

IRSA INVESTMENTS & REPRESENTATIONS INC  
Form 6-K  
June 03, 2014

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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, 2014

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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)

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

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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 the English translation of the Financial Results for the nine month period ended March 31, 2014 and March 31, 2013, filed by the Company with the Bolsa de Comercio de Buenos Aires and the Comisión Nacional de Valores:

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements  
as of March 31, 2014 and for the nine-month periods  
ended March 31, 2014 and 2013

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IRSA Inversiones y Representaciones Sociedad Anónima

Legal information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.

Fiscal year N°: 71, beginning on July 1, 2013.

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: March 15, 2013.

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 thousands of Ps.): 578,676.

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

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

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

Interest of the Parent Company on the capital stock: 378,753,404 common shares.

Percentage of votes of the Parent Company on the equity: 65.45%

Type of stock	CAPITAL STATUS	
	Authorized for Public Offer of Shares (*)	Subscribed, Issued and Paid up (in thousands of Pesos)
Common stock with a face value of Ps.1 per share and entitled to 1 vote each	578,676,460	578,676

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

## IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited condensed interim consolidated statements of financial position  
as of March 31, 2014 and June 30, 2013

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

	Note	03.31.2014	06.30.2013
<b>ASSETS</b>			
Non- Current Assets			
Investment properties	10	4,362,072	3,992,530
Property, plant and equipment	11	202,165	212,673
Trading properties	12	204,064	178,425
Intangible assets	13	115,178	79,653
Investments in associates and joint ventures	8,9	1,612,956	1,423,936
Deferred income tax assets	25	372,080	85,236
Restricted assets	16	18,334	10,881
Income tax and minimum presumed income tax ("MPIT") credit		148,815	130,086
Trade and other receivables	17	98,709	85,126
Investments in financial assets	18	1,075,168	267,455
Derivative financial instruments	19	6,900	21,208
Total Non-Current Assets		8,216,441	6,487,209
Current Assets			
Trading properties	12	12,030	11,689
Inventories	14	18,275	16,321
Restricted assets	16	2,074	1,022
Income tax and minimum presumed income tax ("MPIT") credit		1,039	-
Trade and other receivables	17	678,509	769,333
Investments in financial assets	18	284,185	244,053
Derivative financial instruments	19	8,133	-
Cash and cash equivalents	20	239,277	796,902
Total Current Assets		1,243,522	1,839,320
<b>TOTAL ASSETS</b>		<b>9,459,963</b>	<b>8,326,529</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital and reserves attributable to equity holders of the parent			
Share capital		574,188	578,676
Treasury stock		4,488	-

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Inflation adjustment of share capital and treasury stock		123,329	123,329
Share premium		793,123	793,123
Cost of treasury stock		(32,998 )	-
Acquisition of additional interest in subsidiaries		(20,782 )	(20,782 )
Reserve for share-based compensation	33	20,375	8,258
Legal reserve		116,840	85,140
Special reserve		375,487	395,249
Reserve for new developments		469,831	492,441
Cumulative translation adjustment		156,905	50,776
Retained earnings		(91,280 )	239,328
Total capital and reserves attributable to equity holders of the parent...		2,489,506	2,745,538
Non-controlling interest		428,620	385,151
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,918,126</b>	<b>3,130,689</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Trade and other payables	21	225,096	211,118
Borrowings.....	24	4,348,495	2,922,642
Deferred income tax liabilities	25	408,093	395,936
Salaries and social security liabilities	22	4,125	3,160
Provisions	23	181,727	57,737
Total Non-Current Liabilities		5,167,536	3,590,593
<b>Current Liabilities</b>			
Trade and other payables	21	606,778	677,010
Income tax and minimum presumed income tax ("MPIT") liabilities		68,054	90,916
Salaries and social security liabilities	22	54,698	49,010
Derivative financial instruments	19	10,678	1,732
Borrowings	24	618,586	772,529
Provisions	23	15,507	14,050
Total Current Liabilities		1,374,301	1,605,247
<b>TOTAL LIABILITIES</b>		<b>6,541,837</b>	<b>5,195,840</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>9,459,963</b>	<b>8,326,529</b>

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

IRSA Inversiones y Representaciones S.A.

By: /s/ Fernando A. Elsztain  
Fernando A. Elsztain  
Director Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima  
 Unaudited Condensed Interim Consolidated Statements of Income  
 for the nine and three-month periods beginning on July 1st, 2013 and 2012  
 and January 1st, 2014 and 2013, respectively and ended March 31, 2014 and 2013  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

