,802	102,666
Santa María del Plata	12,511	12,508
Constitución 1159	6,387	6,387
Museo Renault (See Note 16.1 to the Unaudited Basic Financial Statements)	1,825	4,692
Thames (See Note 16.1 to the Unaudited Basic Financial Statements)	-	3,897
Casona Abril	2,424	2,525
Constitución 1111	833	854
Alto Palermo Park	540	542
Predio San Martín	69,435	69,994
Other	6,634	5,350
Subtotal Other fixed assets	209,391	209,415

NOTE 9: (Continued)

	December 31, 2011	June 30, 2011
Shopping Centers		
Dot Baires	488,790	495,836
Abasto	321,700	325,352
Alto Palermo	267,347	279,937
Patio Bullrich	133,984	136,466
Mendoza Plaza	121,658	123,312
Alto Rosario	138,286	138,472
Alto Avellaneda	165,836	169,456
Paseo Alcorta	133,140	133,090
Córdoba Shopping - Villa Cabrera (Note 24 B.1.)	77,761	78,527
Soleil Factory	72,090	68,578
Alto NOA	40,565	40,912
La Ribera	12,292	-
Suppliers advances	16,930	11,151
Neuquén Project (Note 24 B.2.)	20,691	17,063
Buenos Aires Design	16,711	18,103
Other fixed assets	18,157	28,815
Other properties	23,860	22,486
Units to be received Beruti	9,264	9,264
Subtotal Shopping Centers	2,079,062	2,096,820
Total	3,372,045	3,405,851

NOTE 10: NEGATIVE GOODWILL, NET

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Goodwill:		
Alto Palermo S.A.	19,375	20,194
Arcos del Gourmet S.A.	6,259	-
Torre BankBoston	5,377	5,481
Nuevo Puerto Santa Fe S.A.	6,209	-
Museo Renault	1,127	2,951
Conil S.A.	343	343
Subtotal goodwill	38,690	28,969

NOTE 10: (Continued)

	December 31, 2011	June 30, 2011
Negative goodwill:		
Alto Palermo S.A. (Note 16.2. to the Unaudited Basic Financial Statements)	(347,973)	(358,080)
Palermo Invest S.A.	(37,141)	(38,180)
Empalme S.A.I.C.F.A. y G.	(5,878)	(6,127)
Mendoza Plaza Shopping S.A.	(2,697)	(2,783)
Unicity S.A.	(3,601)	(3,601)
Emprendimiento Recoleta S.A.	(102)	(127)
Soleil Factory	(9,334)	(9,371)
Subtotal negative goodwill	(406,726)	(418,269)
Total negative goodwill, net	(368,036)	(389,300)

NOTE 11: TRADE ACCOUNTS PAYABLE

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Suppliers	56,842	24	42,414	47
Accruals	71,197	-	60,830	-
Liabilities in kind "Horizons Project" (See Note 22 A.1.)	25,518	-	36,443	-
Related parties (Note 19)	5,177	-	9,905	-
Others	3,182	-	3,557	-
	161,916	24	153,149	47

NOTE 12: CUSTOMER ADVANCES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Customers advances	115,934	-	137,020	-
Admission rights	69,204	77,196	60,822	66,885
Lease advances	40,496	28,106	35,021	27,359
	225,634	105,302	232,863	94,244

NOTE 13: SHORT-TERM AND LONG-TERM DEBT

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Bank overdrafts	440,279	-	420,032	-
Bank loans (1)	207,906	28,887	128,448	27,585
Non-Convertible Notes – APSA 2012 US\$ 154 M (6)	14,329	-	28,889	-
Convertible Notes- APSA 2014 – US\$ 50 M (5)	2	3,846	3	4,640
Non-Convertible Notes – APSA 2017 US\$ 120 M (4)	4,516	455,129	4,490	432,591
Non-Convertible Notes – 2017 (3)	21,990	641,956	20,960	612,419
Non-Convertible Notes – 2020 (3)	32,287	627,467	30,800	598,116
Related parties (Note 19)	2,504	-	2,345	-
Seller financing (2)	68,361	83,662	47,846	81,568
	792,174	1,840,947	683,813	1,756,919

(1) Balances as of December 31, 2011 includes:

