

IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
November 08, 2007

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 November, 2007

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

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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 T

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA

(THE COMPANY)

REPORT ON FORM 6-K

Attached is a copy of the English translation of the Financial Statements for the three-month period ended on September 30, 2007 and on September 30, 2006 filed by the Company with the *Bolsa de Comercio de Buenos Aires* and the *Comisión Nacional de Valores*.

IRSA Inversiones y Representaciones

Sociedad Anónima and subsidiaries

Free translation of the Unaudited

Consolidated Financial Statements

For the three-month periods

beginning on July 1, 2007 and 2006

and ended September 30, 2007 and 2006

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

Unaudited Consolidated Balance Sheets as of September 30, 2007 and June 30, 2007

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

	September 30, 2007	June 30, 2007
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and banks (Note 5)	149,752	218,356
Investments (Note 9)	609,427	638,351
Mortgage and leases receivables, net (Note 6)	169,602	169,623
Other receivables and prepaid expenses (Note 7)	134,022	114,085
Inventories (Note 8)	63,702	35,375
Total Current Assets	1,126,505	1,175,790
<u>NON-CURRENT ASSETS</u>		
Mortgage and leases receivables, net (Note 6)	37,743	42,442
Other receivables and prepaid expenses (Note 7)	82,074	81,202
Inventories (Note 8)	130,431	220,828
Investments (Note 9)	682,272	673,273
Fixed assets (Note 10)	2,259,139	2,027,311
Intangible assets	2,047	2,822
Subtotal Non-Current Assets	3,193,706	3,047,878
Goodwill, net	(78,663)	(78,769)
Total Non-Current Assets	3,115,043	2,969,109
Total Assets	4,241,548	4,144,899
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Trade accounts payable	207,646	195,870
Mortgages payable (Note 11)	13,928	17,538
Customer advances (Note 12)	90,957	88,810
Short term-debt (Note 13)	240,256	196,655
Salaries and social security payable	22,348	26,841
Taxes payable	71,354	64,712
Other liabilities (Note 14)	70,406	61,656
Total Current Liabilities	716,895	652,082
<u>NON-CURRENT LIABILITIES</u>		
Trade accounts payable	20,417	40,942
Mortgages payable (Note 11)	3,901	4,557
Customer advances (Note 12)	70,503	63,908
Long term-debt (Note 13)	1,113,808	1,217,866

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Taxes payable	33,940	29,556
Other liabilities (Note 14)	37,597	38,864
Total Non-Current Liabilities	1,280,166	1,395,693
Total Liabilities	1,997,061	2,047,775
Minority interest	460,492	450,410
SHAREHOLDERS EQUITY	1,783,995	1,646,714
Total Liabilities and Shareholders Equity	4,241,548	4,144,899

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

Eduardo S. Elsztain

President

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

For the three-month periods beginning on July 1, 2007 and 2006

and ended September 30, 2007 and 2006

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

	September 30, 2007	September 30, 2006
Revenues	195,593	169,646
Cost	(81,388)	(81,287)
Gross profit	114,205	88,359
Gain from recognition of inventories at net realizable value	1,909	2,164
Selling expenses	(26,320)	(14,789)
Administrative expenses	(41,265)	(27,956)
Subtotal	(65,676)	(40,581)
Net gain in credit card trust Tarjeta Shopping	6,707	3,567
Operating income (Note 4)	55,236	51,345
Amortization of goodwill	106	(250)
Financial results generated by assets:		
Interest income	9,598	2,145
Interest on discount by assets	(290)	(40)
(Loss) Gain on financial operations	(16,905)	7,085
Exchange differences	12,577	1,483
Subtotal	4,980	10,673
Financial results generated by liabilities:		
Interest on discount by liabilities	(85)	(1)
Exchange differences	(19,147)	(1,824)
Financial expenses	(26,483)	(11,859)
Subtotal	(45,715)	(13,684)
Financial results, net	(40,735)	(3,011)
Equity (Loss) Gain from related companies	(19,548)	1,396
Other income and expenses, net (Note 15)	(2,575)	(4,367)
Net (Loss) Gain before taxes and minority interest	(7,516)	45,113
Income tax and asset tax	(12,429)	(18,949)
Minority interest	(10,078)	(10,545)
Net (Loss) Gain for the period	(30,023)	15,619

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Earnings per common share		
Basic (Note 24)	(0.064)	0.036
Diluted (Note 24)	(0.064)	0.031

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

Eduardo S. Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Unaudited Consolidated Statements of Cash Flows (1)**

