

IRSA INVESTMENTS & REPRESENTATIONS INC

Form 6-K

May 24, 2005

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# **SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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## **FORM 6-K**

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

**For the month of May, 2005**

### **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)**

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**Republic of Argentina**

**(Jurisdiction of incorporation or organization)**

**Bolivar 108**

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(C1066AAB)

**Buenos Aires, Argentina**

(Address of principal executive offices)

Form 20-F  Form 40-F

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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

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**IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA**

**(THE COMPANY )**

**REPORT ON FORM 6-K**

Attached is a copy of the English translation of the Unaudited Financial Statements for the period ended on March 31, 2005 in comparative format.

**IRSA Inversiones y Representaciones**

**Sociedad Anónima and subsidiaries**

**Free translation of the**

**Unaudited Consolidated Financial Statements**

For the nine-month period ended

March 31, 2005

In comparative format

**IRSA Inversiones y Representaciones Sociedad Anónima****and subsidiaries****Unaudited Consolidated Balance Sheets as of March 31, 2005 and June 30, 2004**

In thousand of pesos (Notes 1, 2 and 3)

	<b>March 31,</b>	<b>June 30,</b>
	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and banks (Note 5)	142,857	93,096
Investments (Note 9)	82,787	70,804
Mortgages and leases receivables, net (Note 6)	61,263	34,431
Other receivables (Note 7)	61,624	52,748
Inventories (Note 8)	27,666	10,572
<b>Total Current Assets</b>	<b>376,197</b>	<b>261,651</b>
<b>NON-CURRENT ASSETS</b>		
Mortgages receivables, net (Note 6)	5,842	2,836
Other receivables (Note 7)	129,118	125,794
Inventories (Note 8)	32,394	19,962
Investments (Note 9)	559,163	524,434
Fixed assets, net (Note 10)	1,337,601	1,265,666
Intangible assets, net	5,942	2,427
<b>Subtotal Non-Current Assets</b>	<b>2,070,060</b>	<b>1,941,119</b>
Goodwill, net	(37,743)	174
<b>Total Non-Current Assets</b>	<b>2,032,317</b>	<b>1,941,293</b>
<b>Total Assets</b>	<b>2,408,514</b>	<b>2,202,944</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	58,897	43,008
Mortgages payable	2,187	2,218
Customer advances (Note 11)	34,056	25,454
Short term-debt (Note 12)	146,442	135,127
Salaries and social security charges	7,714	7,981
Taxes payable	28,537	11,641
Other liabilities (Note 13)	27,756	30,593
<b>Total Current Liabilities</b>	<b>305,589</b>	<b>256,022</b>
<b>NON-CURRENT LIABILITIES</b>		
Trade accounts payable	2,087	2,865
Customer advances (Note 11)	34,963	28,802
Long term-debt (Note 12)	386,123	468,807

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Taxes payable	13,041	6,207
Other liabilities (Note 13)	35,530	10,150
	<u>          </u>	<u>          </u>
<b>Total Non-Current Liabilities</b>	<b>471,744</b>	<b>516,831</b>
	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<b>777,333</b>	<b>772,853</b>
	<u>          </u>	<u>          </u>
Minority interest	436,644	470,237
<b>SHAREHOLDERS' EQUITY</b>	<b>1,194,537</b>	<b>959,854</b>
	<u>          </u>	<u>          </u>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,408,514</b>	<b>2,202,944</b>
	<u>          </u>	<u>          </u>

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

Alejandro G. Elsztain

Second Vicepresident acting as

President

**IRSA Inversiones y Representaciones Sociedad Anónima****and subsidiaries****Unaudited Consolidated Statements of Income**

For the nine month periods beginning on

July 1, 2004 and 2003

and ended March 31, 2005 and 2004

In thousand of pesos, except earnings per share (Notes 1, 2 and 3)

	<b>March 31, 2005</b>	<b>March 31, 2004</b>
Sales, leases and services	271,890	185,854
Cost of sales, leases and services	(117,459)	(100,050)
<b>Gross profit</b>	<b>154,431</b>	<b>85,804</b>
Selling expenses	(26,277)	(15,257)
Administrative expenses	(43,457)	(31,738)
<b>Subtotal</b>	<b>(69,734)</b>	<b>(46,995)</b>
Net gain (loss) in credit card trust	393	(159)
<b>Operating income (Note 4)</b>	<b>85,090</b>	<b>38,650</b>
Amortization of goodwill	(1,322)	(2,198)
Financial results generated by assets:		
Interest income	2,807	4,004
Interest on discount by assets	234	1,675
Gain on financial operations	26,649	84,036
Exchange (loss) gains	(2,133)	12,811
<b>Subtotal</b>	<b>27,557</b>	<b>102,526</b>
Financial results generated by liabilities:		
Interest on discount by liabilities	(134)	(331)
Discounts	2,387	7,235
Exchange losses	7,459	(12,811)
Financial expenses	(40,566)	(46,192)
<b>Subtotal</b>	<b>(30,854)</b>	<b>(52,099)</b>
<b>Financial results, net</b>	<b>(3,297)</b>	<b>50,427</b>
Equity gain (loss) from related parties	58,728	(13,107)
Other income and expenses, net (Note 14)	(6,263)	687
<b>Income before taxes and minority interest</b>	<b>132,936</b>	<b>74,459</b>
Income tax and asset tax	(41,255)	(24,424)
Minority interest	(13,476)	(4,804)
<b>Net income for the period</b>	<b>78,205</b>	<b>45,231</b>

