IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
May 30, 2006

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 May, 2006

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)

Bolivar 108

(C1066AAB)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F __ü__ 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 __ü__

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 nine -month period beginning on July 1, 2005 and 2004 and ended March 31, 2006 and 2005.

IRSA Inversiones y Representaciones

Sociedad Anónima and subsidiaries

Free translation of the Unaudited

Consolidated Financial Statements

For the nine -month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Unaudited Consolidated Balance Sheets as of March 31, 2006 and June 30, 2005

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

	March 31, 2006	**June 30, 2005**
ASSETS		
CURRENT ASSETS		
Cash and banks (Note 5)	81,116	98,244
Investments (Note 9)	146,038	113,690
Mortgages and leases receivables, net (Note 6)	107,769	65,481
Other receivables and prepaid expenses (Note 7)	55,614	46,694
Inventories (Note 8)	75,618	65,626
Total Current Assets	**466,155**	**389,735**
NON-CURRENT ASSETS		
Mortgages and leases receivables, net (Note 6)	32,331	7,765
Other receivables and prepaid expenses(Note 7)	103,784	112,538
Inventories (Note 8)	60,445	53,460
Investments (Note 9)	557,532	531,606
Fixed assets, net (Note 10)	1,422,088	1,436,628
Intangible assets, net	6,997	5,880
Subtotal Non-Current Assets	**2,183,177**	**2,147,877**
Goodwill, net	(17,278)	(13,186)
Total Non-Current Assets	**2,165,899**	**2,134,691**
Total Assets	**2,632,054**	**2,524,426**
LIABILITIES		
CURRENT LIABILITIES		
Trade accounts payable	111,598	66,881
Mortgages payable (Note 11)	18,043	25,462
Customer advances (Note 12)	66,349	50,924
Short term-debt (Note 13)	77,450	93,918
Salaries and social security payable	8,623	12,336
Taxes payable	45,852	22,352
Other liabilities (Note 14)	43,820	39,104
Total Current Liabilities	**371,735**	**310,977**
NON-CURRENT LIABILITIES		
Trade accounts payable	1,265	1,949
Mortgages payable (Note 11)	18,519	27,627
Customer advances (Note 12)	43,442	39,868

Long term-debt (Note 13)	368,925	389,755
Taxes payable	14,723	21,772
Other liabilities (Note 14)	26,774	34,410
Total Non-Current Liabilities	**473,648**	**515,381**
Total Liabilities	**845,383**	**826,358**
Minority interest	445,903	445,839
SHAREHOLDERS´ EQUITY	**1,340,768**	**1,252,229**
Total Liabilities and Shareholders´ Equity	**2,632,054**	**2,524,426**

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

Eduardo Sergio Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

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Unaudited Consolidated Statements of Income

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

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

	March 31, 2006	**March 31, 2005**
Sales, leases and services	381,270	271,890
Cost of sales, leases and services	(164,211)	(117,459)
Gross profit	217,059	154,431
Gain from valuation of inventories at fair market value	8,220	
Selling expenses	(41,895)	(26,277)
Administrative expenses	(62,608)	(43,457)
Subtotal	(96,283)	(69,734)
Net gain in credit card trust Tarjeta Shopping	2,116	393
Operating income (Note 4)	122,892	85,090
Amortization of goodwill	(827)	(1,322)
Financial results generated by assets:		
Interest income	4,124	2,807
Interest on discount by assets	(17)	234
Gain on financial operations	9,828	26,649
Exchange gain	22,199	(2,133)
Subtotal	36,134	27,557
Financial results generated by liabilities:		
Interest on discount by liabilities	(1)	(134)
Discounts		2,387
Exchange loss	(40,032)	7,459
Financial expenses	(38,804)	(40,566)
Subtotal	(78,837)	(30,854)
Financial results, net	(42,703)	(3,297)
Equity gain from related companies	37,193	58,728
Other income and expenses, net (Note 15)	(6,631)	(6,263)
Net Income before taxes and minority interest	109,924	132,936
Income tax and asset tax	(49,749)	(41,255)
Minority interest	(19,270)	(13,476)
Net income for the period	**40,905**	**78,205**
Earnings per common share		
Basic (Note 25)	0.111	0.302
Diluted (Note 25)	0.110	0.179

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

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Unaudited Consolidated Statements of Cash Flows (1)

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

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

	March 31, 2006	March 31, 2005
CHANGES IN CHASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of beginning of year	142,589	122,913
Cash and cash equivalents as of end of period	156,718	165,521
Net increase in cash and cash equivalents	**14,129**	**42,608**
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the period	40,905	78,205
Plus income tax and asset tax accrued for the year	49,749	41,255
Adjustments to reconcile net income to cash flows from operating activities:		
Equity gain from related companies	(37,193)	(58,728)
Minority interest	19,270	13,476
Allowances and reserves	13,954	7,519
Sundry provisions	8,621	3,682
Amortization and depreciation	61,281	54,997
Financial results	26,276	(29,734)
Results from sale of fixed assets		413
Results from sale of inventories		(15,501)
Gain from valuation of inventories at fair market value	(8,220)	
Amortization of unearned in come	(2,428)	
Unrecovered expenses	5,164	1,614
Changes in operating assets and liabilities:		
Decrease in current investments	10,931	603
Increase in non-current investments	(18,419)	
Increase in mortgages and lease receivables	(77,145)	(36,350)
Decrease in other receivables	925	7,718
Decrease (Increase) in inventories	22,161	(5,130)
Increase in intangible assets in intangible assets	(2,247)	(1,994)
(Decrease) Increase in taxes payable, salaries and social security payable and customer advances	(8,717)	1,197
Increase in trade accounts payable	40,320	12,646
Increase in accrued interest	6,018	8,928
Decrease in other liabilities	(3,877)	(10,222)
Net cash provided by operating activities	147,329	74,594
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for companies acquired net of cash acquired	(4,232)	(4,163)
Increase in non-current investments		(13,772)
Guarantee deposit	(8,610)	
Acquisition of minority interests in APSA	(4,030)	(16,443)
Sale of IRSA Telecommunications N.V.	1,719	

Increase in receivables with related companies	(325)	
Improvements to undeveloped parcels of land	(630)	(462)
Purchase and improvements of fixed assets	(55,206)	(42,643)
Net cash used in investing activities	(71,314)	(77,483)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term and long-term debt	16,414	76,025
Payment of short-term and long-term debt	(60,945)	(101,195)
Dividend payment by subsidiaries to minority shareholders	(11,356)	(10,300)
Payment to minority shareholders due to a capital reduction	(1,320)	
Collateral deposit		(5,822)
Proceeds from settlement of swap agreement	1,190	
Settlement of mortgages payable	(22,729)	
Payment of seller financings	(5,150)	
Issuance of common stock (exercise of options)	21,560	86,789
Net cash (used in) provided by in financing activities	(61,886)	45,497
NET INCREASE IN CASH AND CASH EQUIVALENTS	**14,129**	**42,608**

(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 Sergio Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

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Unaudited Consolidated Statements of Cash Flows (Continued)

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

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

	March 31, 2006	March 31, 2005
Supplemental cash flow information		
Cash paid during the period:	40,626	40,890
Interest paid	589	813
Income tax paid		
Non-cash activities:		
Increase in fixed assets through a decrease in inventories		123
Increase in inventories through a decrease in fixed assets	1,422	5,994
Increase in intangible assets through a decrease in fixed assets	6	2,126
Increase in undeveloped parcels of land through a decrease in fixed assets	(9,049)	
Increase in inventories through a decrease in undeveloped parcels of land	18,404	25,979
Increase in fixed assets through trade accounts payable		1,482
Increase in other receivables through a decrease in fixed assets	83	
Increase in credit card trust Tarshop		7,501
Dissolution of credit card trust Tarshop		3,004
Increase of fixed assets through a decrease in other receivables		103
Increase of shareholders equity through an increase in others receivables		482
Compensation of restricted cash with provisions for contingencies		185
Decrease in non-incurrent investments through an increase in fixed assets		596
Conversion of negotiable obligations into common shares	26,074	69,207

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Unaudited Consolidated Statements of Cash Flows (Continued)

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

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

	March 31, 2006	March 31, 2005
Acquisitions of subsidiary companies:		
Services and lease receivables		1,489
Other receivables	99	4,761
Undeveloped parcels of land	269	
Fixed Assets		86,931
Intangibles Assests		12
Trade payables		(983)
Customer Advances		(3,325)
Bank and financial loans		(38,178)
Loans to related companies		(3,133)
Salaries and social security charges		(203)
Fiscal Debts		(754)
Dividends payables (includes $75 to pay to Alto Palermo S.A (APSA))		(300)
Other liabilities	(89)	(16,182)
Allowances		(4,458)
Net value of the acquired non-cash assets	**279**	**25,677**
Cash acquired		1,239
Net value of the acquired assets		**26,916**
Minority interest		(8,398)
Equity investment before the acquisition		(5,087)
Higher value of fixed assets acquired		1,558
Higher value of undeveloped parcels of land acquired	3,953	
Purchase value of acquired subsidiaries	**4,232**	**14,989**
Cash acquired		(1,239)
Amount financed by sellers		(9,587)
	4,232	**4,163**

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IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005.

In thousand of pesos

NOTE 1: BASIS OF CONSOLIDATION CORPORATE CONTROL

a. Basis of consolidation

The Company has consolidated its balance sheets at March 31, 2006 and June 30, 2005 and the statements of income and cash flows for the nine-month periods ended March 31, 2006 and 2005 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.

Financial statements corresponding to the nine-month periods ended March 31, 2006 and 2005 have not been audited. The Company s management considers they include all necessary adjustments to reasonably show the consolidated results of each period.

Results for the nine-month periods ended March 31, 2006 and 2005 do not necessarily reflect the proportion of the Company s consolidated results for the years.

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

The following table shows the data concerning the corporate control:

	DIRECT AND INDIRECT % OF CAPITAL (*)		DIRECT AND INDIRECT % OF VOTING SHARES (*)	
	March 31, 2006	June 30, 2005	March 31, 2006	June 30, 2005
COMPANIES				
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.	50.00	50.00	50.00	50.00
Buenos Aires Trade & Finance Center S.A. (1)		100.00		100.00
Alto Palermo S.A. (APSA)	61.62	60.69	61.62	60.69
Canteras Natal Crespo S.A. (2)	43.18		43.18	

(*) The above holdings do not contemplate irrevocable capital contributions.

(1) The Company has completed merger procedures to take-over its subsidiary company Buenos Aires Trade and Finance Center S.A. having accounting effect as of 12/01/05 (See Note 19 to the basic unaudited financial statements)

(2) The Company holds joint control of Canteras Natal Crespo S.A. with ECIPSA, see Note 17 to the basic Unaudited Financial Statement.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 1: (Continued)

b. Comparative Information

Balance sheet items at June 30, 2005 shown in these unaudited consolidated financial statements for comparative purposes arise from the audited annual consolidated financial statements corresponding to the year then ended.

The balances at March 31, 2006 of the Statements of Income, Changes in Shareholders´ Equity and Cash Flows are disclosed in comparative format with the same period of the previous fiscal year.

Certain amounts in the financial statements at June, 2005 were reclassified for disclosure on a comparative basis with those for the period ended March 31, 2006.

NOTE 2: CONSIDERATION OF THE EFFECTS OF INFLATION

The unaudited financial statements have been prepared in constant monetary units, reflecting the overall effects of inflation through August 31, 1995. From that date and until December 31, 2001 the government discontinued the restatement of the financial statements due to a period of monetary stability. From January 1, 2002 up to February 28, 2003 the effects of inflation were recognized due to the existence of an inflationary period. As from that date, the restatement of the financial statements was discontinued.

This criterion is not in line with current professional accounting standards, which establish that the financial statements should be restated through September 30, 2003. However, due to the low level 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.

The rate used for restatement of items is the domestic wholesale price index published by the National Institute of Statistics and Census.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The unaudited 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 unaudited basic financial statements details the most significant accounting policies applied and mentions the recently approved unification of accounting standards that will be applicable at the beginning of the next fiscal year. Below are the most relevant accounting policies adopted by the subsidiaries, which are not included in that note.

a. Banco Hipotecario S.A. shares

Banco Hipotecario S.A. shares were valued by using the equity method of accounting by the end of the period. See Note 1.5.i. to the unaudited basic financial statements.

b. Revenue recognition

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

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, the 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 calculates the additional rent on a monthly basis as provided for in the contracts. Thus, these contingent rents are not recognized until the required thresholds are exceeded.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 3: (Continued)

b. (Continued)

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

Credit card operations

Revenues derived from credit card transactions include commissions and financing income. Commissions are recognized at the time the merchants transactions are processed, while financing income is recognized at the time it is accrued.

Hotel operations

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

Net operating results from each business unit are disclosed in Note 4.

c. Intangible assets

Intangible assets are carried at cost restated as mentioned in Note 2, less accumulated amortization and corresponding allowances for impairment in value. Included in the Intangible Assets caption are the following:

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 3: (Continued)

c. (Continued)

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 3 years for each one of the shoppings centers, beginning as from the date of opening of the shopping center.

Property development expenses

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

The value of these assets do not exceed its estimated recoverable value at the end of each period.

d. Goodwill

Negative goodwill represents the excess of the market value of net assets of the subsidiaries at the percentage participation acquired over the acquisition cost. Goodwill has been restated following the guidelines mentioned in Note 2 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.

Additionally, also included was the goodwill from the subsidiary APSA, originating from the purchase of shares of Tarshop S.A., Fibesa S.A. and Shopping Alto Palermo S.A., which is amortized through the straight-line method over a period that not exceeds 10 years.

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

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTA 4: OPERATING INCOME BY BUSINESS UNIT

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 Sale and development of properties, Office and other non-shopping center rental properties, Shopping centers, Hotel operations, and Financial operations and others. As mentioned 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:

Sale and development 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 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.

