IRSA INVESTMENTS & REPRESENTATIONS INC
Form 6-K
March 07, 2017

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Financial Statements
as of December 31, 2016 and for the six-month periods
ended December 31, 2016 and 2015

Legal Information

Denomination: IRSA Inversiones y Representaciones Sociedad Anónima.

Fiscal year N°: 74, beginning on July 1st, 2016.

Legal address: 108 Bolívar St., 1st floor, Autonomous City of Buenos Aires, Argentina.

Company activity: Real estate investment and development.

Date of registration of the by-laws in the Public Registry of Commerce: June 23, 1943.

Date of registration of last amendment of the by-laws in the Public Registry of Commerce: November 14, 2014.

Expiration of the Company's by-laws: April 5, 2043.

Registration number with the Superintendence: 213,036.

Capital: 578,676,460 shares.

Common Stock subscribed, issued and paid up (in millions of Ps.): 579.

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

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

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

Interest of the Parent Company on the capital stock: 366,788,251 common shares.

Percentage of votes of the Parent Company on the shareholders' equity: 63.38%.

	CAPITAL STATUS	
Type of stock	Shares authorized for Public Offering (*)	Subscribed, issued and paid up (in millions of Pesos)
Common stock with a face value of Ps. 1 per share and entitled to 1 vote each	578,676,460	579

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

Index

Glossary

The followings are not technical definitions, but help the reader to understand certain terms used in the wording of the notes to the Group´s Financial Statements.

Terms	Definitions
Adama	Adama Agricultural Solutions Ltd.
BACS	Banco de Crédito y Securitización S.A.
Baicom	Baicom Networks S.A.
Bartan	Bartan Holdings and Investments Ltd.
BASE	Buenos Aires Stock Exchange
BCRA	Central Bank of the Argentine Republic.
BHSA	Banco Hipotecario S.A.
BMBY	Buy Me Buy You
BNSA	Boulevard Norte S.A.
Cellcom	Cellcom Israel Ltd.
Clal	Clal Holdings Insurance Enterprises Ltd.
CNV	Securities Exchange Commission
Condor	Condor Hospitality Trust Inc.
Cresud	Cresud S.A.C.I.F. y A.
Cyrsa	Cyrsa S.A.
DFL	Dolphin Fund Ltd.
DIC	Discount Investment Corporation Ltd.
DN B.V.	Dolphin Netherlands B.V.
Dolphin	Dolphin Fund Ltd. and Dolphin Netherlands B.V.
EHSA	Entertainment Holdings S.A.
Electra	Electra Consumer Products Ltd.
ENUSA	Entretenimiento Universal S.A.
Financial Statements	Unaudited Condensed Interim Consolidated Financial Statements
Annual Financial Statements	Consolidated Financial Statements as of June 30, 2016
ETH	C.A.A. Extra Holdings Ltd.
CPF	Collective Promotion Funds
GCBA	Autonomous City of Buenos Aires Government
Golan	Golan Telecom Ltd.
IDB Tourism	IDB Tourism (2009) Ltd
IDBD	IDB Development Corporation Ltd.
IDBGI	IDB Group Investment Inc.
IFISA	Inversiones Financieras del Sur S.A.
CPI	Consumer Price Index
IRSA, “The Company”, “Us”	IRSA Inversiones y Representaciones Sociedad Anónima
IRSA CP	IRSA Propiedades Comerciales S.A.
Israir	Israir Airlines & Tourism Ltd.
Koor	Koor Industries Ltd.
Lipstick	Lipstick Management LLC
LRSA	La Rural S.A.
Metropolitan	Metropolitan 885 Third Avenue Leasehold LLC
New Lipstick	New Lipstick LLC
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
MPIT	Minimum presumed income tax

NIS	New Israeli Shekel
NFSA	Nuevas Fronteras S.A.
NPSF	Nuevo Puerto Santa Fe S.A.
NYSE	New York Stock Exchange
OASA	OGDEN Argentina S.A.
NCN	Non-Convertible Notes
PAMSA	Panamerican Mall S.A.
PBC	Property & Building Corporation Ltd.
PBEL	Real Estate LTD
Puerto Retiro	Puerto Retiro S.A.
Quality	Quality Invest S.A.
Rock Real	Rock Real Estate Partners Limited
Shufersal	Shufersal Ltd.
SRA	Sociedad Rural Argentina
Tarshop	Tarshop S.A.
Tender offers	Repurchase agreement