- (a) Ps. 30,103 as current balance and Ps. 28,887 as a non-current balance related to debt for purchase República building (see Note 8 (1) a) to the Unaudited Basic Financial Statements).
- (b) Ps. 60,713 as current corresponding to loans granted by Banco Provincia due in May and July, 2012 respectively, at a nominal fixed rate of 14% per annum. (See Note 8 (1) b) to the Unaudited Basic Financial Statements).
- (c) Ps. 19,398 current balance corresponding to Hoteles Argentinos S.A.'s mortgage loan. (Note 21.A. (ii)).
- (d) Ps. 5,724 current balance, which pertain to a loan of Nuevas Fronteras S.A. from Standard Bank Argentina, due in June 2012 at a fixed rate of 15.55%.
- (e) Ps. 4,781 as current balance, which pertain to loans of Nuevas Fronteras S.A. from Standard Bank Argentina, due in December 2011 and June 2012, respectively, at a fixed rate in dollars of 3.7% and 3.9% respectively. The amount is disclosed net of issuance expenses for Ps. 222.
- (f) Ps. 15,201 as current balance, which pertain to a loan of Nuevas Fronteras S.A. from Banco de San Juan, due in November 2012, at a fixed rate of 15.75% per annum.
- (g) Ps. 50,129 as current corresponding to a loan granted by Banco Nación due in November 2012 at a nominal Badlar rate plus 400 basic points.
- (h) Ps. 21,526 as current corresponding to a loan of Real Estate Investment Group L.P. with Citibank N.A., due in December 28, 2012 at a LIBOR rate plus 2.75%.
- (i) Ps. 331 which pertain to miscellaneous.

(2) Balances as of December 31, 2011 includes mainly:

- (a) Ps. 23,232 as current balance and a Ps. 11,621 as non-current balance to the debt from acquisition of Zetol S.A. (See Note 22 A.5.).
- (b) Ps. 12,919 as current balance and a Ps. 1,608 as non-current balance related to the seller financing for purchase of Arcos del Gourmet S.A. (See Note 22 B.1.).
- (c) Ps. 1,361 as current balance and a Ps. 35,639 as non-current balance related to the debt from acquisition of Soleil Factory (See Note 22 B.2.).
- (d) Ps. 18,756 as current balance and Ps. 33,141 as non-current balance related to the debt for purchase of Predio San Martín. (Note 22 A.7.).

(e) Ps. 12,093 as current balance and a Ps. 1,653 as non-current balance corresponding to the debt from acquisition of Nuevo Puerto de Santa Fe S.A. (See Note 22 B.9.).

(3) See Note 17 to the Unaudited Basic Financial Statements.

(4) See Note 23 A.2. Disclosed net of the issuance debt costs to be accrued for Ps. 2,464 and Ps. 5,600 lower value. See Note 18.1 to the Unaudited Basic Financial Statements

(5) Corresponds to the outstanding balance of Convertible Notes into shares ("CNB") issued originally by APSA for an outstanding amount of US\$ 50,000, as detailed in Note 23 A.1., net of the CNB underwritten by the Company as of December 31, 2011 for Ps.6,175 current and Ps. 136,601 non-current. As of December 31, 2011, the non-current balance includes a higher value of Ps. 3,811.

(6) See Note 23 A.2. Disclosed net of the Notes held by the Company for Ps. 13,276 and issuance debt costs to be accrued for Ps. 7 and Ps. 1,020 of higher value.

NOTE 14: SALARIES AND SOCIAL SECURITY PAYABLE

The breakdown for this item is as follows:

	December 31, 2011	June 30, 2011
Provision for vacation and bonuses	16,339	27,333
Social Security payable	6,810	7,596
Salaries payable	2,815	61
Others	1,365	802
	27,329	35,792

NOTE 15: TAXES PAYABLE

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Income tax provision, net	70,884	-	67,912	-
Tax amnesty plan for income tax payable	1,923	16,431	1,759	17,386
VAT, net	18,118	-	21,615	-
MPIT, net	2,475	5,743	1,933	-
Gross revenue tax payable	5,756	-	1,607	-
Tax withholdings	9,206	-	13,345	-
Provision for tax on shareholders personal assets	4,575	-	3,961	-
Tax amnesty plan for gross revenue tax	1,791	3,736	486	832
Tax amnesty plan for ABL	142	-	1,464	1,927
Deferred Income Tax	-	273,679	-	308,547
Others	25,498	-	4,971	-
	140,368	299,589	119,053	328,692