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 gain/loss in equity investments of the Company relating to the banking activity, internet, telecommunications and other technology-related activities of the Company.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTA 4: (Continued)

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

The accounting policies of the segments are the same as those described in Note 1 to the unaudited basic financial statements and in Note 3 to the unaudited consolidated financial statements.

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 4: (Continued)

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

As of March 31, 2006

	Development and sale of properties	Office and Other non-shopping center rental properties (a)	Shopping centers	Hotel operations	Others	Total
Revenues	32,764	21,524	245,542	79,700	1,740	381,270
Costs	(27,077)	(6,869)	(86,095)	(43,089)	(1,081)	(164,211)
Gross (loss) profit	5,687	14,655	159,447	36,611	659	217,059
Income from valuation of inventories at net sale value	8,220					8,220
Selling expenses	(1,320)	(796)	(31,627)	(8,152)		(41,895)
Administrative expenses	(7,899)	(7,189)	(31,582)	(15,938)		(62,608)
Net gain in credit card trust			2,116			2,116
Operating income (loss)	4,688	6,670	98,354	12,521	659	122,892
Depreciation and amortization (b)	247	5,987	47,272	7,245		60,751
Addition of fixed assets and intangible assets	688	1,374	39,782	13,264		55,206
Non-current investments in other companies			318		255,811	256,129
Operating assets	359,931	359,425	1,137,005	143,611		1,999,972
Non- Operating assets	52,315	52,241	42,550	3,520	481,456	632,082
Total assets	412,246	411,666	1,179,555	147,131	481,456	2,632,054
Operating liabilities	13,985	60,205	216,984	22,517		313,691
Non-Operating liabilities	90,372	67,829	285,031	49,116	39,344	531,692
Total liabilities	104,357	128,034	502,015	71,633	39,344	845,383

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

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 4: (Continued)

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

As of March 31, 2005

	Development and sale of properties	Office and Other non-shopping center rental properties (a)	Shopping centers	Hotel operations	Others	Total
Sales, leases and services	28,343	13,652	161,629	68,266		271,890
Cost of sales, leases and services	(12,837)	(5,587)	(62,637)	(36,398)		(117,459)
Gross (loss) profit	15,506	8,065	98,992	31,868		154,431
Selling expenses	(1,384)	(654)	(16,726)	(7,513)		(26,277)
Administrative expenses	(5,072)	(4,198)	(20,176)	(14,011)		(43,457)
Net income in credit card trust			393			393
Operating income	9,050	3,213	62,483	10,344		85,090
Depreciation and amortization (b)	177	4,827	42,795	6,930		54,729
Additions of fixed assets and intangible assets (c)		20,370	50,921	8,025		79,316
Non-current investments in other companies (c)			808		219,432	220,240
Operating assets (c)	343,803	364,420	1,124,780	133,035		1,966,038
Non-operating assets (c)	55,442	58,766	10,678	2,136	431,366	558,388
Total assets (c)	399,245	423,186	1,135,458	135,171	431,366	2,524,426
Operating liabilities (c)	11,040	68,129	147,915	20,313		247,397
Non-operating liabilities (c)	96,332	72,266	308,153	44,735	57,475	578,961
Total liabilities (c)	107,372	140,395	456,068	65,048	57,475	826,358

(a) Includes offices, commercial and residential premises.
(b) Included in operating income.
(c) Information at June 30, 2005

IRSA Inversiones y Representaciones Sociedad Anónima

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 5: CASH AND BANKS

The breakdown for this item is as follows:

	March 31, 2006	June 30, 2005
Cash in local currency	2,279	2,232
Cash in US$	2,752	5,135
Banks in local currency	23,671	14,998
Banks in US$	37,684	30,702
Banks in EUR	432	284
Special current accounts in local currency	1,717	2,106
Foreign accounts	11,828	42,099
Checks to be deposited	753	688
	81,116	98,244

NOTE 6: MORTGAGES AND LEASES RECEIVABLE

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-Current
Debtors from sale of real estate	8,965	13,268	2,117	840
Interest to be accrued	(93)	(81)	(10)	(5)
Debtors from leases and credit card	82,174	20,313	51,256	7,899
Debtors from leases under legal proceedings	22,794		22,664	
Debtors from sales under legal proceedings	2,040		2,368	
Checks to be deposited	24,530		20,319	
Related parties	431		146	
Mortgages accounts receivable from hotel activities	8,716		4,876	
Less:				
Allowance for doubtful accounts	(514)		(425)	
Allowance for doubtful leases	(41,274)	(1,169)	(37,830)	(969)
	107,769	32,331	65,481	7,765

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 7: OTHER RECEIVABLES

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-Current
Asset tax credits	3,531	29,168	18,009	25,694
Value added tax (VAT) receivable	3,697	4,828	3,838	5,173
Related parties	4,683		2,055	46
Guarantee deposits (1) (2)	9,635	35	279	19
Prepaid expenses	10,594	298	6,878	315
Guarantee of defaulted credits (3)	2,434	15,868		17,128
Expenses to be recovered	4,315		3,726	
Fund administration and reserve	191		191	
Advances to be rendered	66		79	
Gross sales tax	940	897	1,037	782
Deferred income tax		49,414		61,761
Debtors under legal proceeding	145		96	
Sundry debtors	3,057		2,837	
Future contracts receivable	287		269	
Income tax advances	1,231		1,332	
Country club debtors	412		412	
Cash reserves related to the securitization programs	1,109	4,455	4,090	2,549
Mortgages receivable under legal proceeding		2,208		2,208
Allowance for doubtful accounts		(2,208)		(2,208)
Tax on personal assets to be recovered	6,544		5,823	
Allowance for tax on personal assets	(5,793)		(5,326)	
Pre-paid insurance	119		52	
Judicial attachments (Note 26)	861		861	
Expenses to be recovered for damage (Note 29)	7,438			
Present value other receivables		(1,200)		(1,064)
Other	118	21	156	135
	55,614	103,784	46,694	112,538

(1) Includes a US$ 3 million deposit in guarantee kept in the Deustche Bank in favor of Argentimo S.A. related to an agreement entered into between Alto Palermo S.A., Argentimo S.A. and Constructora San José Argentina S.A. by which the guidelines are established for negotiating the acquisition of land to develop a shopping center and a dwelling and/or office building.

(2) Includes restricted cash (see Note 16.b)

(3) See note 15 to the unaudited basic financial statements and Note 16 to the unaudited consolidated financial statements.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 8: INVENTORIES

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-Current
Edificios Cruceros (1)	8,648		8,141	
Dock 13	1,605		1,605	
Dorrego 1916	13		13	
Minetti D	65		65	
Terrenos de Caballito		10,675		
Torres Jardín	468		468	
V. Celina	43		43	
Abril / Baldovinos	6,930	1,652	7,671	2,782
San Martín de Tours	14,075		11,743	
Credit from barter of Benavidez (Note 27)	8,542			8,542
Torres de Abasto	518		518	
Dique III (2)	25,559	9,776	33,699	
Credit from barter of Parcel 1 c) Dique III (3)		22,861		22,861
Torres Rosario (Note 12 (2))	6,941	15,481		19,275
Other inventories	2,211		1,660	
	75,618	60,445	65,626	53,460

(1) See note 1.5.h to the unaudited basic financial statements.

(2) Corresponds to parcel 1 e) (valued at restated cost).An option contract was signed for this plot and this option has not been exercised as of the date of issuance of these unaudited financial statements. Also, corresponds to parcel 1 d) (valued at net realizable value). A preliminary sale contract was signed for this plot. See Note 20 to the unaudited basic financial statements.

(3) Corresponds to the right to receive units to be received as consideration for the exchange of plot 1c). See Note 20 to the unaudited basic financial statements.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 9: INVESTMENTS

The breakdown for this item is as follows:

	March 31, 2006	June 30, 2005
Current		
Cedro (1)		5
Lebacs (1)		3,445
Boden (1)	127	39
Mortgage bonds (1)	2,914	3,523
Bono Argentina Discount (1)		1,074
IRSA I Trust Exchangeable Certificate (1)	76	558
Time deposits and money markets	4,829	24,754
Mutual funds (2)	124,578	69,229
Tarshop Trust (1)	13,061	10,634
Banco Ciudad de Bs. As. Bond (1)	415	391
Other investments (1)	38	38
	146,038	113,690
Non-current		
Banco de Crédito y Securitización S.A.	4,527	4,448
Banco Hipotecario S.A.	251,284	213,265
IRSA Telecomunicaciones N.V.		1,719
E-Commerce Latina S.A	318	808
IRSA I Trust Exchangeable Certificate	2,605	3,353
Tarshop Trust	32,923	19,256
Banco Ciudad de Bs. As. Bond	212	482
Other investments	32	48
	291,901	243,379
Undeveloped parcels of land:		
Dique IV	6,645	6,490
Caballito plots of land	9,223	19,898
Padilla 902	89	89
Pilar	3,408	3,408
Torres Jardín IV	3,030	3,030
Puerto Retiro (Note 16)	46,483	46,493
Santa María del Plata	114,397	112,771
Pereiraola	21,875	21,875
Air space Supermercado Coto	11,695	11,695
Caballito	31,065	31,065
Neuquén	9,987	9,987
Alcorta Plaza (Note 21)		18,048
Canteras Natal Crespo	4,356	
Other undeveloped parcels of land	3,378	3,378

	265,631	288,227
	557,532	531,606

(1) Not considered cash equivalent for purposes of presenting the unaudited consolidated statements of cash flows.

(2) Include Ps. 49,530 and Ps. 46,886 at March 31, 2006 and at June 30, 2005, respectively, corresponding to Dolphin Fund PLC , not considered cash equivalent for purposes of presenting consolidated statement of cash flows.

Include Ps. 3,200 and Ps. 1,738 at March 31, 2006 and at June 30, 2005, respectively, corresponding to NCH Development Partner fund not considered cash equivalent for purposes of presenting consolidated statement of cash flows.

Include Ps. 1,075 and Ps. 1,014 at March 31, 2006 and at June 30, 2005, corresponding to Gainvest funds not considered cash equivalent for purposes of presenting consolidated statements of cash flows.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 10: FIXED ASSETS

The breakdown for this item is as follows:

	March 31, 2006	June 30, 2005
Hotels		
Llao-Llao	41,214	33,097
Intercontinental	55,686	57,073
Libertador	36,101	36,700
	133,001	126,870
Office buildings		
Avda. de Mayo 595	4,494	4,574
Avda. Madero 942	2,369	2,401
Edificios Costeros (Dique II)	19,106	19,358
Laminar Plaza	30,174	30,577
Libertador 498	42,692	43,307
Libertador 602	2,943	2,985
Madero 1020	1,641	1,665
Maipú 1300	43,942	44,581
Reconquista 823	19,073	19,355
Rivadavia 2768	161	164
Sarmiento 517	81	84
Suipacha 652	11,560	11,749
Intercontinental Plaza	66,590	67,741
Costeros Dique IV	21,564	21,849
Bouchard 710	71,146	72,222
	337,536	342,612
Commercial real estate		
Alsina 934		1,429
Constitución 1111	538	545
	538	1,974
Other fixed assets		
Abril	1,133	1,133
Alto Palermo Park	493	500
Thames	3,033	3,033
Santa María del Plata	10,513	12,109
Constitución 1159	1,324	1,324
Other	2,757	1,593

	19,253	19,692
Shopping Center		
Alto Avellaneda	85,986	98,750
Alto Palermo	197,561	210,822
Paseo Alcorta	63,201	65,816
Abasto	196,766	202,776
Patio Bullrich	111,060	115,602
Buenos Aires Design	19,087	20,935
Alto Noa	29,517	30,883
Alto Rosario	81,331	79,117
Mendoza Plaza Shopping	87,151	83,706
Advance for purchase of fixed assets (Note 33)	16,341	
Other properties	12,315	12,103
Other fixed assets	31,444	24,970
	931,760	945,480
Total	**1,422,088**	**1,436,628**

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 11: MORTGAGES PAYABLE

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-Current
Mortgage payable San Martin de Tours	3,563		2,935	
Mortgage payable Bouchard 710 (1)	14,480	18,519	22,527	27,627
	18,043	18,519	25,462	27,627

(1) See details in Notes 6 and 12 d. to the unaudited basic financial statements.

NOTE 12: CUSTOMER ADVANCES

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-Current
Admission rights	22,942	30,538	18,041	26,061
Lease and service advances (1)	11,494	12,904	10,966	13,807
Advanced payments from customers	29,712		20,911	
Advance for the sale of a plot of land (2)	2,201		1,006	
	66,349	43,442	50,924	39,868

1) The balance of rents and services advance payments include Ps 1,220 and Ps 5,615 current and non-current, respectively, that represent advance payments provided by Hoyts Cinema for the construction of the movie complexes of the Abasto Shopping and Centro Comercial Alto Noa. These advance payments accrue an interest equivalent to the semiannual Libo rate added 2-2.25 points. As of March 31, 2006 the semiannual Libo rate was 4.6975%. Due to an agreement between APSA and Hoyts Cinema, the amount is being applied to the accrual of the rents originated in the place used by Hoyts Cinema.