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Financial Position
as of December 31, 2016 and June 30, 2016
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Note	12.31.16	06.30.16
ASSETS			
Non-current assets			
Investment properties	10	52,942	49,872
Property, plant and equipment	11	23,425	24,055
Trading properties	12	3,744	4,471
Intangible assets	13	11,294	11,763
Investments in associates and joint ventures	8 and 9	5,695	16,236
Deferred income tax assets	21	814	638
Income tax and MPIT credit		126	123
Restricted assets	14	-	54
Trade and other receivables	15	3,764	3,441
Employee benefits		4	4
Investments in financial assets	14	2,307	2,226
Financial assets held for sale	14	3,351	3,346
Derivative financial instruments	14	4	8
Total non-current assets		107,470	116,237
Current assets			
Trading properties	12	805	241
Inventories		3,351	3,246
Restricted assets	14	954	564
Income tax and MPIT credit		129	506
Group of assets held for sale	29	2,900	-
Trade and other receivables	15	14,951	13,409
Investments in financial assets	14	9,039	9,656
Financial assets held for sale	14	2,792	1,256
Derivative financial instruments	14	22	19
Cash and cash equivalents	14	23,700	13,866
Total current assets		58,643	42,763
TOTAL ASSETS		166,113	159,000
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to equity holders of the parent			
Share capital		575	575
Treasury shares		4	4
Inflation adjustment of share capital and treasury shares		123	123
Share premium		793	793
Additional paid-in capital from treasury shares		16	16
Legal reserve		143	117
Special reserve		-	4
Other reserves	17	521	726
Retained Earnings (Accumulated deficit)		828	(1,243)
Total capital and reserves attributable to equity holders of the parent		3,003	1,115
Non-controlling interest		16,071	12,386
TOTAL SHAREHOLDERS' EQUITY		19,074	13,501

LIABILITIES			
Non-current liabilities			
Trade and other payables	18	2,750	1,518
Borrowings	20	93,052	90,680
Derivative financial instruments	14	98	105
Income tax and MPIT liabilities		1	-
Deferred income tax liabilities	21	7,703	7,571
Employee benefits		680	689
Salaries and social security liabilities		32	11
Provisions	19	1,560	1,325
Total non-current liabilities		105,876	101,899
Current liabilities			
Trade and other payables	18	17,801	17,874
Group of liabilities held for sale	29	1,897	-
Salaries and social security liabilities		1,407	1,707
Borrowings	20	18,611	22,252
Derivative financial instruments	14	127	112
Provisions	19	1,033	1,039
Income tax and MPIT liabilities		287	616
Total current liabilities		41,163	43,600
TOTAL LIABILITIES		147,039	145,499
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		166,113	159,000

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

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Alejandro G. Elsztain
Vice President II
acting as President

2

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Income/(Operations)
for the six and three-month periods beginning on July 1 and October 1, 2016 and 2015
and ended December 31, 2016 and 2015
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