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**Earnings per share**

Basic (Note 24)	0.302	0.206
Diluted (Note 24)	0.179	0.123

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Alejandro G. Elsztain

Second Vicepresident acting as

President



**IRSA Inversiones y Representaciones Sociedad Anónima**  
**and subsidiaries**

**Unaudited Consolidated Statements of Cash Flows (1)**

For the nine month periods beginning on

July 1, 2004 and 2003

and ended March 31, 2005 and 2004

In thousand of pesos (Notes 1, 2 and 3)

	<b>March 31, 2005</b>	<b>March 31, 2004</b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as of beginning of year	122,913	193,058
Cash and cash equivalents as of end of period	165,521	105,755
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>42,608</b>	<b>(87,303)</b>
<b>CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income for the period	78,205	45,231
Plus income tax accrued for the period	41,255	24,424
<b>Adjustments to reconcile net income to cash flows from operating activities:</b>		
Equity in earnings from related parties	(58,728)	13,107
Minority interest	13,476	4,803
Allowances and provisions	7,519	261
Accrual for director's fees	3,682	
Amortization and depreciation	54,997	51,805
Financial results	(29,734)	(62,979)
Results from sale of fixed assets	413	
Results from sale of inventories	(15,501)	
<b>Changes in operating assets and liabilities:</b>		
Decrease in current investments	603	4,111
Increase in non-current investments		(11,756)
Increase in mortgages and leases receivables	(34,736)	(8,873)
Decrease (Increase) in other receivables	7,718	(3,620)
(Increase) Decrease in inventory	(5,130)	4,375
Increase in intangible assets	(1,994)	(242)
Increase (decrease) in taxes payable, salaries and social security charges and customer advances	1,197	(3,060)
Increase in trade accounts payable	12,646	6,206
Increase in accrued interest	8,928	9,183
Decrease in other liabilities	(10,222)	(19,187)
<b>Net cash provided by operating activities</b>	<b>74,594</b>	<b>53,789</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payment for companies acquired net of cash acquired	(4,163)	
Increase in non-current investments	(13,772)	
Acquisition of minority interests	(16,443)	
Purchase of shares and options of Banco Hipotecario S.A.		(127,281)
Sale of shares of Banco Hipotecario S.A.		46,031
Payment for acquisition of undeveloped parcels of land	(462)	(340)

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Purchase and improvements of fixed assets	(42,643)	(16,886)
Sale of fixed assets		24
	<u>          </u>	<u>          </u>
<b>Net cash used in investing activities</b>	<b>(77,483)</b>	<b>(98,452)</b>
	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in short-term and long-term debt	76,025	5,800
Payment of short-term and long-term debt	(101,195)	(66,159)
Dividends paid to minority shareholders	(10,300)	(4,536)
Cash contribution from minority shareholders		(301)
Payment for seller financing		(1,150)
Issuance of common stock	86,789	23,706
Guarantee for swap of defaulted credit	(5,822)	
	<u>          </u>	<u>          </u>
<b>Net cash provided by (used in) financing activities</b>	<b>45,497</b>	<b>(42,640)</b>
	<u>          </u>	<u>          </u>
<b>NET INCREASE ( DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>42,608</b>	<b>(87,303)</b>
	<u>          </u>	<u>          </u>

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

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

Alejandro G. Elsztain

Second Vicepresident acting as

President

**IRSA Inversiones y Representaciones Sociedad Anónima****and subsidiaries****Unaudited Consolidated Statements of Cash Flows (Continued)**

For the nine month periods beginning on

July 1, 2004 and 2003

and ended March 31, 2005 and 2004

In thousand of pesos (Notes 1, 2 and 3)

	<b>March 31,</b>	<b>March 31,</b>
	<b>2005</b>	<b>2004</b>
<b>Supplemental cash flow information</b>		
<b>Cash paid during the period for:</b>		
Interest	40,890	35,602
Income tax	813	783
<b>Non-cash activities:</b>		
Increase in fixed assets through a decrease in inventory	123	40
Increase in inventory through a decrease in fixed assets	5,994	2,606
Increase in intangible assets through a decrease in fixed assets	2,126	31
Issues of certificates		4,368
Liquidation of certificates		1,322
Increase in fixed assets through a decrease in undeveloped parcels of lands		51,501
Increase in inventory through a decrease in undeveloped parcels of lands	25,979	10,748
Increase in fixed assets through trade accounts payable	1,482	
Increase in other receivables through a decrease in inventory		5,890
Increase in other receivables through an increase in taxes payable		3,178
Retained interest in credit card receivables	7,501	
Liquidation of interest in credit card receivables	3,004	
Decrease in short-term and long-term debt through an increase in other liabilities		1,326
Increase in fixed assets through a decrease in other receivables	103	
Attached funds offset by allowances for contingencies	185	
Increase in shareholder's equity through an increase in other receivables	482	
Increase in fixed assets through a decrease a long - term investments	596	
Conversion of negotiable obligations into ordinary shares	69,207	21,969

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**IRSA Inversiones y Representaciones Sociedad Anónima**

**and subsidiaries**

**Unaudited Consolidated Statements of Cash Flows (Continued)**

For the nine month periods beginning on

July 1, 2004 and 2003

and ended March 31, 2005 and 2004

In thousand of pesos (Notes 1, 2 and 3)

**March 31,**

**2005**

**March 31,**

**2004**