2) This is a 600 Euros advanced payment that the Company received from Villa Hermosa S.A. related to a purchase contract of a plot of land that is currently an integral part of the plot located in Rosario, in which the Company projects to build housing towers. The liabilities amount is shown net of expenses that the Company has incurred on account and behalf of Villa Hermosa S.A. The preliminary purchase contract referred to above was subscribed on December 9, 2005. The maximum term established to formalize the deed is June 5, 2006 (this term may be extended). The plot is valued at its fair market value as conditions provided in Technical Resolution No. 17 are complied with.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 13: SHORT AND LONG - TERM DEBT

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-Current
APSA 2006 Convertible Notes (1)	3	47,904		44,821
APSA 2006 Convertible Notes - Accrued interest (1)	971		2,016	
Bank loans (2)	55,077	75,856	77,182	82,218
Bank loans - Accrued interest (2)	1,631	7,266	1,630	5,987
IRSA Convertible Notes (3)		153,323		168,059
IRSA Convertible Notes Interest	4,647		1,726	
Negotiable obligations 2009 - principal amount (4)	14,401	72,727	10,792	78,917
Negotiable obligations 2009 - accrued interest (4)	720	11,849	572	9,753
	77,450	368,925	93,918	389,755

1) Corresponds to the outstanding balance of Negotiable Obligations convertible into shares (CNB) issued originally by APSA for an outstanding amount of US$ 50 million, as detailed in Note 23 to the unaudited consolidated financial statements, net of the CNB underwritten by the Company and net of fees and expenses related to issue of debt to be accrued.

2) The outstanding balance at March 31, 2006 includes mainly the following loans:

   (a) Unsecured loan expiring in 2009 as set out in Note 7 to the unaudited basic financial statements amounted to Ps. 53,609 (Ps. 55,198 at June 30, 2005).

   (b) US$ 11 million loan granted by Deutsch Bank to APSA on March 4, 2005 with the following due dates of principal and interest: US$ 5 million falling due on April 4, 2005, US$ 3 million falling due on from February 1, 2006 and US$ 3 million falling due on August 1, 2006. The loan accrues annual interest equivalent to Libo rate plus 3.25%. APSA has paid appositely the two principal installments plus accrued interest.

   (c) On April 5, 2005 APSA accepted a syndicated loan from Banco Río de la Plata S.A. and Bank Boston N.A. amounting to Ps. 50 million, payable in 4 equal and consecutive semiannual installments. The final due date of the transaction falls on April 5, 2007. During the first year this loan will accrue interest at a fixed interest rate of 7.875 % and during the second year, will accrue the interest at the Central Bank Encuesta rate plus 3 %, payable quarterly as from July 2005.

The terms of this loan require APSA to maintain certain financial ratios and conditions, and certain indicators and levels of indebtedness. The funds from this loan were used to settle the outstanding balance, amounting to Ps. 48.4 million, of Negotiable Obligations originally issued for an amount of Ps. 85.0 million.

On October 5, 2005 the first principal installment of $ 12.5 million was cancelled. On April 5, 2006 APSA paid the second capital installment of $ 12.5 million plus the fourth installment of accrued interest.

   (d) Hotels Argentinos S.A. mortgage loan amounting to US$ 8,000. See Note 16.

   (e) Other loans and bank overdrafts amounting to Ps. 4,216.

3) Corresponds to the issue of Convertible Negotiable Obligations of the Company for a total value of US$ 100 million as set forth in Notes 7 and 13 to the unaudited basic financial statements.

4) Corresponds to the issue of Negotiable Obligations secured with certain Company assets maturing in 2009, as detailed in Note 7 and 12 b. to the unaudited basic financial statements.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 14: OTHER LIABILITIES

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-current	Current	Non-current
Seller Financings (1)	12,660		11,348	5,030
Dividends payable	39		39	
Related parties	3,969	4,179	2,829	1,732
Guarantee deposits	3,280	658	924	2,787
Provisions for contingencies (2)	8,689	10,842	9,776	11,027
Directors fees provision	8,626		10,379	
Directors fees advances	(250)		(3,327)	
Condominium expenses to be incurred	590		475	
Directors guarantee deposits		8		8
Sundry creditors	70		39	
Administration and reserve fund	649		636	
Pending settlements for sales of plots			57	
Contributed leasehold improvements to be accrued and unrealized gains (Note 30)	526	11,078	635	13,818
Donations payable	3,960		3,960	
Present value other liabilities		(3)		(4)
Trust accounts payable	283		283	
Other	729	12	1,051	12
	43,820	26,774	39,104	34,410

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(1) The balances as of March 31, 2006 include principally:

a. Ps. 6,117 related to the financing of the acquisition of Shopping Neuquén S.A. s shares. This loan accrues interest equivalent to LIBOR for six months. At March 31, 2006 LIBO rate for six months was 4.69%,

b. Ps. 5,294 maturing on September 29, 2006 corresponding to the financed acquisition of Mendoza Plaza Shopping S.A (Former Pérez Cuesta S.A.C.I.) shares (See Note 28); and

c. Ps. 181 related to the acquisition of 50% shares of Conil S.A.

(2) The Company has recorded provisions in order to face up to probable contingent claims, and according to estimates developed by Company s legal counsels, such provisions would cover loss contingencies and related fees regarding to such claims. The amount of such provisions is based on management s assessment and the considerations of legal counsel s opinion regarding the matters.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 15: OTHER INCOME AND EXPENSES, NET

The breakdown for this item is as follows:

	March 31, 2006	March 31, 2005
Other income:		
Recovery of allowances	8	
Gross from the sale of fixed assets		7
Gross early settlement of liabilities		70
Others	2,940	863
	2,948	940
Other expenses:		
Unrecoverable VAT receivable	(875)	(554)
Donations	(302)	(180)
Loss from the sale of fixed assets		(35)
Lawsuits contingencies	(436)	(189)
Debit and credit tax	(632)	(545)
Tax on personal assets	(4,161)	(5,603)
Allowance for doubtful accounts	(1,649)	
Other	(1,524)	(97)
	(9,579)	(7,203)
Other income and expenses, net	**(6,631)**	**(6,263)**

NOTE 16: RESTRICTED ASSETS

Puerto Retiro S.A.

On April 18, 2000, Puerto Retiro S.A. (indirect subsidiary of the Company) was notified of a filing made by the National Government, through the Ministry of Defense, to extend the petition in bankruptcy of Inversora Dársena Norte S.A. (Indarsa) to Puerto Retiro S.A. Concurrently with the complaint, at the request of plaintiff, the bankruptcy court granted an order restraining the ability of Puerto Retiro S.A. to sell or dispose in any manner the real estate property near Puerto Madero denominated *Planta 1* which had been acquired from Tandanor S.A. in June 1993.

Indarsa had acquired 90% of the capital stock of Tandanor to a formerly estate owned company privatized in 1991, engaged in the shipyard industry.

Indarsa did not comply with the payment of the outstanding price for the acquisition of the stock of Tandanor, and therefore the Ministry of Defense requested the bankruptcy of Indarsa, pursuing to extend the bankruptcy to Puerto Retiro S.A.

The legal proceeding has already practically reached the end of the time allowed to produce evidence. Puerto Retiro S.A. contested the complaint and appealed the provisional remedy, which was dismissed on December 14, 2000. The plea has been duly submitted and is awaiting sentence.

The management and the legal counsels of Puerto Retiro S.A. believe that the extension of the bankruptcy will be dismissed by the Court.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 16: (Continued)

Hoteles Argentinos S.A. mortgage loan

The Extraordinary Shareholders Meeting of Hoteles Argentinos S.A. (HASA , subsidiary of the company) held on January 5, 2001 approved taking a long-term mortgage loan from Bank Boston N.A. for a total amount of US$ 12,000 to be used to refinance existing debts. The term of the loan was agreed at 60 months payable in 19 equal and quarterly installments of US$ 300 and one final payment of US$ 6,300 in the due date. The agreement was signed on January 26, 2001.

Interest payments must be paid quarterly in arrears at an annual interest rate equivalent to LIBO for 12 months loans plus the applicable mark-up as per the contract, which consists of a variable interest rate applicable in the debt s interest payment periods.

The guarantee was a senior mortgage on a property owned by Hoteles Argentinos S.A., which houses the Hotel Sheraton Libertador Buenos Aires. As a result of the economic situation of the country, the lack of credit and the crisis of the Argentine financial system, principal installments falling due as from January 26, 2002 and the interest installments falling due as from July 29, 2002, were not paid by HASA. On March 5, 2004, BankBoston N.A. formally notified HASA that as from March 10, 2004 it assigned to Marathon Master Fund Ltd., domiciled at 461 Fifth Avenue, 10th floor, New York, NY 10017, USA, all the rights and obligations arising from the loan agreement entered into on January 26, 2001 with HASA as borrower and BankBoston N.A., as lender, together with all the changes, guarantees and insurance policies related to that contract.

Consequently, all pending obligations of HASA must be fulfilled in favor of the assignee, Marathon Master Fund Ltd.

On December 16, 2004 Ritelco S.A. purchased the loan of US$ 12,951 that the Company s controlled subsidiary Hoteles Argentinos S.A. (80%) owed Marathon Master Fund, Ltd. for US$ 7,925.

On March 23, 2005 Ritelco S.A. sold to Credit Suisse International (CSI formarly Credit Suisse First Boston) the loan agreement for US$ 8,000 in cash and the Company entered into an agreement with CSI pursuant to which, among other things, the Company guarantees the payment of the debt owed by HASA and in the event of non-compliance the Company shall repurchase the loan agreement mentioned. As guarantee for this transaction, the Company made a payment of US$ 2,000 to CSI which is disclosed as a guarantee of defaulted credit within Other receivables . If HASA duly complies with the obligations arising from this transaction, the Company will be able to receive a periodical funds flow.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 16: (Continued)

Subsequently, the debt restructuring and refinancing process started, and in the mentioned refinancing context, after period-end, the board of directors of HASA, in the meeting held on April 17, 2006, made an evaluation of the matters related to the original debt refinancing and decided to modify and amend the Amended and Restated Agreement in order to reduce the outstanding amount of the original loan capital to U$S 8,000 and postpone its maturity to March 15, 2010, by subscribing a Modified Loan Contract with CSI having the principal debt cancellation and interest payment terms that follow:

a) Principal cancellations:

-	Installment 1	04-21-2006	U$	S 2,000
-	Installment 2	03-15-2008	U$	S 213
-	Installment 3	09-15-2008	U$	S 225
-	Installment 4	03-15-2009	U$	S 239
-	Installment 5	09-15-2009	U$	S 253
-	Installment 6	03-15-2010	U$	S 5,070

b) The principal installments will be paid with interest on the outstanding principal loan to be amortized as stated in clause 2.3 of the Modified Loan Contract:

Period 03-15-2006 to the effective day of the contract (04-21-2006), interest will be accrued on U$S 8,000 at an annual 12.07% rate. The Company will not pay any other interest accrued up to the effective date, including interest on loan arrears.

From 04-21-2006 to 09-15-2006, interest on the outstanding principal at an annual 12.07% rate.

As from 09-15-2006, the loan will accrue:

(A) Interest at an annual rate equal to six-month LIBOR, as determined by CSI the second working day prior to each interest period, plus the applicable margin of 7,0% (the Interest Rate), and

(B) Interest will accrue as from the first day of each interest period inclusive and will be payable twice a year on arrears on each interest payment date.

Once HASA has credited the amount of U$S 2,000 made on April 21, 2006, the mortgage was partially cancelled reducing the original amount to the total of U$S 6,000. Consequently, the fourth paragraph of such instrument was changed and it was established that the asset mortgaged assure the proper compliance in time of all the Obligations arising from the Modified Loan Contract.

In addition to the Modified Loan Contract entered into with HASA and its financial creditor CSI, two credit default swaps were subscribed. One between IRSA and CSI for 80% of the restructured debt value, this being an amendment of the previous one signed, and the other one is a credit default swap between Starwood Hotels and Resorts Worldwide Inc. (Starwood) indirect minority shareholder of HASA and CSI for 20% of the restructured debt value.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 16: (Continued)

In line with IRSA Inversiones y Representaciones Sociedad Anonima s labor and experience in financial matters and in debt restructuring and having already acted in favor of HASA in the negotiations with the previous creditors of the Original Loan- HASA hired the services of IRSA for advising, consulting, defending and negotiating the interests of HASA in respect of the debt restructuring. As payment for this professional service, HASA will pay IRSA a fee of U$S 1,377.

In its capacity as shareholder of HASA, Hoteles Sheraton de Argentina S.A.C. has agreed HASA to pay to IRSA a valuable consideration for its management of the debt restructuring process. To such end, Sheraton will loan HASA the amount of U$S 275 (the Sheraton Loan), and immediately after having received this loan, HASA will pay IRSA 20% of the fees for services rendered. The remaining 80% will not be immediately cancelled but it will be a loan of IRSA to HASA (the IRSA Loan).

The parties will define within 30 days from having subscribed the loan agreement to HASA, the terms and conditions of the IRSA and Sheraton loans, which will be equal as related to interest rates and payment terms. In order to agree the terms in which payments will be effective, the parties will take into account and will prioritize the renewal plan of the Sheraton Libertad Hotel, so that the cancellations of the IRSA and Sheraton Loans allow HASA to count with the funds to carry out such plan.

The Company has classified the debt as current and non-current liability in the general consolidated balance sheet as of March 31, 2006 considering the terms and conditions agreed in the debt restructuring occurred subsequent to closing and prior to the issuance of these financial statements.

In April 2006, the Company received U$S 800 for returning the guarantee of fulfillment of the contract.

Alto Palermo Group - Restricted assets.

a) Short and long-term dept include Shopping Neuquén S.A s liability amounting to Ps. 42, corresponding to a mortgage set up on acquired land for Ps. 3,314.

b) At March 31, 2006, under other current receivables, APSA has restricted funds according to the following detail:

I. Ps. 108 in relation to the case Del Valle Soria, Delicia against New Shopping S.A. , claming unfair dismissal.

II. Ps. 21, in relation to the case Saavedra Walter Ricardo against Alto Palermo S.A. and others about dismissal.

III. Ps. 20, in relation to the case La Meridional Cía. de Seguros against Alto Palermo S.A. by collecting in pesos.

c) As of March 31, 2006, Ps 14,119 are pledged corresponding to Emprendimiento Recoleta S.A.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 17: TARSHOP S.A. CREDIT CARD RECEIVABLE SECURITIZATION

APSA has ongoing revolving period securitization programs through which Tarshop S.A., a majority-owned subsidiary of APSA, transfers a portion of its customer credit card receivable balances to trusts that issues certificates to public and private investors.

