IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
November 19, 2004

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, 2004

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 __T__ 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 __T__

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA

(THE COMPANY)

REPORT ON FORM 6-K

Attached is a copy of the English translation of the Unaudited Consolidated Financial Statements for the period ended on September 30, 2004 filed with the *Bolsa de Comercio de Buenos Aires* and with 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 period ended

September 30, 2004

In comparative format

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Unaudited Consolidated Balance Sheets as of September 30, 2004 and June 30, 2004

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

	September 30, 2004	**June 30, 2004**
ASSETS		
CURRENT ASSETS		
Cash and banks	105,914	93,096
Investments (Note 8)	56,028	70,804
Mortgages and leases receivables, net (Note 5)	47,627	34,431
Other receivables (Note 6)	46,309	52,748
Inventories, net (Note 7)	22,572	10,572
Total Current Assets	**278,450**	**261,651**
NON-CURRENT ASSETS		
Mortgages receivables and leases, net (Note 5)	2,870	2,836
Other receivables (Note 6)	126,301	125,794
Inventories, net (Note 7)	36,495	19,962
Investments, net (Note 8)	524,701	524,434
Fixed assets, net (Note 9)	1,261,575	1,265,666
Intangible assets, net	3,038	2,427
Subtotal Non-Current Assets	**1,954,980**	**1,941,119**
Goodwill, net	(16,655)	174
Total Non-Current Assets	**1,938,325**	**1,941,293**
Total Assets	**2,216,775**	**2,202,944**
LIABILITIES		
CURRENT LIABILITIES		
Trade accounts payable	42,636	43,008
Mortgages payable	2,236	2,218
Customer advances (Note 10)	29,106	25,454
Short term-debt (Note 11)	125,089	135,127
Salaries and social security payable	6,207	7,981
Taxes payable	12,200	11,641
Other liabilities (Note 12)	30,818	30,593
Total Current Liabilities	**248,292**	**256,022**
NON-CURRENT LIABILITIES		

Trade accounts payable	2,660	2,865
Customer advances (Note 10)	31,043	28,802
Long term-debt (Note 11)	468,198	468,807
Taxes payable	9,904	6,207
Other liabilities (Note 12)	9,863	10,150
Total Non-Current Liabilities	**521,668**	**516,831**
Total Liabilities	**769,960**	**772,853**
Minority interest	451,592	470,237
SHAREHOLDERS´ EQUITY	**995,223**	**959,854**
Total Liabilities and Shareholders´ Equity	**2,216,775**	**2,202,944**

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

Saúl Zang

Vicepresident acting as

President

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IRSA Inversiones y Representaciones Sociedad Anónima

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Unaudited Consolidated Statements of Income

For the three-month periods beginning on

July 1, 2004 and 2003

and ended September 30, 2004 and 2003

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

	September 30, 2004	September 30, 2003
Sales, leases and services	70,872	56,339
Cost of sales, leases and services	(33,440)	(31,228)
Gross profit	**37,432**	**25,111**
Selling expenses	(6,895)	(4,595)
Administrative expenses	(12,006)	(9,707)
Subtotal	**(18,901)**	**(14,302)**
Net gain (loss) in credit card trust	609	(336)
Operating income (Note 4)	**19,140**	**10,473**
Amortization of goodwill	(644)	(1,321)
Financial results generated by assets:		
Interest income	1,179	1,319
Interest on discount by assets	23	(22)
Gain on financial operations	3,181	9,967
Exchange gains generated by assets	1,594	4,937
Subtotal	**5,977**	**16,201**
Financial results generated by liabilities:		
Interest on discount by liabilities	(131)	32
Exchange losses generated by liabilities	(4,120)	(18,900)
Financial expenses	(13,986)	(16,640)
Subtotal	**(18,237)**	**(35,508)**
Financial results, net	**(12,260)**	**(19,307)**
Equity gain (loss) from related parties	22,539	(223)
Other income (expenses), net (Note 13)	(691)	1,328
Income (loss) before tax and minority interest	**28,084**	**(9,050)**
Income tax and asset tax	(8,877)	(7,260)
Minority interest	(2,017)	1,144

Income (loss) for the period	**17,190**	**(15,166)**
Earning per share		
Basic (Note 23)	0.069	(0.071)
Diluted (Note 23)	0.042	0.004