		Six months		Three months	
	Note	12.31.16	12.31.15	12.31.16	12.31.15
Income from sales, rentals and services	22	36,831	2,164	18,144	1,195
Costs	23	(25,945)	(972)	(12,678)	(537)
Gross profit		10,886	1,192	5,466	658
Gain from disposal of investment properties	10	105	1,029	86	639
General and administrative expenses	23	(1,831)	(273)	(897)	(142)
Selling expenses	23	(6,749)	(120)	(3,453)	(65)
Other operating results, net	24	(123)	120	(61)	133
Profit from operations		2,288	1,948	1,141	1,223
Share of (loss) / profit of associates and joint ventures	8 and 9	(93)	(398)	(50)	93
Profit before financial results and income tax		2,195	1,550	1,091	1,316
Finance income	25	732	374	344	328
Finance costs	25	(4,868)	(2,138)	(2,744)	(1,804)
Other financial results	25	1,531	(460)	1,269	(312)
Financial results, net	25	(2,605)	(2,224)	(1,131)	(1,788)
Loss before income tax		(410)	(674)	(40)	(472)
Income tax expense	21	334	(236)	388	(124)
(Loss) / Profit for the period from continuing operations		(76)	(910)	348	(596)
Profit from discontinued operations….	30	4,273	-	4,631	-
Profit / (Loss) for the period		4,197	(910)	4,979	(596)
(Loss) / Profit from continuing operations attributable to:					
Equity holders of the parent		(265)	(487)	125	(213)
Non-controlling interest		189	(423)	223	(383)
Profit / (Loss) per share attributable to:					
Equity holders of the parent		2,067	(487)	2,644	(213)
Non-controlling interest		2,130	(423)	2,335	(383)
Profit / (Loss) per share attributable to equity holders of the parent:					
Basic		3.597	(0.847)	4.600	(0.367)
Diluted (i)		3.572	(0.847)	4.568	(0.367)
(Loss) / Profit per share from continuing operations attributable to equity holders of the parent:					
Basic		(0.132)	(0.847)	0.605	(0.367)
Diluted (i)		(0.132)	(0.847)	0.601	(0.367)

(i) Due to the loss for the period, there is no diluted effect on this result.

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

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Alejandro G. Elsztain
Vice President II
acting as President

3

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Comprehensive
Income for the six and three-month periods beginning on July 1, 2016 and 2015 and ended December 31, 2016 and 2015
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Six months		Three months	
	12.31.16	12.31.15	12.31.16	12.31.15
Profit / (Loss) for the period	4,197	(910)	4,979	(596)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	431	1,876	(33)	1,840
Change in the fair value of hedging instruments net of income taxes	(10)	-	(66)	-
Items that may not be reclassified subsequently to profit or loss, net of income tax:				
Actuarial (loss) / profit from defined benefit plans	(19)	-	6	-
Other comprehensive income / (loss) for the period	402	1,876	(93)	1,840
Total comprehensive income for the period	4,599	966	4,886	1,244
Total Comprehensive Income/(loss) for the period attributable to:				
Equity holders of the parent	2,034	(283)	2,399	(45)
Non-controlling interest	2,565	1,249	2,487	1,289

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

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Alejandro G. Elsztain
Vice President II
acting as President

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
for the six-month periods ended December 31, 2016 and 2015
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Attributable to equity holders of the parent										
	Share capital	Treasury shares	Inflation adjustment of share capital and treasury shares (1)	Share premium	Additional paid-in capital from treasury shares	Legal reserve	Special reserve (2)	Other reserves (Note 17)	(Accumulated deficit) / Retained earnings	Subtotal	Non-control interest
Balance at July 1, 2016	575	4	123	793	16	117	4	726	(1,243)	1,115	12,386
Profit for the period	-	-	-	-	-	-	-	-	2,067	2,067	2,130
Other comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(33)	-	(33)	435
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	(33)	2,067	2,034	2,565
Incorporated by business combination (Note 4)	-	-	-	-	-	-	-	-	-	-	45
Irrevocable Contributions	-	-	-	-	-	-	-	-	-	-	2
Appropriation of retained earnings approved by Shareholders' meeting held as of 10.31.16	-	-	-	-	-	26	(4)	(26)	4	-	-
Share of changes in subsidiaries' equity	-	-	-	-	-	-	-	-	-	-	42
Reserve for share-based payments	-	-	-	-	-	-	-	6	-	6	-
Capital reduction	-	-	-	-	-	-	-	-	-	-	(1)

Dividends distribution	-	-	-	-	-	-	-	-	-	-	(157)
Changes in non-controlling interest	-	-	-	-	-	-	-	(152)	-	(152)	1,189
Balance at December 31, 2016	575	4	123	793	16	143	-	521	828	3,003	16,071

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

(1)

Includes Ps. 1 of Inflation adjustment of treasury shares. See Note 24 to the Annual Financial Statements.

(2)

Related to CNV General Resolution N° 609/12. See Note 24 to the Annual Financial Statements.