Under the securitization programs, Trusts may issue two types of certificates representing undivided interests in Trusts Títulos de Deuda Fiduciaria (TDF) and Certificados de Participación (CP), which represent debt, and equity certificates, respectively. Interest and principal services are paid periodically to the TDF holders throughout the life of the security. CPs are subordinated securities which entitle the CP holders to share pro rata in the cash flows of the securitized credit card receivables, after principal and interest on the TDFs and other fees and expenses have been paid. During the revolving period no payments are made to TDF and CP holders. Principal collections of the underlying financial assets are used by the trust to acquire additional credit card receivables throughout the revolving period. Once the revolving period ends, a period of liquidation occurs during which: (i) no further assets are purchased, (ii) all cash collections are used to fulfill the TDF service requirements and (iii) the remaining proceeds are used to fulfill the CPs service requirements.

In consideration of the receivables transferred to the trusts, which have been eliminated from the Company s balance sheet, Tarshop received cash (arising from the placement of the debt securities by the trusts) and CPs issued by the trusts. The latter are recorded at their equity values at the closing of the period on the basis of the financial statements issued by the trusts.

NOTE 18: SALE IN OWNERSHIP OF BANCO HIPOTECARIO S.A. AMONG SUBSIDIARIES

On August 9, 2005 Ritelco S.A. sold 335,893 shares of Banco Hipotecario S.A. to Buenos Aires Trade and Finance Center S.A. (at that moment 100% subsidiary of the Company) in the total amount of US$ 1,536 (equivalent to market value of US$ 4,57 per share). See Note 18 to the unaudited basic financial statements in connection with the sale of interest in Banco Hipotecario S.A. made by IRSA to Buenos Aires Trade & Finance Center S.A.

As such transactions were made among subsidiaries, in which IRSA holds 100% interest, they do not modify the shareholding and do not affect the unaudited consolidated financial statements.

As of March 31, 2006, total shareholding in Banco Hipotecario S.A. amounted to 17,641,015.

NOTA 19: INVESTMENT IN IRSA TELECOMUNICACIONES N.V. (ITNV)

At June 30, 2005, Ritelco held an investment in ITNV representing 49.36% of its common shares. Ritelco had discontinued in prior years the application of the equity method for valuing this investment because there were mandatorily redeemable preferred shares issued by ITNV, as Ritelco had not secured ITNV obligations, nor had it agreed to provide financial support to that company. For this reason, the investment in ITNV was valued at zero.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 19: (Continued)

On August 19, 2005, a share purchase agreement was entered into by and between ITNV, Ritelco S.A. and Dolphin Fund PLC (another shareholder of ITNV) whereby ITNV acquired all the common shares held by those shareholders (4,106,000 and 1,675,000 shares, respectively) for US$ 0.1470333852 per share. The amount of this transaction is US$ 850, of which US$ 604 correspond to Ritelco S.A.

Considering that the above-mentioned transaction occurred subsequent to year-end, but before the issuance of the annual financial statements, Ritelco took up as of June 30, 2005 the investment in ITNV at its equity value up to the limit of its recoverable value. Consequently, Ritelco recorded an income of US$ 604 as of June 30, 2005.

NOTE 20: MORTGAGE RECEIVABLE SECURITIZATION ORIGINATED BY IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANONIMA (IRSA), INVERSORA BOLIVAR S.A. AND BALDOVINOS S.A.

The Board of Directors of the Company, in the meeting held on November 2, 2001, authorized the setting up of a financial trust for the securitization of Company receivables. The trust program for issuing participation certificates, under the terms of Law No. 24,441, was approved by the National Securities Commission by means of Resolution No. 13,040, dated October 14, 1999, as regards the program and in particular as regards the Trust called IRSA I following a decision of the Board of Directors dated December 14, 2001.

On December 17, 2001, the Company, Inversora Bolívar S.A. and Baldovinos S.A. (indirect subsidiaries) on one side (hereinafter the Trustors) and Banco Sudameris Argentina S.A. (hereinafter the Trustee) agreed to set up the IRSA I Financial Trust under the Global Program for the Issuance of FIDENS Trust Values, pursuant to the contract entered into on November 2, 2001.

Under the above-mentioned program, the trustors sold their personal and real estate receivables, secured with mortgages or arising from bills of sale with the possession of the related properties, for the total amount of US$ 26,586 to the Trustee, in exchange for cash and a part of the issuance by the Trustee of Participation Certificates. The different types of Participation Certificates issued by the Trustee are set out as follows:

Class A Participation Certificates (CPA): Nominal value of US$ 13,300 with a 15% fixed annual nominal yield, with monthly Service payments due on the 15th of each month or on the immediately following business day. These certificates grant the right to collect the following Services: (a) a fixed yield calculated on the Class principal balance, with monthly capitalization, payable monthly as from the total settlement of the CPAs, and (b) an amortization.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 20: (Continued)

Class B Participation Certificates (CPB): Nominal value of US$ 1,000 with a 15.50% fixed annual, nominal yield, with monthly Service payments due on the 15th of each month or on the immediately following business day. These certificates grant the right to collect the following Services: (a) a fixed yield calculated on the Class principal balance, with monthly capitalization, payable monthly as from the total settlement of the CPAs, and (b) an amortization equivalent to the sums paid as from the Last Service Payment Date on which the total settlement of the CPA Certificates may have taken place, net of their fixed yield.

Class C Participation Certificates (CPC): Nominal value of US$ 1,600 with a 16% fixed annual nominal yield, with monthly Service payments due on the 15th of each month or on the immediately following business day. These certificates grant the right to collect the following Services: (a) a fixed yield calculated on the Class principal balance, with monthly capitalization, payable monthly as from the total settlement of the CPBs, and (b) an amortization equivalent to the sums paid as from the Last Service Payment Date on which the total settlement of the CPBs may have taken place, net of their fixed yield. The fixed yield will accrue as from the Cut-Off Date and will be capitalized on a monthly basis.

Class D Participation Certificates (CPD): Nominal Value of US$ 10,686. These grant the right to collect monthly sums arising from the Cash Flows, net of the contributions made to the Expense Fund, once the remaining classes have been fully settled.

The period for placing the Participation Certificates was from December 27, 2001 to January 15, 2002.

Pursuant to Decree No. 214/02, receivables and debts in U.S. dollars in the Argentine financial system as of January 6, 2002, were converted to pesos at the rate of exchange of Ps. 1 per US$ 1 and are adjusted by a reference stabilization index (CER) / coefficient of salary fluctuation (CVS).

On July 21, 2003 an amendment was signed to the trust contract by which, among other conditions, a system of proportional adjustment to the Participation Certificates was established to recognize the CER and CVS, and also nominal value of the Participation Certificates Class D was modified. New nominal value amounted to Ps. 10,321.

At March 31, 2006, the value of Class D Participation Certificates amounted to Ps. 2,233 in IRSA, Ps. 356 in Inversora Bolívar S.A., and Ps. 92 in Baldovinos S.A. Class A, B, and C Certificates have been totally amortized at the end of the period.

NOTE 21: SALE OF THE ALCORTA PLAZA PLOT

On December 22, 2005, Alto Palermo S.A. (APSA) subscribed a preliminary purchase contract with possession, by which APSA sold to RAGHSA S.A. the plot denominated Alcorta Plaza for a total price of US$ 7.7 million.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 21: (Continued)

On March 13, 2006, the deed of the property was subscribed and a mortgage guarantee was furnished on certain units to be used for offices and garage of the building owned by RAGHSA S.A., located at San Martín street 338, 344, 350 and 360, and Florida street 343 and 347 of the City of Buenos Aires. The amount of the mortgage was US$ 4,374. Payment terms and conditions were as follows:

US$ 1,925 with the preliminary purchase contract.

US$ 1,925 on July 4, 2006.

US$ 1,925 on July 4, 2007 and US$ 1,925 on July 4, 2008.

NOTE 22: DERIVATIVE INSTRUMENTS

Interest rate swaps

Alto Palermo S.A. (APSA) has used certain financial instruments to reduce its financing costs. Major financing institutions have been the counterparties of such instruments. APSA has not used derivative instruments with speculative purposes. APSA managed the risk of possible counterparties inability to fulfill instrument clauses.

In order to minimize its financing costs, the Company entered into an interest rate swap agreement to effectively convert a portion of its peso-denominated fixed-rate debt to dollar-denominated floating rate debt.

During the period ended March 31, 2005, the Company recorded profits amounting to Ps. 5.22 million related with this contract. This contract expired on 4 April, 2005.

Future contracts to purchase metals

During the present period, Ritelco S.A. entered into future contracts for the purchase of silver and gold and launched call options in Euros. In accordance with its risk management policies, Ritelco S.A. uses future metal contracts for speculative purposes.

As of March 31, 2006 the Company has 27 future contracts for the purchase of 5,000 ounces of silver due in May 2006 at an average market price of U$S 11.52. As collateral for these contracts, the Company has deposits amounting to U$S 91.1 (equivalent to Ps. 277.2).

The difference between the market value and the agreed amount of derived financial instruments outstanding as of March 31, 2006 amounts to U$S 3.2 (equivalent to Ps.9.8). As of March 31, 2006, the Company recorded a realized and non-realized profit for such transactions amounting to U$S 772.7 (equivalent to Ps.2.3) and U$S 34.4 (equivalent to Ps. 98.6), respectively.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 23: ALTO PALERMO - ISSUANCE OF NEGOTIABLE OBLIGATIONS CONVERTIBLE INTO COMMON SHARES

On July 19, 2002, Alto Palermo S.A. issued Series I of Negotiable Obligations up to US$ 50,000 convertible into common shares, par value of Ps. 0.10 each. This serie was fully subscribed and paid-up.

This issuance was resolved at the Ordinary and Extraordinary Meeting of Shareholders held on December 4, 2001, approved by the National Securities Commission Resolution No.14,196 dated March 15, 2002 and authorized to list for trading on the Buenos Aires Stock Exchange on July 8, 2002.

Main issue terms and conditions of the Convertible Negotiable Obligations are as follows:

Issue currency: US dollars.

Due date: July 19, 2006.(1)

Interest: at a fixed nominal rate of 10% per annum. Interest is payable semi-annually.

Payment currency: US dollars or its equivalent in pesos.

Conversion right: the notes can be converted at any time at the option of each holder into ordinary shares at a conversion price equivalent to the higher of the result from dividing the nominal value of the Company s shares (Ps. 0.1) by the exchange rate and US$ 0.0324, which means that each Note is potentially exchangeable for 30.864 shares of Ps. 0.1 par value each.

Right to collect dividends: the shares underlying the conversion of the negotiable obligations will be entitled to the same right to collect any dividends to be declared after the conversion as the shares outstanding at the time of the conversion.

(1) On May 2, 2006, the Meeting of Shareholders decided to postpone the date of original maturity to July 19, 2014 this being the reason for the Convertible Negotiable Obligations (CNO) to be classified as non-current in these financial statements. The Company is currently analyzing the impact of this operation.

At March 31, 2006, certain holders of Negotiable Obligations convertible into APSA common shares, have exercised their right to convert them for a total amount of US$ 2.72 million. As of March 31, 2006, the outstanding balance of APSA Convertible Negotiable Obligations amounted to US$ 47.28 million, of which US$ 31.74 million correspond to IRSA s holding which is eliminated in the consolidation process.

NOTE 24: ALTO PALERMO - OPTIONS GRANTED IN RELATED COMPANIES

E-Commerce Latina S.A. has granted Consultores Internet Managers Ltd., a Cayman Islands corporation created to act on behalf of Altocity.com s management and represented by an independent attorney-in-fact, an irrevocable option to purchase Class B shares of Altocity.com S.A. representing 15% of the latter s capital, for an eight-year period beginning on February 26, 2000 at a price equal to the present and future contributions to Altocity.com S.A. plus a rate of 14% per year, capitalizable annually.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 25: EARNINGS PER SHARE

Below is a reconciliation between the weighted-average number of common shares outstanding and the diluted weighted-average number of common shares. The latter has been determined considering the number of additional common shares that would have been outstanding if the holders had exercised their right to convert the convertible negotiable obligations held by them into common shares, up to nominal amount of US$ 100,000, described in Note 13 to the unaudited basic financial statements.

In thousands:

	March 31, 2006	March 31, 2005
Weighted - average outstanding shares	367,292	258,854
Conversion of negotiable obligations	200,262	239,722
Weighted - average diluted common shares	567,554	498,576

Below is a reconciliation between net income of the period and net income used as a basis for the calculation of the diluted earnings per share:

	March 31, 2006	March 31, 2005
Net income for calculation of basic earnings per share	40,905	78,205
Exchange difference	11,023	(3,421)
Interest	10,034	14,595
Income tax		
Net income for calculation of diluted earnings per share	61,962	89,379
Net basic earnings per share	0.111	0.302
Net diluted earnings per share	0.110	0.179

NOTE 26: PROVISION FOR UNEXPIRED CLAIMS AGAINST LLAO LLAO HOLDING S.A.

The company Llao Llao Holding S.A. (in the process of dissolution due to merger with IRSA Inversiones y Representaciones Sociedad Anónima), predecessor of Llao Llao Resorts S.A. in the operation of the hotel complex Hotel Llao Llao , which was awarded by Resolution No. 1/91 issued by the National Parks Administration, was sued in 1997 by that Administration to obtain collection of the unpaid balance of the additional sale price, in Argentine external debt securities amounting to US$ 2,870. A ruling of the court of original jurisdiction sustained the claim. That ruling was appealed, and the Court of Appeals confirmed the judgment of the court of original jurisdiction, demanding payment from the company of the mentioned amount in Argentine external debt securities available at the date of the ruling, plus interest accrued through payment, and compensatory and punitive interest and lawyers´ fees.