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

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IRSA Inversiones y Representaciones Sociedad Anónima

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Unaudited Consolidated Statements of Cash Flows (1)

For the three-month periods beginning on

July 1, 2004 and 2003

and ended September 30, 2004 and 2003

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

	September 30, 2004	**September 30, 2003**
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of beginning of year	122,913	193,057
Cash and cash equivalents as of end of period	124,476	187,729
Net increase (decrease) in cash and cash equivalents	**1,563**	**(5,328)**
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (loss) for the period	17,190	(15,166)
Plus income tax and asset tax accrued for the period	8,877	7,260
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Equity in earnings of affiliated companies	(22,539)	223
Minority interest in related companies	2,017	(1,144)
Allowances and provisions	662	(1,517)
Amortization and depreciation	17,452	17,332
Financial results	3,595	15,744
Changes in operating assets and liabilities:		
Decrease in current investments	1,889	1,152
(Increase) Decrease in mortgages and leases receivables	(7,703)	5,629
Decrease (Increase) in other receivables	1,451	(5,495)
(Increase) Decrease in inventory	(1,551)	4,002
(Increase) Decrease in intangible assets	(850)	133
Increase in taxes payable, salaries and social security payable and customer advances	3,112	1,303
Decrease in accounts payable	(577)	(291)
Increase in accrued interest	7,819	6,842
Decrease in other liabilities	(250)	(4,338)
Net cash provided by operating activities	**30,594**	**31,669**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Contributions for the setting up of companies	(125)	
Advance payment for the purchase of shares	(5,196)	
Acquisition of minority interest	(6,070)	
Purchase of shares of Banco Hipotecario		(2,214)
Payment for acquisition of undeveloped parcels of land	(102)	(233)

Purchase and improvements of fixed assets	(13,757)	(1,352)
Net cash used in investing activities	**(25,250)**	**(3,799)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of short-term and long-term debt	(21,960)	(31,580)
Decrease in minority shareholders		(1,618)
Issuance of common stock	18,179	
Net cash used in financing activities	**(3,781)**	**(33,198)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,563**	**(5,328)**

(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.

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IRSA Inversiones y Representaciones Sociedad Anónima

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Unaudited Consolidated Statements of Cash Flows (Continued)

For the three-month periods beginning on

July 1, 2004 and 2003

and ended September 30, 2004 and 2003

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

	September 30, 2004	**September 30, 2003**
Supplemental cash flow information		
Cash paid during the period for:		
Interest	9,717	9,961
Income tax	219	148
Non-cash activities:		
Increase in inventory through a decrease in fixed assets	1,028	2,606
Increase in inventory through a decrease in undeveloped parcels of lands	25,979	
Retained interest in credit cad receivables	3,756	
Liquidation of interest in credit card receivables	1,222	
Issues of certificates		3,504
Liquidation of certificates		1,322
Decrease in short-term and long-term debt through an increase in other liabilities		1,326
Conversion of negotiable obligations into ordinary shares		300
Increase in minority interest from the conversation of negotiable obligations of subsidiaries	1,454	

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IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements

For the three-month periods beginning on

July 1, 2004 and 2003

and ended September 30, 2004 and 2003

In thousand of pesos

NOTE 1: BASIS OF CONSOLIDATION CORPORATE CONTROL

a. Basis of consolidation

The Company has consolidated its Balance Sheets at September 30, 2004 and June 30, 2004 and the statements of income and cash flows for the three-month periods ended September 30, 2004 and 2003 line by line with the financial statements of its controlled companies, following the procedure established in Technical Pronouncement 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.

The financial statements for the three-month periods ended September 30, 2004 and 2003 have not been audited. The Company s management considers that they include all the necessary adjustments to fairly present the results for the periods referred to.

The result for the period ended September 30, 2004 does not necessarily reflect proportionality the Company s results for the complete fiscal year.