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5

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
for the six-month periods ended December 31, 2016 and 2015
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Attributable to equity holders of the parent										
	Share capital	Treasury shares	Inflation adjustment of share capital and treasury shares (1)	Share premium	Additional paid-in capital from treasury shares	Legal reserve	Special reserve (2)	Other reserves (Note 17)	Retained earnings / (Accumulated deficit)	Subtotal	Non-controll interest
Balance at July 1, 2015	574	5	123	793	7	117	4	330	521	2,474	396
Loss for the period	-	-	-	-	-	-	-	-	(487)	(487)	(423)
Other comprehensive income for the period	-	-	-	-	-	-	-	204	-	204	1,672
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	204	(487)	(283)	1,249
Appropriation of retained earnings approved by Shareholders' meeting held as of 11.26.15	-	-	-	-	-	-	-	520	(520)	-	-
Reserve for share-based payments	1	(1)	-	-	6	-	-	4	-	10	-
Tender offer to non-controlling shareholders	-	-	-	-	-	-	-	(190)	-	(190)	4
Currency translation adjustment of interest held before business combination	-	-	-	-	-	-	-	(144)	-	(144)	-
Additions by business combinations	-	-	-	-	-	-	-	-	-	-	2,235

Capital reduction	-	-	-	-	-	-	-	-	-	-	(4)
Changes in non-controlling interest	-	-	-	-	-	-	-	36	-	36	(17)
Dividends distribution to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(17)
Balance at December 31, 2015	575	4	123	793	13	117	4	760	(486)	1,903	3,846

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

(1)
Includes Ps. 1 of Inflation adjustment of treasury shares. See Note 24 to the Annual Financial Statements.

(2)
Related to CNV General Resolution N° 609/12. See Note 24 to the Annual Financial Statements.

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6

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Consolidated Statements of Cash Flows
for the six-month periods ended December 31, 2016 and 2015
(All amounts in millions of Argentine Pesos, except shares and per share data and except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

	Note	12.31.16	12.31.15
Operating activities:			
Cash generated from continuing operations	16	5,350	1,095
Income tax and MPIT paid		(488)	(495)
Net cash generated by operating activities		4,862	600
Investing activities:			
Capital contributions to joint ventures and associates		(76)	(45)
Acquisition of associates and joint ventures		(253)	-
Purchases of investment property		(1,353)	(102)
Proceeds from sale of investment property		171	1,073
Purchases of property, plant and equipment		(1,295)	(10)
Purchases of intangible assets		(209)	-
Purchases of investments in financial assets		(1,582)	(3,486)
Proceeds from sale of investments in financial assets		2,679	2,404
Proceeds from sale of associates and joint ventures		3,619	11
Cash incorporated by business combination, net of cash paid		(46)	9,193
Interest received of financial assets		68	3
Loans granted to related parties		(12)	(1,349)
Dividends received		37	-
Cash generated by discontinued investing activities		408	-
Net cash generated in investing activities		2,156	7,692
Financing activities:			
Borrowings		6,560	402
Payment of borrowings		(7,071)	(435)
Capital contributions of non-controlling interest		22	-
Dividends paid		(515)	(59)
Issuance of non-convertible notes		7,089	407
Proceeds from sale of non-controlling interest in subsidiaries		2,428	61
Acquisition of non-controlling interest in subsidiaries		(990)	-
Interest paid		(2,407)	(334)
Capital distribution to non-controlling interest in subsidiaries		(43)	-
Payment of borrowings from joint ventures and associates		(9)	-
Payment related to derivative financial instruments		(90)	(25)

Repurchase of non-convertible notes		-	(135)
Reissuance of non-convertible notes		-	6
Proceeds from derivative financial instruments		69	903
Payment of non-convertible notes		(2,351)	(96)
Cash applied to discontinued financing activities		(515)	-
Net cash generated in financing activities		2,177	695
Net Increase in cash and cash equivalents		9,195	8,987
Cash and cash equivalents at beginning of year	14	13,866	375
Foreign exchange gain on cash and cash equivalents		639	3,670
Cash and cash equivalents at end of period	14	23,700	13,032

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

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Alejandro G. Elsztain
Vice President II
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7

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

1.
The Group's business and general information

IRSA was founded in 1943, and is engaged in a diversified range of real estate activities in Argentina since 1991.

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

Cresud is our parent company and IFIS Limited our ultimate parent company.