NOTE 16:

OTHER LIABILITIES

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Accrual for Directors' fees(1) (Note 19)	6,383	-	15,612	-
Guarantee deposits	3,900	8,100	4,128	6,302
Derivative financial instrument (Note 25.a))	1,751	-	-	-
Payables to National Parks Administration (Note 20)	1,100	-	1,100	-
Contributed leasehold improvements (Note 24 B.3.)	266	9,037	332	9,170
Other payable	-	-	16,004	-
Related parties (Note 19)	16,248	20	35,674	20
Dividends payable	3,128	-	-	-
Loans with shareholders of related parties	7,750	263	1,000	252
Present value	-	(93)	-	(95)
Others	7,191	422	5,218	2,480
	47,717	17,749	79,068	18,129

(1)As of December 31 and June 30, 2011, disclosed net of advances to Directors for Ps. 21,040 and Ps. 37,544 , respectively.

NOTE 17:

PROVISIONS

The breakdown for this item is as follows:

	December 31, 2011		June 30, 2011	
	Current	Non-current	Current	Non-current
Allowance for contingencies	6,396	12,267	2,019	12,881
	6,396	12,267	2,019	12,881

NOTE 18 a.:

FINANCIAL RESULTS, NET

The breakdown for this item is as follows:

	December 31, 2011	December 31, 2010
Financial results generated by assets:		
Interest income	8,947	9,991
Interest on discounting assets	2,197	2,323
Subtotal interest income	11,144	12,314
Foreign exchange gain	17,429	9,349
(Loss)/Gain on financial operations	(19,519)	11,511
Subtotal other holding results	(19,519)	11,511
Total financial results generated by assets	9,054	33,174
Financial results generated by liabilities:		
Interest expense	(136,210)	(101,882)
Interest on discounting liabilities	(7)	60
Subtotal interest expense	(136,217)	(101,822)
Foreign exchange loss	(91,853)	(20,655)
Loss on derivative financial instruments	(2,100)	-
Others	(4,426)	(1,951)
Subtotal other financial expenses	(6,526)	(1,951)
Total financial results generated by liabilities	(234,596)	(124,428)
Total financial results, net	(225,542)	(91,254)

NOTE 18 b.:

OTHER EXPENSES, NET

The breakdown for this item is as follows:

	December 31, 2011	December 31, 2010
Other income:		
Recovery of allowances	1,811	9
Sale of client base and assignment of portfolio	385	-
Others	2,053	274
Subtotal other income	4,249	283
Other expenses:		
Donations	(4,579)	(4,070)
Tax on Shareholders' personal assets	(2,035)	(2,440)
Provision for contingencies	(3,696)	(1,708)
Unrecoverable VAT	(19)	(560)
Others	(1,907)	(6,784)
Subtotal other expenses	(12,236)	(15,562)
Total Other expenses, net	(7,987)	(15,279)

NOTE 19: COMPANIES UNDER LAW No. 19,550 SECTION 33 AND OTHER RELATED PARTIES

a. Balances as of December 31 and June 30, 2011 held with related companies, persons and shareholders are as follows:

Related parties	Account receivables – current	Other receivables – current	Other receivables – non current	Inventories – Units to be received Beruti and Caballito – non current	Trade accounts payable – current	– Short-term debt	Other liabilities – current	Other liabilities – non current	Totals
Baicom Networks S.A. (4)	1	17	434	-	(4)	-	(23)	-	425
Banco Hipotecario S.A. (2)	276	-	-	-	(1,045)	-	-	-	(769)
Cactus Argentina S.A. (2)	32	-	-	-	(3)	-	-	-	29
Canteras Natal Crespo S.A. (4)	434	48	-	-	-	-	-	-	482
Consorcio Libertador (3)	32	25	-	-	(27)	-	(4)	-	26
Consorcio Dock del Plata (3)	-	-	-	-	(76)	-	-	-	(76)
Consorcio Torre Boston (3)	38	199	-	-	(141)	-	-	-	96
Consultores Assets Management S.A. (3)	2,087	29	-	-	(10)	-	-	-	2,106
Cresud S.A.C.I.F. y A. (5)	52	27,974	-	-	(236)	-	(14,884)	-	12,906
Cyrsa S.A. (4)	134	220	-	-	(179)	-	(185)	-	(10)
Directors (3)	1	156	-	-	(49)	-	(6,383)	(20)	(6,295)
Elsztain Managing Partners Ltd (3)	-	-	-	-	-	-	(34)	-	(34)
Elsztain Reality Partner Master Fund I (3)	-	105	-	-	-	-	(92)	-	13
Elsztain Reality Partner Master Fund II (3)	-	13	-	-	-	-	(2)	-	11
	-	116	-	-	-	-	-	-	116