	Note	Nine months		Three months	
		03.31.2014	03.31.2013	03.31.2014	03.31.2013
Revenues	27	2,047,841	1,594,094	673,881	514,058
Costs	28	(947,806 )	(791,233 )	(305,936 )	(256,521 )
Gross Profit		1,100,035	802,861	367,945	257,537
Gain from disposal of investment properties	10	115,362	64,019	107,881	8,060
General and administrative expenses	29	(193,902 )	(151,130 )	(64,523 )	(42,144 )
Selling expenses	29	(100,534 )	(73,244 )	(34,773 )	(24,712 )
Other operating results, net	31	(27,793 )	107,173	(10,449 )	(7,936 )
Profit from operations		893,168	749,679	366,081	190,805
Share of profit of associates and joint ventures	8,9	102,690	15,112	51,507	728
Profit before financial results and income tax		995,858	764,791	417,588	191,533
Finance income	32	89,444	103,479	29,189	45,514
Finance cost	32	(1,533,757 )	(553,530 )	(807,309 )	(195,101 )
Other financial results	32	257,315	151,755	202,778	104,381
Financial results, net	32	(1,186,998 )	(298,296 )	(575,342 )	(45,206 )
(Loss) / Profit before income tax		(191,140 )	466,495	(157,754 )	146,327
Income tax	25	112,298	(87,234 )	104,986	(12,945 )
(Loss) / Profit for the period		(78,842 )	379,261	(52,768 )	133,382
Attributable to:					
Equity holders of the parent		(92,030 )	320,638	(70,352 )	96,856
Non-controlling interest		13,188	58,623	17,584	36,526
(Loss) / Profit per share attributable to equity holders of the parent during the period:					
Basic		(0.160 )	0.554	(0.123 )	0.167
Diluted		(0.160 )	0.554	(0.123 )	0.167

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

IRSA Inversiones y Representaciones S.A.

By: /s/ Fernando A. Elsztain  
 Fernando A. Elsztain  
 Director Acting as President





IRSA Inversiones y Representaciones Sociedad Anónima  
 Unaudited Condensed Interim Consolidated Statements of Income  
 for the nine and three-month periods beginning on July 1st , 2013 and 2012 and January 1st, 2014 and 2013,  
 respectively and ended March 31, 2014 and 2013

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

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

	Nine months		Three months	
	03.31.2014	03.31.2013	03.31.2014	03.31.2013
(Loss) / Profit for the period	(78,842 )	379,261	(52,768 )	133,382
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	149,786	40,306	78,010	16,573
Other comprehensive income for the period (i)	149,786	40,306	78,010	16,573
Total comprehensive income for the period	70,944	419,567	25,242	149,955
Attributable to:				
Equity holders of the parent	14,099	357,551	(15,659 )	110,348
Non-controlling interest	56,845	62,016	40,901	39,607

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

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

IRSA Inversiones y Representaciones S.A.

By: /s/ Fernando A. Elsztain  
 Fernando A. Elsztain  
 Director Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima  
Unaudited condensed interim consolidated statements of changes in shareholders' equity  
for the nine-month periods ended March 31, 2014 and 2013

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

	Attributable to equity holders of the parent									
	Share capital	Treasury stock	Inflation adjustment of share capital and treasury stock (2)	Share premium	Cost of treasury stock	Acquisition of interest in subsidiaries	Reserve for share-based compensation	Legal reserve	Special reserve (1)	Reserve for new developmen
Balance at July 1st, 2013	578,676	-	123,329	793,123	-	(20,782)	8,258	85,140	395,249	492,441
Loss for the period	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Distribution of retained earnings approved by Shareholders' meeting held 10.31.13	-	-	-	-	-	-	-	31,700	(19,762 )	(22,610 )
Dividends distribution – approved by Shareholders' meeting held 10.31.13	-	-	-	-	-	-	-	-	-	-
Reserve for share-based compensation (Note 33)	-	-	-	-	-	-	12,117	-	-	-
Purchase of Treasury stock	(4,488 )	4,488	-	-	(32,998)	-	-	-	-	-
Distribution of share c a p i t a l o f subsidiaries	-	-	-	-	-	-	-	-	-	-
Reimbursement of expired dividends	-	-	-	-	-	-	-	-	-	-
Dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-
Capital contribution of non-controlling interest	-	-	-	-	-	-	-	-	-	-

Balance at March 31, 2014	574,188	4,488	123,329	793,123	(32,998)	(20,782)	20,375	116,840	375,487	469,831
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The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

(1) Related to CNV General Resolution No. 609/12. See Note 26.

(2) Includes Ps. 957 of Inflation adjustment treasury stock. See Note 26.

IRSA Inversiones y Representaciones S.A.

By: /s/ Fernando A. Elsztain  
Fernando A. Elsztain  
Director Acting as President

## IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited condensed interim consolidated statements of changes in shareholders' equity  
for the nine-month periods ended March 31, 2014 and 2013

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

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

	Share capital	Inflation adjustment of share capital	Share premium	Attributable to equity holders of the parent Acquisition of additional Reserve interest for in share-based Legal reserves	Compensation for development	Reserve for new translation	Cumulative adjustment	Retained earnings	Non-	
				subsidia-	reserves				Subtotal	
Balance at July 1st, 2012	578,676	274,387	793,123	(15,714)	2,595	71,136	419,783	14,502	510,853	2,649,341
Profit for the period	-	-	-	-	-	-	-	-	320,638	320,638
Other comprehensive income for the period	-	-	-	-	-	-	-	36,913	-	36,913
Total comprehensive income for the period	-	-	-	-	-	-	-	36,913	320,638	357,551
Appropriation of retained earnings approved by Shareholders' meeting held 10.31.12	-	-	-	-	-	14,004	72,658	-	(86,662 )	-
Reclassification of the deferred tax liability – Approved by Shareholders' meeting held 10.31.12	-	(151,058)	-	-	-	-	-	-	151,058	-
Dividends distribution – approved by Shareholders' meeting held 10.31.12	-	-	-	-	-	-	-	-	(180,000)	(180,000 )
Acquisition of non-controlling interest by business	-	-	-	-	-	-	-	-	-	-