The unpaid balance approved in the court records, carried out by the plaintiff as of March 31, 2001, includes face value bonds of US$ 4,127, plus compensatory and punitive interest, payable in cash, in a total amount of US$ 3,800.

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NOTE 26: (Continued)

On March 2, 2004, the Company made a deposit of Ps. 7,191 in Banco de la Ciudad de Buenos Aires in favor of the National Parks Administration and a transfer of Argentine external debt securities class FRB - FRB L+13/16 2005 for a total nominal value of US$ 4,127, equivalent to Ps. 1,964. The total amount settled on that date was Ps. 9,155.

The intervening court served notice to the plaintiff of payment made, and on June 30, 2004 the plaintiff presented a writing rejecting that payment, considering it partial settlement of the debt arising from the firm judgement filed in the records of the case, and requested the setting up of a time deposit with the funds paid, automatically renewable every thirty days, until final payment of the total debt.

The Court resolved the matter by considering notice to have been served; as regards the amount due, the plaintiff must conform the claim to current regulations. Until final resolution of the matter, Banco de la Ciudad de Buenos Aires was instructed to appropriate the funds to a renewable time deposit.

A report of the legal advisors states that the balance remains unpaid and outlines that the Company has deposited with the court the debt titles determined in the unpaid balance, and an amount in cash of Ps. 7,191, whereas the unpaid balance approved in the court records was US$ 3,780.

In line with the matters reported by the lawyers in respect of this suit, the Company management recorded a reserve for an amount Ps. 4,519 as of March 31, 2006, which was determined according to the difference between the amount claimed for compensatory and punitive interest of US$ 3,800 and the amount deposited in the court of Ps. 7,191.

The plaintiff s lawyers (five complainants) filed a motion in relation to their fees in the case, as they understood that the amount agreed should have been paid in U.S. dollars and not in pesos, estimating the difference, in comparison with the amount already paid, in US$ 384. In a provisional remedy, due to the unpaid balance carried out in the court records under the claims of two of the lawyers, an order was issued to attach the Company s current accounts, which occurred in March 2005 in the amount of Ps. 788. As of March 31, 2006, such attached funds amounts to Ps. 861.

The Company legal advisors challenged the unpaid balance carried out in the court records based on several reasons (payments performed prior to the pesification, unlawful and exorbitant interest, etc.). The Company is currently awaiting the resolution of the challenges submitted by means of request. In accordance with the probable contingency reported by the lawyers as of March 31, 2006, the Company management has reserved the amount of Ps. 1,942.

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NOTE 27: OPTION FOR THE ACQUISITION OF BENAVIDEZ

On December 3, 2003, Inversora Bolívar S.A. (indirect subsidary company) and Desarrolladora El Encuentro S.A. (DEESA) signed a revocable option agreement for the acquisition of real property, whereby Inversora Bolívar S.A. granted DEESA an option to acquire land in Benavídez.

In March 2004, DEESA notified Inversora Bolívar S.A. and the latter accepted the exercise of the mentioned option. On May 21, 2004 an exchange deed was signed whereby DEESA agreed to pay US$ 3,980 to Inversora Bolívar S.A., of which US$ 980 were paid during the previous quarter and the balance of US$ 3,000 will be paid through the exchange of 110 residential plots already chosen and identified in the option contract mentioned in the first paragraph of this note. Furthermore, through the same act, DEESA set up a first mortgage in favor of Inversora Bolívar S.A. on real property amounting to US$ 3,000 in guarantee of compliance with the operation and delivered US$ 500 to Inversora Bolívar S.A. corresponding to a deposit in guarantee of performance on the obligations undertaken. This balance will not accrue interest in favor of DEESA, and will be returned as follows: 50% at the time of certification of 50 % of the progress of work and the remaining upon certification of 90% of work progress.

NOTE 28: ACQUISITION OF SHARES IN MENDOZA PLAZA SHOPPING (formerly Pérez Cuesta S.A.C.I.)

On September 29, 2004, Alto Palermo S.A. (APSA) entered into a purchase-sale contract covering 49.9% of the capital stock of Mendoza Plaza Shopping S.A. (formerly Pérez Cuesta S.A.C.I.) for US$ 5.3 million, of which US$ 3,54 million were paid, two installments of US$ 1.77 million each (which due date operated on December 2, 2004 and on September 29, 2005). The remaining of the purchase price will be paid in an installment of US$ 1.77 million on September 29, 2006.

Through this acquisition, APSA became holder of 68.8% of the capital stock of the above company, the main activity of which is the operation of the Mendoza Plaza Shopping center in the city of Guaymallen, Mendoza.

The operation was notified to the National Commission for the Defense of Competition in compliance with the regulations of the Ministry of Economy, having obtained its approval on November 17, 2004.

On December 2, 2004 a final purchase agreement was signed, the shares were transferred and an Extraordinary Shareholders Meetings was held, which decided the amendment of the by-laws to change the corporate name from Pérez Cuesta S.A.C.I. to Mendoza Plaza Shopping S.A.

At March 31, 2005 the deed implementing the changes in the Company s by-laws had been signed before Public Notary; this amendment is approved by the enforcement agencies.

Additionally, during the fiscal year ended on June, 30, 2005, APSA entered into the following contracts:

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 28: (Continued)

Put option with Banco de Chile, whereby the latter was entitled, although not obliged, to assign a mortgage loan agreement to APSA originally granted to Mendoza Plaza Shopping S.A. amounting to US$ 15.5 million and a credit line fully disbursed to that company amounting to US$ 2.5 million; Mendoza Plaza Shopping S.A. had failed to comply with its payment obligations. The loans were secured by the assignment in guarantee of rental payments to be made by Falabella S.A. to Mendoza Plaza Shopping S.A.

The documentation was notarized on March 30, 2005 by which Banco de Chile transferred all the mortgage rights to APSA and the latter acquired the credit for US$ 8.5 million.

Call option with HSBC Bank Argentina S.A., whereby APSA was entitled, although not obliged, to acquire, and HSBC Bank Argentina S.A. assumed an irrevocable obligation to transfer, a loan agreement originally granted to Mendoza Plaza Shopping S.A. amounting to US$ 7.0 million which the latter failed to pay. The loan was secured through the assignment in guarantee of rental payments to be made by Angulo Hermanos S.A. and Garbarino S.A.

On March 29, 2005 APSA transferred the purchase option entered into with HSBC Bank Argentina S.A. to Mendoza Plaza Shopping S.A. for the same value as originally agreed and on the same day Mendoza Plaza Shopping S.A. exercised the option, paying Ps. 6.1 million for the settlement of the loan, (corresponding to the exercise price of Ps. 7.2 million, net of the premium paid of Ps. 0.7 million and rental fees collected by HSBC Bank Argentina S.A. amounting to Ps. 0.4 million).

Agreement with Inversiones Falabella Argentina S.A. establishing as the following:

1. Capitalization terms were agreed in the event that APSA or one of its subsidiaries is assigned the loan from Banco de Chile or other bank loan and propose its capitalization through APSA s contributions.

2. Upon maturity of the lease agreement currently in force between Mendoza Plaza Shopping S.A. and Inversiones Falabella Argentina S.A., APSA will provide for the granting of an option to the latter for the renewal of the contract under the same terms as the current contract, with certain changes expressly established in the contract in force.

3. In its capacity as surety, APSA will ensure payment by Mendoza Plaza Shopping S.A. to Falabella S.A. of the loan held by the former amounting to US$ 1.05 million, under the terms established in the contract.

4. Inversiones Falabella Argentina S.A. will have an irrevocable right to sell its shares in Mendoza Plaza Shopping S.A. (put option) to APSA, which may be exercised until the last business day of October 2008, for a total consideration of US$ 3 million according to the conditions expressly established in the contract.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 28: (Continued)

The Extraordinary Shareholders Meeting of Mendoza Plaza Shopping S.A. was held on May 31, 2005, in which the following issues were unanimously decided:

Approve a due bill agreement that Mendoza Plaza Shopping S.A. had with the Company in a total amount of Ps. 36,058 resulting from the payments of the above-mentioned agreements.

Approve the Alto Palermo S.A. (APSA) request that such loans be considered as irrevocable contributions to account of future capital increased.

Approve the capitalization of the irrevocable contributions account for Ps. 36,058. Through such capitalization of irrevocable contributions, the Company increased its holds to 85.40% of the shareholding of Mendoza Plaza Shopping.

NOTE 29: DAMAGES IN ALTO AVELLANEDA

On March 5, 2006 there was a fire in the Alto Avellaneda Shopping produced by an electrical failure in one of the stores. Although there were neither injured persons nor casualties, there were serious property damages and the area as well as certain stores had to be closed for repairs. The total damaged area covered 36 stores and represented 15.7% of the total square meters built. Repair works are currently being carried out in order to re-open the area in two stages, one in June and the other one in August of the current year.

APSA has an all risk insurance coverage for this kind of damage. As of March 31, 2006 the Company has eliminated the proportional part of fixed assets damaged with an estimated book value of Ps 6.4 million. As of closing, a receivable of Ps. 7.4 million has been recorded related to re-opening works of the damaged areas of the Commercial Center and to rents lost due to the closing of stores. At the date of issuance of these financial statements, Ps. 2.1 million have been collected as advance-payment. This claim is currently undergoing adjustment process.

NOTE 30: CONTRIBUTED LEASEHOLD IMPROVEMENT AND UNREALIZED GAINS

Operadora de Estaciones de Servicios S.A. (O.P.E.S.S.A.) made leasehold improvements on Mendoza Plaza Shopping S.A s. property, which were capitalized as fixed assets in Mendoza Plaza Shopping S.A s., recognizing the related gain over the term of the contract. At period end, the amount of Ps. 238 was pending of accrual.

In March 1996 Village Cinema S.A. opened ten theatres with the multiplex cinema system, with an approximate surface of 4,100 sq. m. This improvement of a building of Mendoza Plaza Shopping, was capitalized as a fixed asset, with a balancing entry as unrealized gains, recognizing the depreciation charges and the profits over a 50-year period. At period end, the amount of Ps. 10,835 was pending of accrual.

Also, gains to be accrued related to the construction of installations by a lessee in the Abasto Shopping Center area, are included. APSA has recorded such installations as fixed assets based on the construction costs with the liability. Improvements by third

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 30: (Continued)

parties are depreciated in net income accounts during the term of the rental. Such net depreciation of the improvement by third parties was not significant during the nine-month periods ended March 31, 2006 and 2005.

On February 2, 1999 Mendoza Plaza Shopping S.A. entered into a contract with Riocruz S.C.S. (C&A Shop), granting the latter a mutual right of way in perpetuity, for valuable consideration for the first ten years and subsequently free of charge. The price agreed for this easement is US$ 2,926 which was accrued over the amortization period of the property, as from April 1999, date on which it was registered with the Real Estate Record Office. On September 16, 2005 Mendoza Plaza Shopping S.A. acquired the real estate that belonged to Riocruz S.C.S. (C & A Shop) and the easement right was left ineffective. Therefore, Mendoza Plaza Shopping S.A. reflected for this operation an income of $2,428 as accelerated amortization which is shown in Other income and expenses, net of the statement of income.

NOTE 31: PROPOSAL TO TRANSFER THE MANAGEMENT OF ABRIL

The Company, Inversora Bolívar S.A. and Baldovinos S.A. are currently analyzing a proposal to be submitted to the Commission of Residents of Abril Club de Campo for passing the administration of the Club and the subsequent transference of the shares of Abril S.A. This proposal will replace the one dated May 4, 2005.

In principle, for bidders to consider the accepted proposal, the approval of the owners of two thirds of the land sold at the signing the proposal is required. It includes monetary and non-monetary renderies, among which the following can be outlined:

1. The Company and Inversora Bolívar S.A. will contribute to Abril S.A. the amount of Ps. 650.

2. The Company and Inversora Bolívar S.A. will repair all the roadways of Abril Club de Campo.

3. The Company and Inversora Bolívar S.A. will transfer to Abril S.A. a plot of land of the Abril establishment (to be assigned to the building of sleeping rooms) including their pertinent shareholding titles.

4. The Company and Inversora Bolívar S.A. will transfer to Abril S.A. a plot of land of the Abril establishment (commercial stores, small theatre and administration) including their pertinent shareholding titles.

5. Baldovinos S.A. will establish in favor of Abril S.A. a perpetual easement that no buildings will be constructed in relation of the Big House and four plots of land adjacents to the Main House located in Abril Club de Campo.

6. The Company and Inversora Bolívar S.A. will be responsible for all severance payment (including salary) of a former employee of the Club.

7. The Company and Inversora Bolívar S.A. will pay the dues for lightning, cleaning and maintenance of public roads to the Municipality of Berazategui if such amount is higher to the amount recorded in the financial statements of Abril S.A. as of

September 30, 2005 as well as of any related legal fee.

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Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 32: NEUQUEN PROJECT

On July 6, 1999 APSA acquired a 94.6% share in Shopping Neuquén S.A. amounting to Ps. 4.2 million. APSA paid Ps. 0.9 million on September 1, 1999 and the remaining Ps. 3.3 million were to be paid on July 5, 2001 or at the time of the opening of the shopping center to be constructed in the building owned by Shopping Neuquén S.A., whichever happened first. As of March 31, 2006 the remaining amount had not been paid yet.