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Elsztain Reality Partner Master Fund III (3)									
Estudio Zang, Bergel y Viñes (3)	-	51	-	-	(568)	-	-	-	(517)
Fundación IRSA (3)	41	2	-	-	(1)	-	-	-	42
Futuros y Opciones.com S.A. (2)	69	-	-	-	(8)	-	-	-	61
Hersha Hospitality Trust (2)	-	2,817	-	-	-	-	-	-	2,817
Irsa Developments LP (2)	-	8	-	-	-	-	(4)	-	4
Real Estate Strategies LP (2)	-	80	-	-	-	-	(9)	-	71
Lipstick Management LLC (2)	-	438	-	-	-	-	-	-	438
Museo de los Niños (3)	1,688	-	-	-	(31)	-	-	-	1,657
New Lipstick LLC (2)	-	1,527	-	-	-	-	(692)	-	835
Nuevo Puerto Santa Fe (4)	77	-	-	-	(54)	-	(7)	-	16
Personnel loans (3)	36	5,803	-	-	(350)	-	(256)	-	5,233
Puerto Retiro S.A. (4)	59	60	-	-	(5)	-	-	-	114
Quality Invest S.A. (4)	178	-	-	-	-	-	(56)	-	122
Tarshop S.A. (2)	1,174	5,696	-	-	(1)	-	-	-	6,869
TGLT S.A. (2)	1,634	-	-	75,813	(2,389)	(2,504)	-	-	72,554
Totals as of December 31, 2011	8,043	45,384	434	75,813	(5,177)	(2,504)	(22,631)	(20)	99,342

NOTE 19: (Continued)

a. (Continued)

Related parties	Account receivables - current	Other receivables - current	Other receivables - non current	Inventories – Units to be received Beruti Caballito- non current	Trade accounts payable - current	Short-term debt	Other liabilities – current	Other liabilities – non current	Totals
Baicom Networks S.A. (4)	61	6	415	-	-	-	-	-	482
Banco Hipotecario S.A. (2)	225	-	-	-	(252)	-	-	-	(27)
Cactus Argentina S.A. (2)	28	-	-	-	(3)	-	-	-	25
Canteras Natal Crespo S.A. (4)	403	41	-	-	-	-	-	-	444
Consorcio Libertador (3)	140	16	-	-	(65)	-	(4)	-	87
Consorcio Torre Boston (3)	1,076	344	-	-	(836)	-	-	-	584
Consultores Assets Management S.A. (3)	997	29	-	-	(10)	-	-	-	1,016
Cresud S.A.C.I.F. y A. (5)	19	19,112	-	-	(71)	-	(15,778)	-	3,282
Cyrsa S.A. (4)	1,750	11	-	-	(1,725)	-	-	-	36
Directors (3)	2	155	-	-	-	-	(15,612)	(20)	(15,475)
Elsztain Managing Partners Ltd (3)	-	-	-	-	-	-	(53)	-	(53)
Elsztain Reality Partner Master Fund I (3)	-	48	-	-	-	-	(584)	-	(536)
Elsztain Reality Partner Master Fund II (3)	-	31	-	-	-	-	(275)	-	(244)
Elsztain Reality Partner Master Fund III (3)	-	77	-	-	-	-	-	-	77
Estudio Zang, Bergel y Viñes (3)	-	9	-	-	(1,241)	-	-	-	(1,232)
Fundación IRSA (3)	33	1	-	-	(1)	-	-	-	33

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Futuros y Opciones.com S.A. (2)	16	-	-	-	(8)	-	-	-	8
Hersha Hospitality Trust (2)	-	2,690	-	-	-	-	-	-	2,690
Irsa Developments LP (2)	-	7	-	-	-	-	(4)	-	3
Real Estate Strategies LP (2)	-	64	-	-	-	-	(8)	-	56
Lipstick Management LLC (2)	-	448	-	-	-	-	-	-	-