combination										
Cumulative translation adjustment for interest held before business combination	-	-	-	-	-	-	-	(12,915)	-	(12,915 )
Reserve for share-based compensation (Note 33)	-	-	-	-	5,726	-	-	-	-	5,726
Acquisition of additional interest in subsidiaries	-	-	-	(1,540 )	-	-	-	-	-	(1,540 )
Distribution of share capital of subsidiaries	-	-	-	-	-	-	-	-	-	-
Reimbursement of expired dividends	-	-	-	-	-	-	-	-	591	591
Conversion of notes	-	-	-	-	-	-	-	-	-	-
Capital contribution of non-controlling interest	-	-	-	-	-	-	-	-	-	-
Balance at										
March 31, 2013	578,676	123,329	793,123	(17,254)	8,321	85,140	492,441	38,500	716,478	2,818,754

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

IRSA Inversiones y Representaciones S.A.

By: /s/ Fernando A. Elsztain  
 Fernando A. Elsztain  
 Director Acting as President

IRSA Inversiones y Representaciones Sociedad Anónima  
Unaudited condensed interim consolidated statements of cash flows  
for the nine-month periods ended March 31, 2014 and 2013

(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

	Note	03.31.2014	03.31.2013
<b>Operating activities:</b>			
Cash generated by operations	20	914,162	753,425
Income tax and Minimum Presumed Income tax paid		(227,742 )	(212,669 )
Net cash generated by operating activities		686,420	540,756
<b>Investing activities:</b>			
Capital contributions in associates and joint ventures	8	(1,580 )	(39,925 )
Purchases of associates and joint ventures	4,8,9	(13,045 )	(32,024 )
Purchases of investment properties	10	(178,630 )	(157,324 )
Proceeds from sale of investment properties		254,650	91,456
Purchases of property, plant and equipment	11	(10,804 )	(4,445 )
Purchases of intangible assets	13	(11,605 )	(614 )
Purchase of investments in financial assets		(1,757,417 )	(702,139 )
Proceeds from sale of investments in financial assets		1,109,381	685,831
Advanced payments		(28,999 )	(39,554 )
Proceeds from sale of joint ventures		15,536	-
Acquisition of subsidiaries, net of cash acquired		-	(117,874 )
Interest received		8,551	16,844
Loans granted to associates and joint ventures		-	(813 )
Dividends received		16,402	49,602
Net cash used in investing activities		(597,560 )	(250,979 )
<b>Financing activities:</b>			
Proceeds from borrowings		142,002	456,535
Repayments of borrowings		(363,044 )	(187,483 )
Payment of non-convertible notes		(255,824 )	(51,046 )
Acquisition of derivative financial instruments		(903 )	-
Dividends paid		(106,391 )	(180,260 )
Acquisition of non-controlling interest in subsidiaries		-	(2,364 )
Capital contribution of non-controlling interest		587	6,092
Interest paid		(346,248 )	(221,152 )
Capital reduction of subsidiaries		(3,917 )	(39,654 )
Loans from associates and joint ventures, net		17,138	59,147
Payment for acquisition of non-controlling interest		-	(4,460 )
Repurchase of treasury stock		(32,998 )	-
Payment of seller financing of shares		(1,640 )	(6,420 )
Payment of seller financing		(1,215 )	(658 )
Issuance of non-convertible notes		218,262	-
Proceeds from derivative financial instruments		45,696	-
Net cash used in financing activities		(688,495 )	(171,723 )
Net (decrease) / increase in cash and cash equivalents		(599,635 )	118,054

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Cash and cash equivalents at beginning of year	20	796,902	259,169
Foreign exchange gain on cash and cash equivalents		42,010	22,053
Cash and cash equivalents at end of period		239,277	399,276

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

IRSA Inversiones y Representaciones S.A.

By: /s/ Fernando A. Elsztain  
Fernando A. Elsztain  
Director Acting as President



IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements

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

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

1. The Group's business and general information

IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA", "the Company" / "Us" or "the Society") was founded in 1943 and is engaged in a diversified range of real estate activities in Argentina since 1991.

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

As of March 31, 2014, the Group operates in six business segments. See Note 7 to the Condensed Consolidated Financial Statements as of June 30, 2013 for a description of such segments.

Group's real estate business operations are conducted primarily through IRSA and IRSA's principal subsidiary, Alto Palermo S.A. ("APSA"). Through APSA and IRSA, the Group owns, manages and develops shopping centers across Argentina, a portfolio of office and other rental properties in the Autonomous City of Buenos Aires, and it entered the United States of America ("USA") real estate market in 2009, mainly through the acquisition of non-controlling interests in office buildings and hotels. Through IRSA or APSA, the Group also develops residential properties for sale. The Group, through IRSA, is also involved in the operation of branded hotels. The Group uses the term "real estate" indistinctively in these consolidated financial statements to denote investment, development and/or trading properties activities.