The only asset of Shopping Neuquén S.A. is a plot of land of 50,000 square meters approximately, in which a shopping center would be built. The project included the building of a shopping center, a hypermarket, hotel and housing building. During June 2001 Shopping Neuquén S.A. requested to the Municipality of Neuquén an extension of the original construction schedule, and an authorization to transfer to third parties certain plots in which the land is divided so that each participant of the commercial development to be constructed would be able to build on its own land.

The time extension should be approved by the Legislative Council of the Municipality of Neuquén.

On December 20, 2002 the Municipality of Neuquén issued Decree 1,437/02 by which the request of Shopping Neuquén S.A., in respect of extending the time term to build the development and the authorization to transfer a part of the plots to third parties, was denied. Also, the extinction of the rights arising from Ordinance 5,178 was stated, terminating the purchase-sale contracts of land with loss both of improvements carried out and expenses incurred, in favor of the Municipality of Neuquén, having Shopping Neuquén S.A. no right to claim any indemnities.

Shopping Neuquén S.A. submitted a response to the above-mentioned Decree and requested on January 21, 2003 that the administrative action be revoked, and offered and attached a proof document including the reasons to request such annulment.

It also requested to be allowed to submit a new schedule of time terms, which would be prepared in line with the current scenario and including reasonable short and medium term projections.

The Municipal Executive rejected the recourse referred to above through Decree 585/2003. Consequently, on June 25, 2003 Shopping Neuquén S.A. filed an Administrative Procedural Action with the High Court of Neuquén requesting among other issues, the annulment of Decrees 1,437/2002 and 585/2003 that the Municipal Executive issued.

On December 21, 2004 Shopping Neuquén was notified of a resolution of the High Court of Neuquén communicating the expiry of the administrative procedural action that the Company had filed against the Municipality of Neuquén. Such Court decision is not final.

As of March 31, 2006 Shopping Neuquén S.A. is negotiating with the Municipality of Neuquén an agreement to establish the terms and conditions to re-activate the

IRSA Inversiones y Representaciones Sociedad Anónima

and subsidiaries

Notes to the Unaudited Consolidated Financial Statements (Continued)

NOTE 32: (Continued)

development and construction of the commercial business. Such terms and conditions will be incorporated in a new Municipal Ordinance that will either modify or annul the original one.

If the extension is not approved, the Municipality of Neuquén would be entitled to request that the real estate sold on a timely basis be returned and if such is the case Shopping Neuquén would not recover its original investment.

In turn, on August 15, 2003 APSA was acknowledged that 85.75% of the old shareholders of Shopping Neuquén S.A. filed a claim requesting the collection of the price balance plus interest and legal costs.

The Company management considers that the current undergoing negotiations will be favorable to the Company interest.

NOTE 33: ACQUISITION OF REAL STATE

On December 29, 2005, APSA subscribed a preliminary purchase contract for acquiring a building located in the Autonomous City of Buenos Aires. The price agreed for this transaction amounts to US$ 17.9 million. At present, the amount of US$ 5.4 million has been paid as pre-payment and is shown in Fixed Assets. The remaining amount, that is US$ 12.5 million will be cancelled at the time of signing the deed for final transference, which will happen within 180 days (such term can be postponed) counted as from the date in which the preliminary contract will be signed.

IRSA Inversiones y Representaciones

Sociedad Anónima

Free translation of the Unaudited

Financial Statements

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

IRSA Inversiones y Representaciones Sociedad Anónima

Corporate domicile: Bolívar 108 1º Floor Autonomous City of Buenos Aires

Principal activity: Real estate investment and development

Unaudited Financial Statements for the nine-month period

ended March 31, 2006

compared with the same period of previous year

Amounts stated in thousands of Pesos

Fiscal year No. 63 beginning July 1º, 2005

DATE OF REGISTRATION WITH THE PUBLIC REGISTRY OF COMMERCE

Of the By-laws: June 25, 1943

Of last amendment: July 2, 1999

Registration number with the

Superintendence of Corporations: 4,337

Duration of the Company: Until April 5, 2043

Information related to subsidiary companies is shown in Exhibit C.

CAPITAL COMPOSITION (Note 11)

		In thousand of pesos	
	Authorized for Public Offer of		
Type of share	**Shares (*)**	**Subscribed**	**Paid in**
Common share,1 vote each	384,302,779	384,302	384,302

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

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Balance Sheets as of March 31, 2006 and June 30, 2005

In thousand of pesos (Note 1)

	March 31, 2006	June 30, 2005
ASSETS		
CURRENT ASSETS		
Cash and banks (Note 2 and Exhibit G)	6,187	38,782
Investments (Exhibits C, D and G)	41,152	19,476
Mortgages and leases receivables, net (Note 3 and Exhibit G)	4,366	3,521
Other receivables and prepaid expenses (Note 4 and Exhibit G)	7,230	4,042
Inventories (Note 5)	50,522	22,157
Total Current Assets	**109,457**	**87,978**
NON-CURRENT ASSETS		
Mortgages and leases receivables, net (Note 3, and Exhibit G)	695	35
Other receivables and prepaid expenses (Note 4 and Exhibit G)	86,067	93,517
Inventories (Note 5)	43,373	201
Investments (Exhibits C, D and G)	1,233,130	1,213,344
Fixed assets (Exhibit A)	286,060	291,869
Total Non-Current Assets	**1,649,325**	**1,598,966**
Total Assets	**1,758,782**	**1,686,944**
LIABILITIES		
CURRENT LIABILITIES		
Trade accounts payable (Exhibit G)	6,577	5,297
Mortgages payable (Note 6 and Exhibit G)	18,043	25,462
Customer advances (Exhibit G)	15,806	2,472
Short term-debt (Note 7 and Exhibit G)	29,071	29,871
Salaries and social security payable	866	1,214
Taxes payable (Exhibit G)	9,187	6,255
Other liabilities (Note 8 and Exhibit G)	28,608	22,795
Total Current Liabilities	**108,158**	**93,366**
NON-CURRENT LIABILITIES		
Mortgages payables (Note 6 and Exhibit G)	18,519	27,627
Customer advances	164	657
Long term-debt (Note 7 and Exhibit G)	289,914	311,273
Taxes payable	672	736
Other liabilities (Note 8 and Exhibit G)	587	1,056
Total Non-Current Liabilities	**309,856**	**341,349**
Total Liabilities	**418,014**	**434,715**

SHAREHOLDERS´ EQUITY (according to the corresponding statement)	1,340,768	1,252,229
Total Liabilities and Shareholders´ Equity	**1,758,782**	**1,686,944**

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

Eduardo Sergio Elsztain

President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Income

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

In thousand of pesos (Note 1)

	March 31, 2006	March 31, 2005
Revenues	26,885	14,136
Costs (Exhibit F)	(13,429)	(7,189)
Gross profit	13,456	6,947
Gain from valuation of inventories at fair market value (Note 1.5.h.)	4,914	
Selling expenses (Exhibit H)	(1,479)	(1,039)
Administrative expenses (Exhibit H)	(13,623)	(10,702)
Subtotal	(10,188)	(11,741)
Gain from operations and holding of real estate assets		
Operating income	3,268	(4,794)
Financial results generated by assets:		
Interest income	7,755	7,196
Exchange gain	11,419	(1,425)
Financial gain	7,571	5,119
Interest on discount by assets	(139)	(117)
Subtotal	26,606	10,773
Financial results generated by liabilities:		
Exchange loss	(26,263)	5,719
Interest on discount by liabilities	(1)	(8)
Financial expenses (Exhibit H)	(24,977)	(24,451)
Subtotal	(51,241)	(18,740)
Total financial results, net	(24,635)	(7,967)
Equity gain from related companies (Note 10.c.)	69,982	98,174
Other income and expenses, net (Note 9)	(4,900)	(4,932)
Net income before tax	43,715	80,481
Asset tax (Note 1.5.n.)	(2,810)	(2,276)
Net income for the period	40,905	78,205

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

Eduardo Sergio Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Changes in Shareholders Equity

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

In thousand of pesos (Note 1)

	Shareholders contributions				Reserved earnings			
	Common Stock	**Inflation adjustment of common stock**	**Additional paid-in capital**	**Total**	**Legal reserve**	**(Accumulated deficit) retained earnings**	**Total as of March 31, 2006**	**Total as of March 31, 2005**
Balances as of beginning of year	357,267	274,387	676,171	1,307,825	19,447	(75,043)	1,252,229	959,854
Capital increase	27,035		20,599	47,634			47,634	156,478
Acummulated losses absortion of approved by shareholders meeting held 11/29/05			(75,043)	(75,043)		75,043		
Net income for the period						40,905	40,905	78,205
Balances as of March 31, 2006	384,302	274,387	621,727	1,280,416	19,447	40,905	1,340,768	
Balances as of March 31, 2005	338,373	274,387	662,413	1,275,173	19,447	(100,083)		1,194,537

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

Eduardo Sergio Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Cash Flows (1)

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

In thousand of pesos (Note 1)

	March 31, 2006	March 31, 2005
CHANGES IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as of the beginning of year	41,006	9,864
Cash and cash equivalents as of the end of period	31,826	66,594
Net (decrease) increase in cash and cash equivalents	**(9,180)**	**56,730**
CAUSES OF CHANGES IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the period	40,905	78,205
Plus asset tax accrued for the period	2,810	2,276
Adjustments to reconcile net income to cash flows from operating activities:		
Equity gain from related companies	(69,982)	(98,174)
Gain from valuation of inventories at fair market value	(4,914)	
Allowances and reserves	3,742	4,089
Amortization and depreciation	5,123	4,230
Sundry provisions and allowances	4,665	3,570
Results from the sale of shares of Banco Hipotecario S.A.	(1,858)	
Financial results	5,854	(16,221)
Changes in operating assets and operating liabilities:		
Decrease in current investments	16,001	9,077
(Increase) Decrease in receivables from sales and leases	(1,514)	2,103
Decrease in other receivables	769	5,189
Decrease (Increase) in inventory	3,328	(4,860)
Decrease in taxes payable, salaries and social security payable and customer advances	(1,815)	(4,874)
(Decrease) Increase in trade accounts payable	(327)	275
Increase in accrued interest	4,843	7,839
Increase (Decrease) in other liabilities	1,646	(8,158)
Net cash provided by (used in) operating activities	**9,276**	**(15,434)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease from equity interest in subsidiary companies	709	491
Increase interest in subsidiary companies	(279)	(1,382)
Purchase of shares Canteras Natal Crespo S.A.	(4,249)	
Purchase of shares of Alto Palermo S.A.	(4,149)	(21,755)
Sale of shares of Alto Palermo S.A.		5,029
Purchase of Alto Palermo S. A. Convertible Note		(29,715)
Sale of negociable obligations of Alto Palermo S.A.		9,876
Loan granted to related parties	(3,325)	4,980
Purchase and improvements of undeveloped parcels of lands	(155)	(338)
Purchase and improvements of fixed assets	(2,048)	(413)

Dividends collected	17,794	12,372
Cash from merger	20	
Net cash provided by (used in) investing activities	**4,318**	**(20,855)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in loans	42	12,047
Repayment of debt	(23,286)	(4,407)
Settlement in mortgages payable	(22,280)	
Guarantee for defaulted of credits		(5,822)
Proceeds from settlement of swap	1,190	
Loans granted by controlled subsidiary		4,412
Issuance of common stock (exercise of options)	21,560	86,789
Net cash (used in) provided by financing activities	**(22,774)**	**93,019**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(9,180)**	**56,730**

(1) Includes cash and banks and investments with a realization term not exceeding three months.
The accompanying notes and exhibits are an integral part of these unaudited financial statements.

Eduardo Sergio Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Statements of Cash Flows (Continued)

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March 31, 2006 and 2005

In thousand of pesos (Note 1)

	March 31, 2006	March 31, 2005
Supplemental cash flow information		
Interest paid	18,352	15,179
Non-cash activities:		
Increase in inventories through a decrease in fixed assets		123
Increase in fixed assets through a decrease in inventories	1,422	2,665
Increase in undeveloped parcels of lands through a decrease in fixed assets	1,626	
Increase in inventories through a decrease in undeveloped parcels of land	10,675	
Conversion of IRSA negotiable obligations into common shares	26,074	69,207
Conversion of APSA convertible notes		3,676
Increase in shareholders equity through an increase in other receivables		482
Increase in others receivables through a increase in other liabilities		4,069
Increase in non current investment through a decrease in other receivables	118	
Decrease in non current investment through an increase in other receivables	22,173	
Decrease in non current investment through a decrease in other liabilities	6,250	

	March 31, 2006	March 31, 2005
Acquisition of subsidiary companies (by merger)		
Cash and banks	20	
Others receivables	1,503	
Inventories	57,223	
Investments	37,718	
Trade accounts payable	(3)	
Customers advances	(6,377)	
Taxes payable	(12,221)	
Other liabilities (includes Ps. 24,809 payable to IRSA Inversiones y Representaciones Sociedad Anónima)	(30,078)	
Net value of the acquired assets	**47,785**	
Equity value before the acquisition (includes the higher value of incorporated inventories of Ps.99)	(47,785)	
Cash and banks acquired	20	
	20	

Eduardo Sergio Elsztain

President

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

For the nine-month periods beginning on July 1, 2005 and 2004

and ended March, 2006 and 2005

Amounts expressed in thousand

NOTE 1: ACCOUNTING STANDARDS

Below are the most relevant accounting standards used by the Company to prepare these unaudited financial statements:

1.1. Preparation and presentation of financial statements

These unaudited financial statements are stated in Argentine pesos and were prepared in accordance with disclosure and valuation criteria contained in the Technical Resolutions issued by the Argentine Federation of Professional Councils in Economic Sciences, approved with certain amendments by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aires, in accordance with the resolutions issued by the National Securities Commission.

The Unaudited Financial statements corresponding to the nine-month periods ended March 31, 2006 and 2005 have not been audited. The Company s management considers they include all necessary adjustments to reasonably show the results of each period.