For the three-month periods beginning on July 1, 2007 and 2006

and ended September 30, 2007 and 2006

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

	September 30, 2007	September 30, 2006
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of beginning of year	708,523	163,940
Cash and cash equivalents as of end of period	631,178	173,315
Net (decrease) increase in cash and cash equivalents	(77,345)	9,375
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss) Gain for the period	(30,023)	15,619
Plus income tax and asset tax accrued for the period	12,429	18,949
Adjustments to reconcile net income to cash flows from operating activities:		
Equity loss from related companies	19,548	(1,396)
Minority interest	10,078	10,545
Allowances and provision	9,665	6,749
Amortization and depreciation	31,024	20,964
Financial results	32,074	(5,439)
Gain from recognition of inventories at net realizable value	(1,909)	(2,164)
Changes in operating assets and liabilities:		
Decrease (Increase) in current investments	7,775	(2,482)
Decrease (Increase) in non-current investments	7,052	(6,371)
Increase in mortgages and lease receivables	(27,042)	(7,669)
Increase in other receivables	(12,556)	(11,703)
(Increase) Decrease in inventories	(381)	27,548
Decrease in taxes payable, social security payable and customer advances	(3,357)	(12,361)
Increase in trade accounts payable	8,937	7,719
Decrease in accrued interest	(2,473)	(284)
Increase in other liabilities	3,429	1,831
Net cash provided by operating activities	64,270	60,055
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in minority interest		(377)
Acquisitions and improvements of fixed assets	(254,075)	(16,894)
Acquisitions of undeveloped parcels of land	(92)	(1,118)
Security deposit for the construction and purchase of parking lots		(4,902)
Proceeds from investments in equity securities	(758)	
Loans granted	(3,640)	
Increase in receivables with related companies		(285)
Cash collected from the insurance of Alto Avellaneda s shopping center damages	2,102	
Net cash used in investing activities	(256,463)	(23,576)

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CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short term debt and long term debt	8,814	8,110
Payment of short term debt and long term debt	(9,510)	(28,323)
Decrease of mortgages payable	(4,843)	(4,192)
Capital contribution by minority owners in related companies	10,666	
Issuance of common stock	110,647	2,785
Dividends payments to minority shareholders of related subsidiaries	(926)	
Settlement of debt for the purchase of shares of Mendoza Plaza Shopping S.A.		(5,484)
Net cash provided by (used in) financing activities	114,848	(27,104)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(77,345)	9,375

(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.

Eduardo S. Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Unaudited Consolidated Statements of Cash Flows (Continued)

For the three-month periods beginning on July 1, 2007 and 2006

and ended September 30, 2007 and 2006

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

	September 30,	September 30,
	2007	2006
Supplemental cash flow information		
Interest paid	35,121	17,044
Income tax paid	1,798	2,164
Non-cash activities:		
Increase in inventories through a decrease in non-current investments	3,827	
Increase in fixed assets through an increase in trade accounts payable	2,676	
Issuance of Trust Exchangeable Certificates	29,273	3,357
Conversion of negotiable obligations into common shares	56,657	1,232

IRSA Inversiones y Representaciones Sociedad Anónima**and subsidiaries****Notes to the Unaudited Consolidated Financial Statements (Continued)****In thousand of pesos**

For the three-month periods beginning on July 1, 2007 and 2006

and ended September 30, 2007 and 2006

NOTE 1: BASIS OF CONSOLIDATION CORPORATE CONTROL**a. Basis of consolidation**

The Company has consolidated its unaudited balance sheets at September 30, 2007 and June 30, 2007 and the unaudited statements of income and cash flows for the three-month periods ended September 30, 2007 and 2006 line by line with the financial statements of its subsidiaries, following the procedure established in Technical Resolution No. 21 of the Argentine Federation of Professional Councils in Economic Sciences and approved by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires and by the National Securities Commission.

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

The following table shows the data concerning the corporate control:

COMPANIES	DIRECT AND INDIRECT % OF CAPITAL		DIRECT AND INDIRECT % OF VOTING SHARES	
	September 30, 2007	June 30, 2007	September 30, 2007	June 30, 2007
Ritelco S.A.	100.00	100.00	100.00	100.00
Palermo Invest S.A.	100.00	100.00	100.00	100.00
Pereiraola S.A.	100.00	100.00	100.00	100.00
Hoteles Argentinos S.A.	80.00	80.00	80.00	80.00
Llao LLao Resorts S.A.	50.00	50.00	50.00	50.00
Patagonian Investment S.A. (Note 33)	100.00	100.00	100.00	100.00
Alto Palermo S.A. (APSA)	62.48	62.48	62.48	62.48
Rummaala S.A (Note 43)	50.00	100.00	50.00	100.00
Inversora Bolivar S.A.	100.00	100.00	100.00	100.00
Solares de Santa María S.A. (Note 47)	90.00	90.00	90.00	90.00
CYRSA S.A. (CYRSA) (2)	50.00	100.00	50.00	100.00
Canteras Natal Crespo S.A. (1)	50.00	50.00	50.00	50.00
Financel Communications S.A. (Note 48)	80.00		80.00	

- (1) The Company holds joint control of Canteras Natal Crespo S.A. with ECIPSA, see Note 16 to the unaudited basic financial statements.
- (2) The Company holds joint control with Cyrela Brazil Realty S.A., see Note 45 to the unaudited basic financial statements. The Company exercises joint control over CYRSA. As required by Technical Resolution N° 21 Equity Method of Accounting. Consolidation of Financial Statements and Related Party Transactions (RT N° 21), under Argentine GAAP, the Company accounted for this investment under the proportionate consolidation method. Accordingly, these unaudited financial statements reflects the Company's pro rata equity interest in

these investments on a line-by-line basis.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

In thousand of pesos

NOTE 1: (Continued)

b. Comparative Information

Certain amounts in the unaudited financial statements at September 30, 2006 were reclassified for disclosure on a comparative basis with those for the period ended September 30, 2007.

NOTE 2: CONSIDERATION OF THE EFFECTS OF INFLATION

The unaudited f