The activities of the Group's segment "Financial operations and others" are carried out mainly through Banco Hipotecario S.A. ("BHSA"), where IRSA has a 29.77% interest (without considering treasury shares of our own). BHSA is a commercial bank offering a wide variety of banking activities and related financial services to individuals, small and medium-sized companies and large corporations, including the provision of mortgaged loans. BHSA's shares are listed on the Buenos Aires Stock Exchange ("BASE"). Besides that, the Group has a 42.95% interest in Tarshop S.A ("Tarshop"), a company which main activities are credit card and loan origination transactions.

IRSA's shares are listed and traded on both the BASE and the New York Stock Exchange ("NYSE"). APSA's shares are listed and traded on both the BASE and the NASDAQ of USA.

Cresud S.A.C.I.F y A. is our ultimate parent company and is a corporation incorporated and domiciled in Argentina. The address of its registered office is Moreno 877, Floor 23, Autonomous City of Buenos Aires, Argentina.

These Unaudited Condensed Interim Consolidated Financial Statements have been approved for issuance by the Board of Directors on May 12, 2014.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
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2. Basis of preparation of the Unaudited Condensed Interim Consolidated Financial Statements

2.1. Basis of preparation

These Unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Furthermore, some additional issues were included as required by the Business Companies Act and/or regulations of the CNV, including supplementary information provided in the last paragraph of section 1, Chapter III, Title IV of General Ruling 622/13 of the CNV. Such information is included in the Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

These Unaudited Condensed Interim Consolidated Financial Statements should be read together with the Annual Consolidated Financial Statements of the Group as of June 30, 2013 prepared in accordance with IFRS in force. These Unaudited Condensed Interim Consolidated Financial Statements are presented in thousands of Argentine Pesos.

These Unaudited Condensed Interim Consolidated Financial Statements corresponding to the nine-month periods ended, March 31, 2014 and 2013 have not been audited. The management believes they include all necessary adjustments to fairly present the results of each period. The Company’s nine-month periods ended March 31, 2014 and 2013 results do not necessarily reflect the proportion of the Group’s full-year results.

2.2. Significant accounting policies

The principal accounting policies applied in the presentation of these Unaudited Condensed Interim Consolidated Financial Statements are consistent with those applied in the preparation of the information under IFRS as of June 30, 2013, which are described in Note 2 of the Annual Consolidated Financial Statements.

2.3. Use of estimates

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

In the preparation of these Unaudited Condensed Interim Consolidated 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 Consolidated Financial Statements for the year ended June 30, 2013, save for changes in accrued income tax, provision for legal claims, allowance for bad debts and accrued supplementary rental.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

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

2.4. Comparative Information

Balance items as of March 31, 2013 and June 30, 2013 shown in these financial statements for comparative purposes arise from Unaudited Condensed Interim Consolidated Financial Statements then ended. Certain reclassifications have been made in order to present figures comparatively with those of this period.

During the period, the Argentine Peso devalued against the US\$ and other currencies by around 32%, which has an impact in comparative information presented in these Financial Statements, due mainly to the currency exposure of our income from offices rental, and our net assets and liabilities in foreign currency as detailed in Note 39.

3. Seasonal effects on operations

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

In November, 2012, the Group took control over Ribgy 183 LLC ("Rigby"), a company that owns a rental office building located in New York, US (see Note 4 to the annual consolidated financial statements). Therefore, balances as of March 31, 2013 include Rigby's operations from the mentioned date.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

4. Acquisitions and disposals

For the nine-month period ended as of March 31, 2014

Subscription of shares of Avenida Inc. and Avenida Compras S.A.

On August 29, 2013, the Group, through Torodur S.A., subscribed 3,703,704 shares of Avenida Inc., a Company incorporated in Delaware, United States, and 23,077 shares of Avenida Compras S.A., a Company incorporated in Buenos Aires, Argentina, representing 26.09% and 2.10%, of its outstanding capital, respectively. Additionally, Avenida Inc. owns 90.91% of Avenida Compras S.A., thus being the Group's indirect interest in Avenida Compras of 25.81%. The transaction price was Ps. 13.0 million, which has already been fully paid. The Group has a warrant to increase its interest in Avenida Inc. up to 37.04%.

Stock call Option agreement for Arcos del Gourmet S.A.

On September 16, 2013, APSA entered into an agreement with Messrs. Eduardo Giana, Pablo Bossi and Patricio Tobal (non-controlling shareholders of Arcos Gourmet S.A.), whereby the latter grant to APSA an exclusive and irrevocable option to purchase 10% of the equity interest in Arcos del Gourmet S.A.. The term to exercise the option runs from the execution of the agreement to December 31, 2018. The stock purchase price, in the event option is exercised, is US\$ 8.0 million. Furthermore, in the mentioned agreement a payment of a fixed amount of Ps. 2.0 million was arranged, which was cancelled, and another variable amount payable monthly, which results from applying 4.5% on the amounts accrued in each previous calendar month for rental and right of admission, net of certain expenses, during 5 years counted from the opening of the shopping mall, in relation to the assignment of rights to earn dividends of Arcos during such period.