Results for the nine-month periods ended March 31, 2006 and 2005 do not necessarily reflect the proportion of the Company s results for the fiscal years.

Unification of professional accounting standars

The National Securities Commission has issued General Resolutions 485 and 487 on December 29, 2005 and January 26, 2006, respectively.

Such resolutions have adopted, with certain modifications, the new accounting standards recently issued by the Professional Council in Economic Sciences of the Autonomous City of Buenos Aries through its Resolution CD 93/2005. These standards are to the obligatorily applied for fiscal years or interim periods corresponding to fiscal years started as from January 1, 2006.

The principal change that the application of these new standards has generated relates to the treatment of the adjustment for inflation in calculating the deferred tax which can be taken as a temporary difference, according to the Company s criteria. At present the adjustment for inflation is considered as a permanent difference in the deferred income tax calculation. The Company in accordance with the new accounting standards, has decided not to recognize the deferred liability generated by the effect of the adjustment for inflation on the fixed assets and other non-monetary assets. The estimated effect as of March 31, 2006 that the adoption of the new criteria would have generated would be a decrease in shareholders equity of approximately Ps. 186,239 with an impact in retained earnings.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

The Company is evaluating the potential impact that the new accounting standards would have in its subsidiary Banco Hipotecario S.A.

1.2. Use of estimates

The preparation of unaudited financial statements requires management, at a specific date, to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the unaudited financial statements, and the reported amounts of revenues and expenses for the period. Company s Management makes estimates for example when accounting for allowance for doubtful accounts, depreciation, amortization, impairment of long-lived assets, income taxes and contingencies. Future actual results could differ from the estimates and assumptions made at the date of these unaudited financial statements.

1.3. Recognition of the effects of inflation

The unaudited financial statements have been prepared in constant currency, reflecting the overall effects of inflation through August 31, 1995. From that date and until December 31, 2001 the Company discontinued the restatement of the unaudited financial statements due to a period of monetary stability. From January 1, 2002 up to February 28, 2003 the effects of inflation were recognized due to the existence of an inflationary period. As from that date, the restatement of the unaudited financial statements was discontinued.

This criterion is not in line with current professional accounting standards, which establish that the unaudited financial statements should have been restated through September 30, 2003. However, due to the low level of inflation rates during the period from March to September 2003, this deviation has not had a material effect on the unaudited financial statements taken as a whole.

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

1.4. Comparative information

Balance sheet items at June 30, 2005 shown in these unaudited financial statements for comparative purposes arise from the audited annual financial statements corresponding to the year then ended.

The balances at March 31, 2006 of the Statements of Income, Changes in Shareholders Equity and Cash Flows are disclosed in comparative format with the same period of the previous fiscal year.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE1: (Continued)

Certain amounts of the financial statements for the year ended June 30, 2005 have been reclassified for the purpose of comparison with the figures of the current period.

1.5. Valuation criteria

a. Cash and banks

Cash on hand has been valued at face value.

b. Foreign currency assets and liabilities

Foreign currency assets and liabilities were valued at each period-end exchange rates.

Operations denominated in foreign currency are converted into pesos at the rates of exchange in effect at the date of settlement of the operation.

c. Current investments

Current investments in debt securities and mutual funds were valued at their net realization value.

d. Mortgages and lease receivables and trade accounts payable

Mortgages and lease receivables and trade accounts payable have been valued at the price applicable to spot operations at the time of the transaction plus interest and implicit financial components accrued at the internal rate of return determined at that moment.

e. Financial receivables and liabilities

Financial receivables and payables have been valued at the amount deposited and collected, respectively, net of operating costs, plus financial results accrued based on the internal rate of return estimated at that time.

f. Other receivables and payables

Sundry current assets and liabilities have been valued at face value plus the financial results accrued at the closing of the corresponding period.

Sundry receivables and payables (asset tax, value added tax, deposits in guarantee, and accounts receivable in trust) disclosed under other current and other non-current receivables and payables, were valued based on the best estimate of the amount receivable and payable, respectively, discounted at the interest rate applicable to freely available savings accounts published by the Argentine Central Bank in effect at the time of incorporation to assets and liabilities, respectively.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

As established by the regulations of the National Securities Commission, deferred tax assets and liabilities have not been discounted. This criterion is not in accordance with current accounting standards in effect in the Autonomous City of Buenos Aires, which require those balances to be discounted. However, the effect resulting from this difference has not had a material impact on the unaudited financial statements.

Liabilities in kind:

The Company records a liability in kind corresponding to an obligation to deliver units to be built in relation to the San Martín de Tours property. This liability was valued at the higher of amounts received or the estimated cost of building of the units plus additional costs to transfer the assets to the creditor, and is shown as a current liability under Mortgages payable .

g. Balances corresponding to financial transactions and sundry receivables and payables with related parties

Receivables and payables with related parties generated by financial transactions and other sundry transactions were valued in accordance with the terms agreed by the parties.

h. Inventories

A property is classified as inventories upon determination by the Board of Directors that the property is to be marketed for sale in the normal course of business over the next several years.

Properties classified as inventories have been valued at acquisition or construction cost restated as mentioned in Note 1.3., or estimated net realizable value, whichever is lower. The Company maintains allowances for impairment of certain inventories for those ones which market value is lower than cost (See Exhibit E). Costs include land and land improvements, direct construction costs, construction overhead costs, interest on indebtedness and real estate taxes. During the period ended March 31, 2006 and the fiscal year June 30, 2005 interest costs of the property called San Martín de Tours were capitalized for Ps. 222 and Ps. 418, respectively.

Inventories on which advance payments that establish price have been received, and the operation s contract terms and conditions assure that the sale will be effectively accomplished and that the income will be realized, are valued at its fair market value.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

1.5. (Continued)

h. (Continued)

Profits arising from such valuation are shown in the Gain from valuation of inventories at fair market value caption of the Statement of Income.

Properties held for sale are classified as current or non-current based on the estimated date of sale and the time at which the related receivable is expected to be collected by the Company.

The amount recorded in inventories, net of allowances set up, does not exceed their estimated recoverable value at the end of the period.

Credits in kind:

The units relating to the buildings called Edificios Cruceros and Dique III have been valued according to the accounting measuring standards corresponding to inventories receivable and there have been disclosed under Inventories .

i. Non -current investments

Investments in debt securities:

Investments in debt securities were valued based on the best estimate of the discounted amount receivable applying the corresponding internal rate of return estimated at the time of incorporation to assets, as the Company will hold them to maturity. The value thus obtained does not exceed the respective estimated recoverable value at the end of the period.

Investments in subsidiaries and related companies:

Non-current investments in subsidiaries and related companies detailed in Exhibit C, have been valued by using the equity method of accounting based on the unaudited financial statements at March 31, 2006 issued by them. The accounting standards used by the subsidiaries to prepare their financial statements are the same as those used by the Company. The accounting standards used by the related companies to prepare their financial statements are those currently in effect.

This item also includes the lower or higher value paid for the purchase of shares in subsidiaries and related companies assignable to the assets

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

1.5. (Continued)

i. (Continued)

acquired, and goodwill related to the subsidiary Alto Palermo S.A. and the related company, Banco Hipotecario S.A.

The Company has an important investment in Banco Hipotecario S.A.This investment is valued according to the equity method due to the significant influence of the economic group on the decisions of Banco Hipotecario S.A., and to the intention of keeping said investment on a permanent basis.

In accordance with the regulations of the BCRA and the contracts signed as a result of Banco Hipotecario S.A. s financial debt restructuring process, there are certain restrictions on the distribution of profits by Banco Hipotecario S.A. to the Company.

Certificates of participation in IRSA financial trust:

The certificates of participation in IRSA I financial trust have been valued at the amount resulting from apportioning the participation certificate holding to the trust assets.

Undeveloped parcels of lands:

The Company acquires undeveloped land in order to provide an adequate and well-located supply for its residential and office building operations. The Company s strategy for land acquisition and development is dictated by specific market conditions where the Company conducts its operations.

Land held for development and sale and improvements are stated at cost restated as mentioned in Note 1.3. or market value, whichever is lower. The Company maintains allowances for impairment of certain parcels of undeveloped land for which their market value is lower than cost. (See Exhibit E).

Land and land improvements are transferred to inventories when construction commences or their trade is decided.

The values thus obtained, net of the allowances recorded, do not exceed their respective estimated recoverable values at the end of period.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

1.5. (Continued)

j. Fixed assets

Fixed assets comprise primarily of rental properties and other property and equipment held for use by the Company.

Fixed assets value, net of allowances set up, does not exceed estimated recoverable value at the end of the period.

Rental properties

Rental properties are carried at acquisition and/or construction cost, restated as mentioned in Note 1.3., less accumulated depreciation and allowance for impairment at the end of the period. The Company capitalizes accrued interest costs on indebtedness associated with long-term construction projects. However, as of March 31, 2006 and the fiscal year ended June 30, 2005 no interest costs were capitalized, as the Company considered that there are no work in progress.

Accumulated depreciation is computed under the straight-line method over the estimated useful lives of the assets, which generally are estimated to be 50 years for buildings. Expenditures for ordinary maintenance and repairs are charged to results in the period incurred.

The Company has allowances for impairment of certain rental properties as disclosed in Exhibit A. Increases and decreases of such allowances are disclosed in Exhibit E.

Significant renovations and improvements, which improve or extend the useful life of the asset are capitalized and depreciated over its estimated remaining useful life. At the time depreciable assets are retired or otherwise disposed of, the cost and the accumulated depreciation of the assets are eliminated from the accounts and the resulting gain or loss is disclosed in the statement of income.

Software obtained or developed for internal use

The Company capitalizes certain costs associated with the development of computer software for internal use. Such costs are being amortized on a straight-line basis since its implementation .

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

1.5. (Continued)

j. (Continued)

Other properties and equipment

Other properties and equipment properties are carried at cost, restated as mentioned in Note 1.3., less accumulated depreciation at the end of the period. Accumulated depreciation is computed under the straight-line method over the estimated useful lives of the assets, as specified below:

Asset	**Estimated useful life (years)**
Leasehold improvements	On contract basis
Furniture and fixtures	5
Machinery, equipment and computer equipment	3
Vehicles	5

The cost of maintenance and repairs is charged to expense as incurred. The cost of significant renewals and improvements are added to the carrying amount of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts.

k. Deferred financing cost

Expenses incurred in connection with the issuance of negotiable obligations and proceeds of loans are amortized over the life of the related issuances. In the case of redemption of these notes, the related expenses are amortized using the accelerated depreciation method.

Amortization has been recorded under Financial results, net in the statements of income as a greater financing expense.

l. Customer advances

Customer advances represent payments received in advance in connection with the sale and rent of properties.

m. Income tax

The Company has recognized the charge for income tax by the deferred tax liability method, recognizing timing differences between measurements of accounting and tax assets and liabilities (see Note 14).

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

1.5. (Continued)

m. (Continued)

To determine deferred assets and liabilities, the tax rate expected to be in effect at the time of reversal or use has been applied to timing differences identified and tax loss carry forwards, considering the legal regulations approved at the date of issuance of these unaudited financial statements.

Since it is unlikely that future taxable income will fully absorb tax loss carry forwards, the Company has recorded an impairment on a portion of that credit.

n. Asset tax

The Company calculates asset tax by applying the current 1% rate on computable assets at the end of the period. This tax complements income tax. The Company s tax obligation in each period will coincide with the higher of the two taxes. However, if asset tax exceeds income tax in a given period, that amount in excess will be computable as payment on account of income tax arising in any of the following ten years.

At March 31, 2006, the Company has estimated the asset tax, recognizing under Other receivables (non-current) the amount estimated to be offset as payment on account of income tax in future years in accordance with current regulations, and expensing the remaining balance.

o. Allowances and Provisions

Allowance for doubtful accounts: the Company provides for losses relating to mortgages, lease and other accounts receivable. The allowance for losses is recognized when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the terms of the agreements. The allowance is determined on a one-by-one basis considering the present value of expected future cash flows. While management uses the information available to make assessments, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the assessments. Management has considered all events and/or transactions that are subject to reasonable and normal methods of estimations, and the unaudited financial statements reflect that consideration.

For impairment of assets: the Company regularly assess its non-current assets for recoverability whenever there is an indication that the carrying amount of an asset may exceed its recoverable value.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

1.5 (Continued)

o. (Continued)

In such cases, for rental properties, the Company first makes a comparison between the asset carrying amount and its undiscounted value in use. If, as a result of that comparison, the carrying amount of an asset exceeds its value in use, in order to measure the loss impairment, a second comparison is made with the higher of discounted value in use and market value (recoverable value). Value in use is determined based on estimated future cash flows. For the rest of the assets (inventories and undeveloped parcels of land) the Company makes a comparison with market values based on values of comparable properties. If the recoverable value of assets, which had been impaired in prior years, increases, the Company will record the corresponding reversals of impairment loss as required by accounting standards.

Increases and decreases of allowances for impairment of assets during the nine-month period ended March 31, 2006 and fiscal year ended June 30, 2005 are detailed in Exhibit E.

For lawsuits: the Company has certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving labor and other matters. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date, the Company s estimates of the outcomes of these matters and the Company s lawyers experience in contesting, litigating and settling other matters.

As the scope of the liabilities becomes better defined, there may be changes in the estimates of future costs, which could have a effect on the Company s future results of operations and financial condition or liquidity.

At the date of issuance of these unaudited financial statements, Management understands that there are no elements to foresee other potential contingencies having a negative impact on these unaudited financial statements.

p. Shareholders equity accounts

Amounts of shareholders equity accounts have been restated following the guidelines detailed in Note 1.3. until February 28, 2003. Subsequent movements are stated in the currency of the month to which they correspond.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

1.5. (Continued)

p. (Continued)

Common stock account was stated at historical nominal value. The difference between value stated in constant currency, following the guidelines detailed in Note 1.3., and historical nominal value is shown under Inflation adjustment of common stock forming part of the shareholders equity.

q. Results for the period

The results for the period are shown as follows:

Amounts included in Income Statement are shown in currency of the month to which they correspond.