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

The following table shows the data concerning the corporate control:

	DIRECT OR INDIRECT % OF CAPITAL		DIRECT OR INDIRECT % OF VOTING SHARES	
COMPANIES	**Sept. 30,**	**June 30,**	**Sept. 30,**	**June 30,**

	2004	2004	2004	2004
Ritelco S.A.	100,00	100,00	100,00	100,00
Palermo Invest S.A.	66,67	66,67	66,67	66,67
Abril S.A.	83,33	83,33	83,33	83,33
Pereiraola S.A.	83,33	83,33	83,33	83,33
Baldovinos S.A.	83,33	83,33	83,33	83,33
Hoteles Argentinos S.A.	80,00	80,00	80,00	80,00
Llao LLao Resorts S.A. (1)	50,00	50,00	50,00	50,00
Buenos Aires Trade & Finance Center S.A.	100,00	100,00	100,00	100,00
Alto Palermo S.A. (APSA)	56,80	53,81	56,80	53,81

(*) The above holdings do not contemplate the effects on the proportional equity value from the conversion of irrevocable contributions into shares.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 1: (Continued)

(1) In accordance with Technical Pronouncement No. 21 adopted by the Company during the year ended on June 30, 2004, the Company started to consolidate this subsidiary on a line-by-line basis, taking into account other indicators that must be analyzed to determine whether control exists. The financial statements presented in comparative form were restated accordingly.

b. Acquisition and consolidation of related companies

On September 29, 2004, the Company entered into a purchase-sale agreement for the purchase of 49.9% of the capital stock of Perez Cuesta S.A.C.e.I.. As a result of this acquisition, Alto Palermo S.A. (APSA) will hold 68.8% of the capital stock of that company, the main activity of which is the operation of the Mendoza Plaza Shopping mall in the city of Mendoza.

Until the date of the above transaction, the Company held a 18.90% participation in the capital stock of Perez Cuesta S.A.C. e I.

The operation was communicated to the National Commission for the Defense of Competition to comply with applicable regulations and, therefore, the transaction and operation taken as a whole is subject to the approval by the commission.

At September 30, 2004 Alto Palermo S.A. (APSA) made a guarantee deposit on account of payment of the purchase price and for contract performance for Ps. 5,196, which has been recorded as an advance payment for the purchase of shares within long-term investments.

NOTE 2: CONSIDERATION OF THE EFFECTS OF INFLATION

The financial statements have been prepared in constant monetary units, reflecting the overall effects of inflation through August 31, 1995. As from that date, in accordance with professional accounting standards and the requirements of the control authorities, restatement of the financial statements was discontinued until December 31, 2001. As from January 1, 2002, in accordance with professional accounting standards, recognition of the effects of inflation in these financial statements was reestablished, considering that the accounting measurements restated due to changes in the purchasing power of the currency until August 31, 1995 as well as those arising between that date and December 31, 2001 are stated in currency of the latter date.

On March 25, 2003, the National Executive Branch issued Decree No. 664 establishing that the financial statements for years ending as from that date must be stated in nominal currency. Consequently, in accordance with Resolution No. 441 issued by the National Securities Commission, the Company discontinued the restatement of its financial statements as from March 1, 2003. This criterion is not in line with current professional accounting standards, which establish that the financial statements must be restated through September 30, 2003. However, due to the low materiality of inflation rates during the period from March to September 2003, this deviation has not had a material effect on the consolidated financial statements taken as a whole.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 2: (Continued)

The rate used for restatement of items in these financial statements until February 28, 2003 is the domestic wholesale price index published by the National Institute of Statistics and Census.

Comparative information

Certain amounts in the financials statements at June 30, 2004 and at September 30, 2003 were reclassified for disclosure on a comparative basis with those for the period ended September 30, 2004.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the subsidiaries mentioned in Note 1, have been prepared on a consistent basis with those applied by IRSA Inversiones y Representaciones Sociedad Anónima. Note 1 to the 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.

a. Shares of Banco Hipotecario S.A.

Since June 30, 2004, as a consequence of the situation described in Note 16, the Company and Ritelco S.A. value the shares of Banco Hipotecario S.A. by the equity method of accounting.

b. Revenue recognition

The Company s revenues mainly stem from office rental, shopping center operations, development and sale of real estate, hotel operations and, to a lesser extent, from e-commerce activities.

See Note 4 for details on the Company s business segments. As discussed in Note 1, the consolidated statements of results were prepared following the guidelines of Technical Resolution No. 21 of the F.A.C.P.C.E.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 3: (Continued)

b. (Continued)

Leases and services from shopping center operations

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 sales (the Percentage Rent) (which generally ranges between 4% and 8% of tenant s gross sales). Furthermore, pursuant to the rent escalation clause in most leases, a tenant s Base Rent generally increases between 4% and 7% each year during the term of the lease. Minimum rental income is recognized on a straight-line basis over the term of the lease. Certain lease agreements contain provisions, which provide for rents based on a percentage of sales or based on a percentage of sales volume above a specified threshold. The Company determines the compliance with specific targets and calculate 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, the Company 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. The Company also charges its tenants a monthly administration fee, prorated among the tenants according to their leases, which varies from shopping center to shopping center, relating 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.