Condominios del Alto - Performance of Exchange Agreement

On November 14, 2013 Alto Palermo S.A. ("APSA") and Condominios del Alto S.A. (Condominios) executed a conveyance deed whereby Condominios conveyed upon APSA freehold and full possession of the units agreed in exchange. Upon such execution, APSA stated that the mortgage on the property has been fully discharged.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

4. Acquisition and disposals (Continued)

Subscription of shares of Dolphin Fund Ltd. (“Dolphin”)

During the nine-month period ended March 31, 2014, the Group has increased its stake in Dolphin Fund Ltd. (Dolphin) by US\$109.5 million.

On January 5, 2014, the competent court in dealing with IDB Holding Corporation Ltd. (“IDBH”) debt restructuring has approved the offer made by Dolphin through Dolphin B.V. together with C.A.A. Extra Holdings Limited (“ETH”), a company incorporated under the laws of Israel, controlled by Mordechay Ben Moshé, in order to acquired approximately 53.3% of IDB Development Corporation (“IDBD”), controlled by IDBH, within the framework of the debt restructuring process mentioned, pursuant to Israel’s applicable laws. The transaction was closed on May 7, 2014 (See Note 41).

IDBD is one of the Israeli largest and most diversified investment groups, which is involved, through its subsidiaries, in several markets and industries, including real estate, retail, agribusiness, oil & gas production, insurance, telecommunications, etc.; controlling companies as Clal Insurance (Insurance Company), Cellcom (Mobile communications), Koor Industries (owner of 40% of Makhteshim Agan Industries-Agrochemicals), Super-Sol (supermarket), PBC (Real Estate), among others.

Significant sale of investment properties

On January 14, 2014, IRSA signed the transfer deed for the sale of the 11th floor and seven parking units of the Building Maipú 1300. The total price of the transaction was Ps. 9.6 million (US\$ 1.4 million). Such transaction generated a gain before tax of approximately Ps. 7.9 million.

On January 24, 2014, IRSA signed the transfer deed for the sale of the 7th floor and 28 parking units of the Building Bouchard 551. The total price of the transaction was Ps. 124.6 million, equivalents to US\$ 16.0 million. Such transaction generated a gain before tax of approximately Ps. 99.9 million.

On November 15, 2013, IRSA signed the transfer deed for the sale of the 12th floor and two parking units of the Building Maipú 1300 and two parking units of the building Libertador 498. The total price of the transaction was Ps. 9.0 million (US\$ 1.5 million). Such transaction generated a gain before tax of approximately Ps. 7.5 million.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
Free translation from the original prepared in Spanish for the publication in Argentina

5. Financial risk management and fair value estimates

5.1 Financial risk

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

The Unaudited Condensed Interim Consolidated Financial Statements do not include all the information and disclosures on financial risk management; therefore they should be read along with the annual consolidated financial statements for the year ended June 30, 2013. There have been no changes in the risk management or risk management policies applied by the Group since year end.

5.2 Fair value estimates

Since June 30, 2013 to the date of these financial statements, there have been no significant changes in business or economic circumstances affecting the fair value of the Company's financial assets and liabilities (either measured at fair value or amortized cost), except for our investment in Supertel Hospitality Inc. ("Supertel"), which fair value was affected by the decrease in the market value of its common shares, because of the suspension of dividends' payment. This had been decided in order to fortify its financial situation. Furthermore, there have been no transfers between the different hierarchies used to assess the fair value of the Company's financial instrument.

## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

## 6. Segment information

Below is a summarized analysis of the lines of business of the Group for the period ended March 31, 2014:

	March 31, 2014						
	Shopping Center	Offices and other properties	Sales and developments	Hotels	International	Financial operations and others	Total
Revenues	1,477,167	242,973	46,451	253,971	64,322	457	2,085,341
Costs	(665,171 )	(79,757 )	(25,440 )	(158,915 )	(42,492 )	(241 )	(972,016 )
Gross Profit	811,996	163,216	21,011	95,056	21,830	216	1,113,325
Gain from disposal of investment properties	-	-	115,362	-	-	-	115,362
General and administrative expenses	(72,207 )	(31,349 )	(27,726 )	(44,609 )	(19,421 )	(55 )	(195,367 )
Selling expenses	(49,275 )	(13,962 )	(8,314 )	(31,604 )	-	250	(102,905 )
Other operating results, net	(23,088 )	(1,765 )	(2,414 )	(761 )	423	(2,001 )	(29,606 )
Profit / (loss) from operations	667,426	116,140	97,919	18,082	2,832	(1,590 )	900,809
Share of profit / ( l o s s ) o f associates and joint ventures	-	(244 )	3,874	556	(80,848 )	160,159	83,497
Segment Profit / (Loss) before financial results and income tax	667,426	115,896	101,793	18,638	(78,016 )	158,569	984,306
Investment properties	2,296,390	772,176	367,573	-	1,085,925	-	4,522,064
Property, plant and equipment	18,224	19,645	3,806	160,331	263	-	202,269
Trading properties	-	-	219,529	-	2,904	-	222,433
Goodwill	1,667	9,392	-	-	75,843	-	86,902
Inventories	9,860	-	582	8,022	-	-	18,464
Investments in associates	-	23,850	35,795	21,895	1,637	1,245,266	1,328,443
Operating assets	2,326,141	825,063	627,285	190,248	1,166,572	1,245,266	6,380,575





## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

## 6. Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the period ended March 31, 2013:

	March 31, 2013						
	Shopping Center	Office and other properties	Sales and developments	Hotels	International	Financial operations and others	Total
Revenues	1,173,547	214,040	117,178	174,694	25,632	1,100	1,706,191
Costs	(556,053 )	(85,962 )	(89,066 )	(126,233 )	(20,361 )	(845 )	(878,520 )
Gross Profit	617,494	128,078	28,112	48,461	5,271	255	827,671
Gain from disposal of investment properties	-	-	64,019	-	-	-	64,019
General and administrative expenses	(47,693 )	(31,392 )	(28,113 )	(36,935 )	(9,105 )	(216 )	(153,454 )
Selling expenses	(39,023 )	(8,667 )	(12,609 )	(21,205 )	-	(187 )	(81,691 )
Other operating results, net	(17,590 )	(1,895 )	(8,230 )	456	134,487	(616 )	106,612
Profit / (Loss) from operations	513,188	86,124	43,179	(9,223 )	130,653	(764 )	763,157
Share of profit / ( l o s s ) o f associates and joint ventures	-	-	1,478	(4 )	(58,446 )	62,924	5,952
Segment profit / (loss) before financial results and income tax	513,188	86,124	44,657	(9,227 )	72,207	62,160	769,109
Investment properties	2,215,383	845,322	382,383	-	710,525	-	4,153,613
Property, plant and equipment	13,372	23,589	3,795	171,002	199	-	211,957
Trading properties	-	-	144,150	-	81,691	-	225,841
Goodwill	1,667	9,392	-	-	48,547	-	59,606
Inventories	10,140	-	511	5,984	-	-	16,635
Investments in associates	-	32,024	26,873	21,252	691	1,082,112	1,162,952
Operating assets	2,240,562	910,327	557,712	198,238	841,653	1,082,112	5,830,604



## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

## 6. Segment information (Continued)

Operating results of the Cyrsa S.A., Nuevo Puerto Santa Fe S.A. ("NPSF"), Canteras Natal Crespo S.A. (for the comparative period), Puerto Retiro S.A., Baicom Networks S.A. and Quality Invest S.A. joint ventures have been presented under the method of proportionate consolidation. Under this method, the income/loss generated by joint businesses is reported in the income statements line-by-line, rather than in a single item as required by IFRS. Management believes that the proportional consolidation method provides more useful information to understand the business return, because the assets and income/loss generated by consolidated operations are similar to the assets and income/loss booked under the equity method. This is due to the fact that under the proportional consolidation method, revenues and expenses are reported separately, instead of offsetting and reporting them as a single item in the statement of income. Therefore, the proportional consolidation method is used by the Group's Executive Committee to assess and understand the return and the results of operations of the business as a whole.

The following tables present a reconciliation between the total results of segment operations and the results of operations as per the statements of income. The adjustments relate to the presentation of the results of operations of joint ventures accounted for under the equity method under IFRS and the non-elimination of the inter-segment transactions.

		March 31, 2014		
	Total segment information	Adjustment for share of profit / (loss) of joint ventures	Adjustment to income for elimination of inter-segment transactions	As per statements of income
Revenues	2,085,341	(37,282 )	(218 )	2,047,841
Costs	(972,016 )	24,210	-	(947,806 )
Gross profit	1,113,325	(13,072 )	(218 )	1,100,035
Gain from disposal of investment properties	115,362	-	-	115,362
General and administrative expenses	(195,367 )	636	829	(193,902 )
Selling expenses	(102,905 )	2,261	110	(100,534 )
Other operating results, net	(29,606 )	2,534	(721 )	(27,793 )
Profit from operations	900,809	(7,641 )	-	893,168
Share of profit of associates and joint ventures	83,497	19,193	-	102,690
Segment profit before financial results and income tax	984,306	11,552	-	995,858

		March 31, 2013		
	Total segment information	Adjustment for share of profit / (loss) of joint ventures	Adjustment to income for elimination of inter-segment transactions	As per statements of income

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Revenues	1,706,191	(111,141 )	(956 )	1,594,094
Costs	(878,520 )	87,287	-	(791,233 )
Gross profit	827,671	(23,854 )	(956 )	802,861
Gain from disposal of investment properties	64,019	-	-	64,019
General and administrative expenses	(153,454 )	1,035	1,289	(151,130 )
Selling expenses	(81,691 )	8,366	81	(73,244 )
Other operating results, net	106,612	975	(414 )	107,173
Profit from operations	763,157	(13,478 )	-	749,679
Share of profit of associates and	5,952	9,160	-	15,112
Segment profit before financial results and income tax	769,109	(4,318 )	-	764,791

## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

## 6. Segment information (Continued)

Total segment assets are allocated based on the operations of the segment and the physical location of the asset. In line with the discussion above, segment assets include the proportionate share of the assets of joint ventures. The statements of financial position under IFRS show the net investment in these joint ventures as a single item.