Charges for assets consumed (fixed asset depreciation, intangible asset amortization and cost of sales) were determined based on the values recorded for such assets.

Results from investments in subsidiary and affiliated companies was calculated under the equity method, by applying the percentage of the Company s equity interest to the results of such companies, with the adjustments for application of Technical Resolution 21.

r. Advertising expenses

The Company generally charges the advertising and publicity expenses to results when they are incurred. Advertising and promotion expenses were approximately Ps. 231 and Ps. 211 for the nine-months periods ended March 31, 2006 and 2005, respectively.

s. Pension information

The Company does not maintain any pension plans. Argentine laws provide for pension benefits to be paid to retired employees from government pension plans and/or privately managed funds plan to which employees may elect to contribute.

t. Derivative financial instruments

The Company has entered into an interest rate swap agreement in order to hedge the risks of fluctuation in interest rates related to its financial debt which accrues interest at variable rate. See Note 16 for details.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 1: (Continued)

1.5. (Continued)

u. Revenue recognition

u.1. Sales of properties

The Company records revenue from the sale of properties when all of the following criteria are met:

- the sale has been consummated;
- there is sufficient evidence to demonstrate the buyer s ability and commitment to pay for the property;
- the Company s receivable is not subject to future subordination; and
- the Company has transferred the property to the buyer.

The Company uses the percentage-of-completion method of accounting with respect to sales of development properties under construction. Under this method, revenue is recognized based on the ratio of costs incurred to total estimated costs according to budgeted costs. The Company does not commence revenue and cost recognition until such time as the decision to proceed with the project is made and construction activities have begun. The percentage-of-completion method of accounting requires the Company s management to prepare budgeted costs in connection with sales of properties/units. All changes to estimated costs of completion are incorporated into revised estimates during the contract period.

u.2. Leases

Revenues from leases are recognized on a straight line basis over the life of the related lease contracts.

v. Cash and cash equivalents

The Company considers, for cash flow purposes, all highly liquid investments with original maturities of three months or less, consisting primarily of mutual funds, as cash equivalents.

w. Monetary assets and liabilities

Monetary assets and liabilities are stated at their face value plus or minus the related financial gain or loss.

x. Vacation expenses

Vacation expenses are fully accrued in the period in which the employee renders services in order to be able to take such vacation.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 2: CASH AND BANKS

The breakdown for this item is as follows:

	March 31, 2006	June 30, 2005
Cash in local currency	26	31
Cash in foreign currency	57	229
Banks in local currency	115	64
Banks in foreign currency	619	500
Special current accounts	1	1
Foreign accounts	5,109	37,823
Checks to be deposited	260	134
	6,187	38,782

NOTE 3: MORTGAGES AND LEASES RECEIVABLES, NET

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-current
Mortgages and leases receivables	1,193	695	1,033	35
Debtors under legal proceedings and past due debts	1,918		1,708	
Related parties (Note 10.a.)	1,819		1,355	
Less:				
Allowance for doubtful accounts (Exhibit E)	(564)		(575)	
	4,366	695	3,521	35

Current and non-current receivables from the sale of real estate are secured by first degree mortgages in favor of the Company.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 4: **OTHER RECEIVABLES AND PREPAID EXPENSES**

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-current
Asset tax credits (Note 1.5.n.)		26,128		22,669
Value added tax	3,585	3,648	3,031	4,219
Related parties (Note 10.a.)	193	3,350	172	42
Prepaid expenses	577		440	
Guarantee of defaulted credits (1)	2,434	15,868		17,128
Trust accounts receivable		361		361
Present value		(1,091)		(952)
Deferred income tax (Note 14)		37,795		49,931
Tax on personal assets to be recovered	5,793		5,326	
Allowance for tax on personal asset (Exhibit E)	(5,793)		(5,326)	
Other	441	8	399	119
	7,230	86,067	4,042	93,517

(1) See Note 15 to the unaudited financial statements and Note 16 to the unaudited consolidated financial statements.

NOTE 5: **INVENTORIES**

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-current
Edificios Cruceros	8,648		8,141	
San Martin de Tours	14,075		11,743	
Dock 13	1,605		1,605	
Dorrego 1916	13		13	
Minetti D (1)	65		65	
Terrenos de Caballito		10,675		
Torres Jardin (1)	468		468	
V. Celina	43		43	
Abril / Baldovinos (1)	46	61	79	201
Dique III	25,559	9,776		
Credit from Barter transaction of Dique III (2)		22,861		
	50,522	43,373	22,157	201

(1) The values recorded are disclosed net of the effect of the allowance for impairment, as detailed in Exhibit E of Ps. 1,021 (Abril / Baldovinos Ps. 407, Stores Ps. 603, Mineti D Ps. 7 and Torres Jardin III Ps. 4).
(2) Secured by first degree mortgage in favor of the Company.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 6: MORTGAGE PAYABLES

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-current
Mortgage payable - San Martin de Tours (Note 12)	3,563		2,935	
Mortgage payable - Bouchard 710 (Note 12) (1)	14,480	18,519	22,527	27,627
	18,043	18,519	25,462	27,627

(1) On July 1, 2005 the Company paid the first installment of the mortgage for the purchase of the Bouchard 710 Building for US$ 422. Also on July 26, 2005 the Company modified one of the contract clauses of such mortgage, by which a partial anticipated cancellation of US$ 3,203 was made and agreed to pay the remaining price balance of US$ 13,625 in 34 equal, mensual and consecutive installments of US$ 452 each (interest according to the French system were included with an annual rate of 8.5%). As of March 31, 2006 the company has cancelled eight principal installments for an amount of US$ 2,918, being the balance of principal US$ 10,707.

NOTE 7: SHORT AND LONG - TERM DEBT

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
	Current	Non-Current	Current	Non-Current
Bank loans (1)	8,860	44,749	6,641	48,557
Bank loans- Accrued interest (1)	443	7,266	353	5,987
Negotiable Obligations 2009 principal amount (2)	14,401	72,727	10,792	78,917
Negotiable Obligations - 2009 accrued interest (2)	720	11,849	572	9,753
Convertible Negotiable Obligations - 2007 (3)	4,647	153,323	1,726	168,059
Other financial loans (4)			9,787	
	29,071	289,914	29,871	311,273

(1) Corresponds to an unsecured loan for a total amount of US$ 51 million, which falls due on 20 November 2009, with the principal being amortized in 20 quarterly installments with a two-year grace period. US$ 35 million of the principal accrue interest at the LIBO rate over three months plus 200 basis points, and US$ 16 million accrue interest at a fixed rate that is progressively increased. On July 25, 2003 the Company redeemed the mentioned US$ 16 million for US$ 10.9 million. In addition, on March 17, 2004, the Company redeemed US$ 12 million for a total amount of US$ 8.6 million. Additionally, the Company settled five first installments amounting to US$ 2.9 million. Therefore, at March 31, 2006 the balance of principal amounts to US$ 17.4 million which matches the US$ 20.1 million discounted considering a market rate equivalent to 8% per year.

The terms of the loan require the Company to maintain certain financial ratios and conditions, specific debt/equity ratios, moreover, they also restrict certain investments, the making of payments, the procurement of new loans and the sale of certain assets and other capital investments.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 7: (Continued)

(2) Corresponds to Negotiable Obligations secured by the assets described in Note 12.b. for US$ 37.4 million, which mature on 20 November 2009 with partial periodic amortization, and have quarterly interest payments at the LIBO rate over three months plus 200 basis points. At this date, the Company has settled five first installments amounting to US$ 4.7 million. Consequently, at March 31, 2006 the Company recorded a total balance of US$ 28.3 million, which corresponds to US$ 32.7 million discounted at a market rate equivalent to 8% per year.

The terms of the loan require the Company to maintain certain financial ratios and conditions, specific debt/equity ratios; they also restrict certain investments, the making of payments, the procurement of new loans and the sale of certain assets and other capital investments.

(3) According to Note 13, these relate to convertible negotiable obligations (CNB) issued for a total amount of US$ 100 million, which at period end amounted to US$ 49.9 million, net of issue expenses amounting to Ps. 0.44 million. Part of convertible negotiable obligations are held by shareholders and related parties. (See Note 10).

(4) Corresponds to bank overdrafts mainly with Bank Boston.

NOTE 8: **OTHER LIABILITIES**

The breakdown for this item is as follows:

	March 31, 2006		June 30, 2005	
		Non-		Non-
	Current	Current	Current	current
Related parties (Note 10.a.)	22,062		19,281	5
Guarantee deposits	1,225	582	656	1,047
Provision for lawsuits (Exhibit E)	268		290	
Directors´ fees provision (Note 10.a.)	4,665		5,361	
Directors´ fees advances (Note 10.a.)	(250)		(3,327)	
Directors guarantee deposits (Note 10.a.)		8		8
Administration and reserve funds	131		118	
Trust account payables	92		92	
Present value		(3)		(4)
Other	415		324	
	28,608	587	22,795	1,056

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 9: OTHER INCOME AND EXPENSES, NET

The breakdown for this item is as follows:

	March 31, 2006	March 31, 2005
Other income:		
Results from sale of fixed assets		6
Other	460	65
	460	71
Other expenses:		
Unrecoverable VAT	(807)	(233)
Donations	(256)	(137)
Debit and credit tax	(547)	(465)
Lawsuits	(12)	(20)
Tax on shareholders personal assets	(3,721)	(4,057)
Other	(17)	(91)
	(5,360)	(5,003)
Total other income and expenses, net	(4,900)	(4,932)

NOTE 10: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

a. The balances as of March 31, 2006 and June 30, 2005, with subsidiaries, shareholders, affiliated and related companies are as follows:

	March 31, 2006	June 30, 2005
Abril S.A. (1)		
Current mortgages and leases receivables	2	
Alto Palermo S.A. (APSA) (1)		
Current mortgages and leases receivables	163	470
Other current receivables and prepaid expenses	9	79
Current investments	1,983	4,117
Non-current investments	97,817	91,628
Current accounts payable	906	154
Other current liabilities	20	20
Altocity.Com S.A. (3)		
Current mortgages and leases receivables	23	10
Current accounts payable	7	11

Baldovinos S.A. (1)		
Current mortgages and leases receivables	90	8
Current accounts payable	64	472
Banco Hipotecario S.A. (3)		
Current investments	576	681
Banco de Crédito y Securituización S.A. (3)		
Current mortgages and leases receivables	15	
Buenos Aires Trade and Finance Center S.A. (5)		
Other current liabilities		6,239

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Notes to the unaudited financial statements

NOTE 10: (Continued)

		March 31, 2006	June 30, 2005
Consultores Assets Management S.A. (4)			
Current mortgages and leases receivables		55	25
Cresud S.A.C.I.F. y A (2)			
Current mortgages and leases receivables		173	51
Current accounts payable		293	7
Short-term debt -Convertible Negotiable Obligations		2,604	1,078
Long -term debt -Convertible Negotiable Obligations		86,167	105,488
ECIPSA Holding S.A. (4)			
Current mortgages and leases receivables		8	
Canteras Natal Crespo S.A. (1)			
Other current liabilities		52	
Dolphin Fund PLC (4)			
Current investment		9,271	8,776
Fibesa (1)			
Other current liabilities		4	
Hoteles Argentinos S.A. (1)			
Other current liabilities		2,927	
Inversora Bolívar S.A. (1)			
Current mortgages and leases receivables		1,248	697
Other current receivables and prepaid expenses			49
Current accounts payable		219	9
Llao Llao Resorts S.A. (1)			
Current mortgages and leases receivables		4	1
Other current receivables and prepaid expenses		71	
Current accounts payable		3,325	
Others current liabilities		5	
Others non-current liabilities			5
Nuevas Fronteras S.A. (1)			
Current accounts payable		1	2
Advances to employees (4)			
Managers, Directors and other Staff of the Company	Current	57	44
Managers, Directors and other Staff of the Company	Non-current	25	42
Red Alternativa S.A. (3)			
Current mortgages and leases receivables			9
Ritelco S.A. (1)			
Other current liabilities		19,110	13,022
Tarshop S.A. (1)			
Current mortgages and leases receivables		26	84

Estudio Zang, Bergel & Viñes (4)	
Current accounts payable	71

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Notes to the unaudited financial statements

NOTE 10: (Continued)

Directors (4)		
Current mortages and leases receivables	5	
Other current liabilities	4,415	2,034
Other non-current liabilities	8	8
Emprendimiento Recoleta S.A. (1)		
Current mortages and leases receivables	1	
Shopping Alto Palermo S.A. (1)		
Current mortages and leases receivables	1	
Puerto Retiro S.A. (1)		
Current mortages and leases receivables	5	

(1) Subsidiary (direct or indirect).
(2) Shareholder.
(3) Affiliated (direct or indirect).
(4) Related party
(5) Merged with effect after December 1st, 2005. (See Note 19)

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the unaudited financial statements

NOTE 10: (Continued)

b. Results on subsidiary, shareholder, affiliated and related companies during the nine-month periods ended March 31, 2006 and 2005 are as follows:

	Year	Sales and service fees	Leases earned	Holding results	Cost of services	Leases Lost	Interest Earned	Fees	Donations	Interest Lost
Related parties										
Alto Palermo S.A. (APSA)	2006						11,794			
	2005	836			263		6,506			
Altocity.Com S.A.	2006	2								
	2005	24	19							
Alternativa Gratis S.A.	2006									
	2005	29								
Cresud S.A.C.I.F. y A.	2006									6,239
	2005	140								