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 and 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. Furthermore, the lease agreements generally provide for the reimbursement of real estate taxes, insurance, advertising and certain common area maintenance costs. These additional rents and tenant reimbursements are accounted for on the accrual basis.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 3: (Continued)

b. (Continued)

Credit card operations

Revenues derived from credit card transactions consist of commissions and financing income. Commissions are recognized at the time the merchants transactions are processed, while financing income is recognized when earned.

Hotel operations

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

c. Intangible assets, net

Intangible assets are carried at cost adjusted for inflation as mentioned in Note 2, less accumulated amortization.

Trademarks

Trademarks include the expenses and fees related to their registration.

Pre-operating expenses

This item reflects expenses generated by the opening of new shopping malls. Those expenses are amortized by the straight-line method in periods ranging from 2 to 3 years for each shopping mall, beginning as from the date of inauguration.

Property development expenses

Expenses incurred in relation to the selling of development properties, including advertising, commissions and other expenses, are charged to the results for the period in which the corresponding income is accrued, based on the percentage of completion method.

d. Goodwill

Negative goodwill represents the market value of net assets of the subsidiaries at the percentage participation acquired in excess of acquisition cost. Goodwill has been restated following the guidelines mentioned in Note 1.4. to the basic financial statements and amortization has been calculated by the straight-line method based on an estimated useful life of 20 years, considering the weighted-average of the remaining useful life of identifiable assets acquired subject to depreciation.

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 3: (Continued)

d. (Continued)

Additionally, also included was the goodwill from the controlled company APSA, originating from the purchase of shares of Tarshop S.A. and Fibesa S.A., which is amortized through the straight-line method over a period of not more than 10 years.

Amortization has been classified under Amortization of goodwill in the Statements of Income.

NOTA 4: SEGMENT INFORMATION

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 five reportable segments. These segments are Development and sale of properties, Office and other non-shopping center rental properties, Shopping centers, Hotel operations, and Others. As discussed in Note 1, the consolidated statements of income were prepared following the guidelines of Technical Resolution No. 21 of the F.A.C.P.C.E.

A general description of each segment follows:

Development and sale of properties

This segment includes the operating results of the Company s construction and ultimate sale of residential buildings business.

Office and other non-shopping center rental properties

This segment includes the operating results of the Company s lease and service revenues of office space and other non-retail building properties from tenants.

Shopping centers

This segment includes the operating results of the Company s shopping centers principally comprised of lease and service revenues from tenants. This segment also includes revenues derived from credit card transactions that consist of commissions and financing income.

Hotel operations

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

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 4: (Continued)

Financial operations and others

This segment primarily includes revenues and associated costs generated from the sale of equity securities, other securities-related transactions and other non-core activities of the Company. This segment also includes the results in equity investees of the Company relating to Internet, telecommunications and other technology-related activities of the Company.

The Company measures its reportable segments based on net income. 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 net income. 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 financial statements and in Note 3 to the unaudited consolidated financial statements.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 4: (Continued)

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

As of September 30, 2004:

	Sales and developments	Office and Others (a)	Shopping centers	Hotels	Financial and other operations	Total
Sales, leases and services	1,410	4,317	45,347	19,798		70,872
Cost of sales, leases and services	(1,507)	(1,908)	(18,913)	(11,112)		(33,440)
Gross profit	(97)	2,409	26,434	8,686		37,432
Selling expenses	(216)	(201)	(4,347)	(2,131)		(6,895)
Administrative expenses	(1,559)	(1,124)	(5,097)	(4,226)		(12,006)
Net gain in credit card trust			609			609
Operating (loss) income	**(1,872)**	**1,084**	**17,599**	**2,329**		**19,140**
Depreciation and amortization (b)	**46**	**1,662**	**13,155**	**2,277**		**17,140**
Addition of fixed assets and intangible assets	323		13,095	1,189		14,607
Non-current investments in other companies			12,280		185,252	197,532
Operating assets	296,690	275,406	1,007,177	131,315		1,710,588
Non-Operating assets	58,745	54,530	43,462	2,256	347,194	506,187
Total assets	355,435	329,936	1,050,639	133,571	347,194	2,216,775
Operating liabilities	5,631	5,905	98,670	15,882		126,088
Non-Operating liabilities	103,781	105,496	185,552	36,285	212,758	643,872
Total liabilities	109,412	111,401	284,222	52,167	212,758	769,960