	March 31, 2014	March 31, 2013
Total reportable assets as per segment information	6,380,575	5,830,604
Investment properties	(159,992 )	(168,843 )
Property, plant and equipment	(104 )	(122 )
Trading properties	(6,339 )	(33,750 )
Goodwill	(5,234 )	(5,235 )
Inventories	(189 )	(104 )
Investments in associates and joint ventures	284,513	267,736
Total assets as per the statements of financial position	6,493,230	5,890,286

## 7. Information about main subsidiaries

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

## Summarized statements of financial position

	Panamerican Mall S.A. ("PAMSA")		Rigby	
	March 31, 2014	June 30, 2013	March 31, 2014	June 30, 2013
<b>ASSETS</b>				
Total non-current assets	587,980	623,809	1,119,229	761,997
Total current assets	333,769	191,911	16,252	18,088
<b>TOTAL ASSETS</b>	<b>921,749</b>	<b>815,720</b>	<b>1,135,481</b>	<b>780,085</b>
<b>LIABILITIES</b>				
Total non-current liabilities	20,683	23,239	653,004	439,432
Total current liabilities	72,388	58,681	6,902	5,961
<b>TOTAL LIABILITIES</b>	<b>93,071</b>	<b>81,920</b>	<b>659,906</b>	<b>445,393</b>
<b>NET ASSETS</b>	<b>828,678</b>	<b>733,800</b>	<b>475,575</b>	<b>334,692</b>



## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

## 7. Information about main subsidiaries (Continued)

## Summarized statements of income and statements of comprehensive income

	PAMSA		Rigby	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Revenues	191,843	151,650	64,322	25,632
Profit before income tax	147,057	72,359	(1,831 )	(2,609 )
Income tax expense	(52,374 )	(26,351 )	-	-
Profit for the period	94,683	46,008	(1,831 )	(2,609 )
Total comprehensive income for the period	94,683	46,008	(1,831 )	(2,609 )
Profit attributable to non-controlling interest	18,937	9,202	(467 )	(559 )
Dividends paid to non-controlling interest	-	5,000	-	-

## Summarized cash flows

	PAMSA		Rigby	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Net cash generated by operating activities	82,603	76,089	16,650	5,693
Net cash used in investing activities	(17,436 )	(59,802 )	(7,275 )	(1,522 )
Net cash used in financing activities	43	(25,137 )	(15,362 )	3,812
Net increase in cash and cash equivalents	65,210	(8,850 )	(5,987 )	7,983
Foreign exchange gain on cash and cash equivalents	2,675	1,644	1,661	587
Cash and cash equivalents at beginning of period	11,416	29,885	13,907	486
Cash and cash equivalents at end of period	79,301	22,679	9,581	9,056

The information above is the amount before inter-company eliminations.

## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

## 8. Interests in joint ventures

As of March 31, 2014 and June 30, 2013, the joint ventures of the Group were Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A., NPSF and Entertainment Holding S.A. ("EHSA"). The shares in these joint ventures are not publicly traded.

In November 29, 2012, the Group acquired shares of common stock, representing 50% of EHSA's capital stock and votes, for an amount of Ps. 21.2 million. The fair value of the net assets acquired determined as of the purchase date amounted to Ps. 5.4 million. Therefore, the Group recognized a goodwill of Ps. 26.6 million.

On September 25, 2013, Sociedad Rural Argentina (SRA), La Rural de Palermo S.A. (LRPSA), Boulevard Norte S.A. (BNSA), Ogden Argentina S.A. (OASA), EHSA, ENUSA and La Rural S.A. (LRSA) executed a joint venture agreement and a shareholder's agreement mostly amending certain provisions set forth in prior agreements. The Company is now in the process of assessing any potential effect on the preliminary allocation of the purchase price of said acquisition.

Changes in the Group's investments in joint ventures for the nine-month period ended March 31, 2014 and for the year ended June 30, 2013 were as follows:

	March 31, 2014	June 30, 2013
Beginning of period / year	287,846	228,970
Acquisition of joint ventures	(12 )	25,899
Capital contributions	1,561	29,828
Sale of joint ventures	-	(5,774 )
Cash dividends (ii)	-	(1,250 )
Share of profit, net	18,949	10,173
End of period / year	(i) 308,344	287,846

(i) Includes a balance of Ps. (19) reflecting interests in companies with negative equity as of March 31, 2014 which are disclosed in "Provisions" (see Note 23).

(ii) During the year ended June 30, 2013, the Group cashed dividends from Nuevo Puerto Santa Fe S.A. in the amount of Ps. 1.3 million.



## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

## 9. Interests in associates

As of June 30, 2013, the associates of the Group were New Lipstick LLC, BHSA, Tarshop S.A., Manibil S.A., Lipstick Management LLC, Banco de Crédito y Securitización S.A. (“BACS”) and Bitania 26 S.A..

During the current period, the Group has acquired interests in associates Avenida Inc. and Avenida Compras S.A. (see Note 4). Consequently, as of March 31, 2014 the associates of the Group are New Lipstick LLC, BHSA, Tarshop S.A., Manibil S.A., Lipstick Management LLC, Banco de Crédito y Securitización S.A. (“BACS”), Bitania 26 S.A., Avenida Inc. and Avenida Compras S.A..