Notes:

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

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 4: (Continued)

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

As of September 30, 2003

	Sales and developments	Office and Others (a)	Shopping centers	Hotels	Financial and other operations	Total
Sales, leases and services	5,984	3,664	31,152	15,539		56,339
Cost of sales, leases and services	(3,107)	(2,054)	(17,009)	(9,058)		(31,228)
Gross profit	2,877	1,610	14,143	6,481		25,111
Selling expenses	(601)	(163)	(1,779)	(2,052)		(4,595)
Administrative expenses	(1,249)	(878)	(4,255)	(3,325)		(9,707)
Net loss in credit card trust			(336)			(336)
Operating Income	**1,027**	**569**	**7,773**	**1,104**		**10,473**
Depreciation and amortization (b)	**(1,763)**	**1,535**	**13,581**	**2,144**		**15,497**
Addition of fixed assets and intangible assets (c)	232	54	20,397	4,390		25,073
Non-current investments in other companies (c)			7,198		162,659	169,857
Operating assets (c)	295,869	275,849	992,036	131,478		1,695,232
Non-operating assets (c)	59,335	55,321	59,469	7,019	326,568	507,712
Total assets (c)	355,204	331,170	1,051,505	138,497	326,568	2,202,944
Operating liabilities (c)	6,598	6,652	94,386	14,330		121,966
Non-operating liabilities (c)	105,598	107,362	185,907	36,733	215,287	650,887
Total liabilities (c)	112,196	114,014	280,293	51,063	215,287	772,853

Notes:

(a) Includes offices, commercial and residential premises.
(b) Included in operating income.
(c) At June 30, 2004

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 5: MORTGAGES AND LEASES RECEIVABLES, NET

The breakdown for this item is as follows:

	September 30, 2004		June 30, 2004	
	Current	Non-Current	Current	Non-Current
Debtors from sale of real estate	1,162	996	772	1,062
Unaccrued interest	(17)	(10)	(13)	(15)
Debtors from rent and credit card	37,637	1,957	28,423	1,834
Debtors from leases under legal proceedings	23,898		23,865	
Debtors from sales under legal proceedings	2,427		2,495	
Checks to be deposited	13,533		9,810	
Related parties	169		79	
Trade accounts receivable for hotel activities	4,987		4,299	
Less:				
Allowance for doubtful accounts	(489)		(485)	
Allowance for doubtful leases	(35,680)	(73)	(34,814)	(45)
	47,627	**2,870**	**34,431**	**2,836**

NOTE 6: OTHER RECEIVABLES

The breakdown for this item is as follows:

September 30, 2004		June 30, 2004	
Current	Non-Current	Current	Non-Current

Asset tax	1,334	54,928	1,009	56,522
Value Added Tax (VAT)	1,132	1,113	1,010	1,428
Related parties	15,610	25	20,377	12
Guarantee deposits	1,270	33	500	33
Prepaid expenses	2,336		3,260	
Expenses to be recovered	3,348		2,462	
Fund administration	208		208	
Advances to be rendered	43		1,213	
Gross sales tax	451	532	407	438
Deferred income tax		52,529		53,339
Debtors under legal proceeding	39		119	
Sundry debtors	2,247		2,139	
Operation pending settlement			474	
Income tax prepayments and withholdings	2,571		2,860	
Country club debtors	367		412	
Trust accounts receivable	335	3,411	870	433
Tax credit certificates	104		563	
Interest rate swap receivable	14,482		13,816	
Mortgages receivables		2,208		2,208
Present value other receivables		(1,346)		(1,384)
Credit from barter of Edificios Cruceros (1)		5,882		5,836
Tax on personal assets to be recovered			4,856	
Allowance for uncollectibility of tax on personal assets			(3,887)	
Credit from barter of Benavidez		8,824		8,755
Pre-paid insurance	103			
Allowance for doubtful accounts		(2,208)		(2,208)
Other	329	370	80	382
	46,309	126,301	52,748	125,794

(1) See note 1.6.f. to the unaudited basic financial statements.

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 7: INVENTORIES

The breakdown for this item is as follows:

	September 30, 2004		June 30, 2004	
	Current	Non-Current	Current	Non-Current
Dock 13	1,578		37	
Dorrego 1916	13		13	
Minetti D	33		33	
Madero 1020	1,025			
Rivadavia 2768	124		124	
Torres Jardín	245		245	
V. Celina	43		43	
Abril/Baldovinos	4,723	3,022	3,239	4,548
San Martín de Tours	4,815		4,744	
Torres de Abasto	540		555	
Dique III	7,920	18,059		
Resale merchandise	138		138	
Bonus merchandise	54		87	
Torres Rosario		15,414		15,414
Other properties	1,321		1,314	
	22,572	**36,495**	**10,572**	**19,962**

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 8: INVESTMENTS

The breakdown for this item is as follows:

	September 30, 2004	June 30, 2004
Current		
Cedro (1)	23	67
Bocanova (1)		266
Boden (1)	37	32
IRSA I Trust Exchangeable Certificate (1)	218	252
Time deposits and money markets	15,353	25,837
Mutual funds (2)	37,406	37,627
Tarshop Trust (1)	2,839	6,677
Interest Banco Ciudad de Bs. As. Bond (1)	115	14
Other investments (1)	37	32
	56,028	**70,804**
Non-current		
Banco de Crédito y Securitización S.A.	4,423	4,590
Banco Hipotecario S.A.	180,829	158,069
Pérez Cuesta S.A.C.I. (3)	10,875	5,763
E-Commerce Latina S.A	1,280	1,435
Metroshop	125	
IRSA I Trust Exchangeable Certificate	5,256	5,675
Tarshop Trust	12,429	13,411
Banco Ciudad de Bs. As. Bond	813	887
Art work	37	37
Other	11,503	11,517
	227,570	**201,384**
Undeveloped parcels of land:		
Constitucion 1111	1,261	1,261
Dique IV	6,160	6,160
Caballito plots of land	19,898	19,898
Padilla 902	71	71
Pilar	3,408	3,408
Torres Jardín IV	2,568	2,568
Puerto Retiro	46,381	46,424
Santa María del Plata	124,882	124,783
Pereiraola	21,875	21,875
Bs. As. Trade and Finance Center S.A		25,979

Air space Supermercado Coto	10,442	10,442
Caballito	29,717	29,717
Neuquén	9,983	9,983
Alcorta Plaza	17,545	17,545
Other parcels of undeveloped land	2,940	2,936
	297,131	**323,050**
	524,701	**524,434**

Notes:

(1) Not considered as cash for purposes of the statements of cash flows.

(2) Ps. 32,402 and Ps. 31,866 corresponding to the Dolphin Fund PLC at September 30, 2004 and June 30, 2004 not considered as cash for purpose of the statement of cash flows. Ps. 1,795 and Ps. 1,781 corresponding to the NCH Development Partner fund at September 30, 2004 and June 30, 2004 not considered as cash for purpose of the statement of cash flows.

(3) The balance at September 30, 2004 includes Ps. 5,196 corresponding to an advance on account of the payment of the purchase price for an additional participation of 49.9% (see Note 1).

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 9: FIXED ASSETS, NET

The breakdown for this item is as follows:

	September 30, 2004	June 30, 2004
Hotels		
Llao-Llao	30,882	30,827
Hotel Intercontinental	56,760	57,447
Hotel Libertador	37,362	37,795
	125,004	**126,069**
Office buildings		
Avda. de Mayo 595	4,394	4,419
Avda. Madero 942	2,203	2,213
Edificios costeros (Dique II)	19,635	19,726
Laminar Plaza	30,990	31,126
Libertador 498	42,484	42,679
Libertador 602	2,617	2,628
Madero 1020	3,005	4,047
Maipú 1300	45,219	45,432
Reconquista 823	17,652	17,733
Sarmiento 517	120	121
Suipacha 652	10,586	10,641
Intercontinental Plaza	64,793	65,152
Costeros Dique IV	20,038	20,123
	263,736	**266,040**
Commercial real estate		
Alsina 934	1,450	1,457
Constitución 1111	492	494
	1,942	**1,951**
Other fixed assets		
Abril	1,967	1,944
Alto Palermo Park	496	500
Thames	3,083	3,197
Other	3,366	3,470
	8,912	**9,111**