Changes in the Group’s investments in associates for the nine-month period ended March 31, 2014 and for the year ended June 30, 2013 were as follows:

	March 31, 2014	June 30, 2013
Beginning of the period / year	1,096,999	1,216,845
Acquisition of associates	13,057	-
Capital contributions	19	37,610
Share of profit, net	83,741	(17,564 )
Currency translation adjustment	(38,814 )	(1,300 )
Cash dividends (ii)	(9,977 )	(35,277 )
Decrease for the taking over	-	(103,315 )
End of the period / year (i)	1,145,025	1,096,999

(i) Includes Ps. (159,568) and Ps. (39,091) reflecting interests in companies with negative equity as of March 31, 2014 and June 30, 2013, respectively, which are disclosed in “Provisions” (see Note 23).

(ii) During the period, the Group cashed dividends from BHSA and Manibil S.A. in the amount of Ps. 9.2 million and Ps. 0.8 million, respectively. During the year ended June 30, 2013, the Group cashed dividends from Manibil S.A. and BHSA in the amount of Ps. 4.8 million and Ps. 30.5 million, respectively.

## IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

## 10. Investment properties

Changes in the Group's investment properties for the nine-month period ended March 31, 2014 and for the year ended June 30, 2013 were as follows:

	Shopping Center	Office and other rental properties	Undeveloped parcel of lands	Properties under development	Total
At July 1st, 2012:					
Costs	3,048,649	1,049,407	365,828	50,262	4,514,146
Accumulated depreciation	(1,097,669)	(141,251 )	-	-	(1,238,920)
Residual value	1,950,980	908,156	365,828	50,262	3,275,226
Year ended June 30, 2013					
Opening residual value	1,950,980	908,156	365,828	50,262	3,275,226
Additions	51,231	13,275	1,763	144,187	210,456
Currency translation adjustment	-	77,769	-	-	77,769
Acquisition of subsidiaries	-	679,219	-	-	679,219
Transfers	(86 )	86	-	-	-
Disposals	(65 )	(62,792 )	-	-	(62,857 )
Depreciation charge (i)	(142,162 )	(45,121 )	-	-	(187,283 )
Residual value at year end	1,859,898	1,570,592	367,591	194,449	3,992,530
At June 30, 2013:					
Costs	3,099,729	1,755,501	367,591	194,449	5,417,270
Accumulated depreciation	(1,239,831)	(184,909 )	-	-	(1,424,740)
Residual value	1,859,898	1,570,592	367,591	194,449	3,992,530
Period ended March 31, 2014:					
Opening residual value	1,859,898	1,570,592	367,591	194,449	3,992,530
Additions	19,213	19,791	107	139,519	178,630
Currency translation adjustment	-	357,256	-	-	357,256
Disposals	-	(20,352 )	-	-	(20,352 )
Depreciation charge (i)	(98,771 )	(47,221 )	-	-	(145,992 )
Residual value at period end	1,780,340	1,880,066	367,698	333,968	4,362,072
At March 31, 2014:					
Costs	3,118,942	2,112,196	367,698	333,968	5,932,804
Accumulated depreciation	(1,338,602)	(232,130 )	-	-	(1,570,732)

Residual value	1,780,340	1,880,066	367,698	333,968	4,362,072
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(i) Depreciation charges of investment properties were included in "Costs" in the Statement of Income (Note 29).

21

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IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

10. Investment properties (Continued)

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

	March 31, 2014	March 31, 2013
Rental and service income	1,767,480	1,398,125
Direct operating expenses	(778,261 )	(654,310 )
Gain from disposal of investment properties	115,362	64,019

Properties under development mainly comprise works in Shopping Neuquén S.A. and Arcos del Gourmet S.A.. As of March 31, 2014 and June 30, 2013 works in Shopping Neuquén S.A. amount to Ps. 83,233 and Ps. 43,138, respectively. Works in Arcos del Gourmet as of March 31, 2014 and June 30, 2013 amount to Ps. 235,737 and Ps. 136,313, respectively.

As of March 31, 2014 contractual obligations mainly correspond to constructions regarding to both projects. In Shopping Neuquén S.A. contractual obligations amount to Ps. 205 million and the Project is expected to be completed in September, 2014. In Arcos del Gourmet S.A. contractual obligations amount to Ps. 234. On December 10, 2013, the Judicial Branch confirmed an injunction order that suspends the opening of the shopping center on the grounds that it does not have certain governmental permits. Even though the construction has all regulatory permits in place, the Company is carrying out specific actions, has challenged the ruling, and has requested that the injunction be lifted and has reasonable expectations of a favorable result. On April 1, 2014, the government of the City of Buenos Aires granted a new environmental clearing certificate.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)  
 (All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)  
 Free translation from the original prepared in Spanish for the publication in Argentina

11. Property, plant and equipment

Changes in the Group's property, plant and equipment for the nine-month period ended March 31, 2014 and for the year ended June 30, 2013 were as follows:

	Hotels buildings and facilities	Buildings and facilities	Furniture and fixtures	Machinery and equipment	Vehicles	Total
At July 1st, 2012:						
Costs	376,671	61,291	13,394	78,370	512	530,238
Accumulated depreciation	(194,849 )	(30,533 )	(9,513 )	(		