Shopping Center		
Alto Avellaneda	105,156	107,333
Alto Palermo	224,523	229,117
Paseo Alcorta	68,122	69,003
Abasto	208,678	210,696
Patio Bullrich	120,073	121,678
Buenos Aires Design	22,765	23,381
Alto Noa	29,181	29,589
Rosario	64,917	53,295
Other properties	11,052	11,074
Other	7,514	7,329
	861,981	**862,495**
	1,261,575	**1,265,666**

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 10: CUSTOMER ADVANCES

The breakdown for this item is as follows:

	September 30, 2004		June 30, 2004	
	Current	**Non-Current**	**Current**	**Non-Current**
Admission rights	13,358	20,175	11,495	17,444
Leases advances	5,810	10,868	5,451	11,358
Customer advances	9,938		8,508	
	29,106	**31,043**	**25,454**	**28,802**

NOTE 11: SHORT AND LONG TERM DEBT

The breakdown for this item is as follows:

	September 30, 2004		June 30, 2004	
	Current	**Non-Current**	**Current**	**Non-Current**
Convertible bond APSA 2006 (1)		52,497		53,578
Accrued interest- Convertible bond APSA 2006 (1)	1,052		2,310	
Negotiable obligations APSA (2)	53,461		74,630	
Accrued interest- Negotiable obligations APSA (2)	3,551		2,116	
Bank debts (3)	48,393	56,995	47,273	56,556
Accrued interest - bank debts (3)	278	4,767	236	4,108
Bond 100 M. (4)		258,044		255,922
Interest-Bond 100 M. (4)	7,843		2,632	

Negotiable obligations 2009 - principal amount (5)	10,071	88,130	5,528	91,915
Negotiable obligations 2009 - accrued interest (5)	440	7,765	402	6,728
	125,089	468,198	135,127	468,807

(1) Corresponding to the Negotiable Bonds Convertible to stock (CNB) issued by APSA for a value of US$ 50 million, as detailed in Note 21 to the unaudited consolidated financial statements, net of the CNB underwritten by the Company for U$S 29,682 thousand and net of unamortized fees and expenses related to the issuance.

(2) Includes:

(a) Ps. 48,400 thousand in unsecured general liabilities belonging to APSA, originally issued for a total value of V$N 85,000,000, which mature on 7 April 2005, on which date the principal will be amortized in full, net of issuance expenses. The terms of the liabilities require APSA to maintain certain financial ratios and conditions, specific debt/equity ratios, and establish restrictions to the procurement of new loans.

(b) Ps. 5,700 thousand corresponding to secured general liabilities in Shopping Alto Palermo S.A. (SAPSA), as detailed in Note 14, net of issuance expenses. The terms of the liabilities require SAPSA to maintain certain financial ratios and conditions, specific debt/equity ratios, and establish restrictions to the procurement of new loans. On August 6, 2004, SAPSA settled securities for a nominal value of Ps. 7,083.

On August 6, 2004, APSA settled the remaining balance of general secured notes amounting to Ps. 6,666.

(3) Includes mainly:

(a) Ps. 60,423 thousand corresponding to an unsecured loan falling due in the year 2009, as detailed in Note 5 to the unaudited financial statements.

(b) Ps. 38,105 thousand current, corresponding to a loan secured with real estate assets belonging to Hoteles Argentinos S.A., as detailed in Note 14 to the unaudited consolidated financial statements.

(c) Ps. 6,860 thousand corresponding to other current bank loans.

(4) Corresponding to Convertible Negotiable Bonds of the Company for a total value of US$ 100 million as set forth in Notes 5 and 11 to the unaudited financial statements.

(5) Corresponding to Negotiable Bonds secured with certain Company assets maturing in the year 2009, as detailed in Note 5 and 10 b. to the unaudited financial statements.

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Notes to the Unaudited Consolidated Financial Statements (Contd.)

NOTE 12: OTHER LIABILITIES

The breakdown for this item is as follows:

	September 30, 2004		June 30, 2004	
	Current	Non-current	Current	Non-current
Seller financing	5,886		5,781	
Dividends payable	2,042		2,379	
Related parties	4,397			