These Financial Statements have been approved for issue by the Board of Directors on February 13, 2017.

The Group has established two Operations Centers, Argentina e Israel, to manage its global business, mainly through the following companies:

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
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1.
The Group's business and general information (Continued)

In the Operations Center in Israel, IDBD has diverse debts containing certain covenants which have been successively negotiated, resulting in several waivers actually in force. IDBD estimates that if the original covenants of such debts were to become effective again, it would not be able to honor them. Non-compliance could have the effect of creditors requiring immediate repayment of the debt. Yet, there are restrictions as to the payment of dividends based on the indebtedness level in some of IDBD subsidiaries. IDBD has projected future cash flows and expects to have the required liquidity to meet its commitments through the issuance of new debt in Israel, the sale of assets, including Clal, and collect dividends from Clal and others subsidiaries. IDBD could also secure additional financing from the private issuance of equity securities.

On December, 2013, it was published in the Official Gazette of Israel the Promotion of Competition and Reduction of Concentration Law, 5,774-13 ('the Concentration Law') which has material implications for IDBD and its subsidiaries, including a potential delisting of IDBD or DIC so as to no longer trade its shares or debentures publicly, or a merger between IDBD and DIC.

All factors mentioned above, mainly (i) IDBD's current financial position and need of financing to honor its financial debt and other commitments, (ii) the renegotiation underway with financial creditors, and (iii) the term set by Israel's governmental authorities to sell the equity interest in Clal and the potential effects of such sale, in particular, on its market value, raise significant uncertainties as to IDBD's capacity to continue as a going-concern. These financial statements do not include the adjustments or reclassifications related to the valuation of IDBD's assets and liabilities that would be required if IDBD were not able to continue as a going-concern.

The Group is and will continue working to address the uncertainties described above.

The financial position of IDBD and its subsidiaries at the Operations Center in Israel does not affect the financial position of IRSA and its subsidiaries at the Operations Center in Argentina.

IRSA and its subsidiaries are not facing financial constraints and are compliant with their financial commitments. In addition, the commitments and other covenants resulting from IDBD's debt do not have impact on IRSA since such debt has no recourse against IRSA and it is not granted by IRSA's assets.

There are no significant uncertainties as to the capacity of the Group, as a whole, to operate as a going-concern perspective, with such uncertainties being limited to the Operations Center in Israel.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
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2. Summary of significant accounting policies

2.1. Basis of preparation of the Financial Statements

These Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", and therefore, should be read together with the Annual Financial Statements of the Group as of June 30, 2016 prepared in accordance with IFRS in force. Furthermore, these Financial Statements include supplementary information required by Law N° 19,550 and/or regulations of the CNV. Such information is included in notes to these Financial Statements according to IFRS.

These Financial Statements corresponding to the six-month periods ended December 31, 2016 and 2015 have not been audited. The management believes they include all necessary adjustments to fairly present the results of each period. The Company's six-month periods ended December 31, 2016 and 2015 results do not necessarily reflect the proportion of the Group's full-year results.

IDBD's fiscal year ends on December 31 each year and the Company's fiscal year ends on June 30. Furthermore, IDBD's quarterly and annual reporting follow the guidelines of Israeli standards, which means that the information is only available after the applicable statutory terms in Argentina. Therefore, the Company is not able to include IDBD's quarterly results in its financial statements to be filed with the CNV within the applicable statutory terms in Argentina. The Company consolidates IDBD's results of operations with a three-month lag, adjusted by the effects of material transactions that may have taken place during the reported period.

Under IAS 29 "Financial Reporting in Hyperinflationary Economies", the financial statements of an entity whose functional currency belongs to a hyperinflationary economy, regardless of whether they apply historic cost or current cost methods, should be stated at the current unit of measure as of the date of these Unaudited Condensed Interim Consolidated Financial Statements. For such purpose, in general, inflation is to be computed in non-monetary items from the acquisition or revaluation date, as applicable. For such purpose, in general, inflation is to be computed in non-monetary items from the acquisition or revaluation date, as applicable. In order to determine whether an economy is to be considered hyperinflationary, the standard lists a set of factors to be taken into account, including an accumulated inflation rate near or above 100% over a three year period.

As of December 31, 2016, it is not possible to compute the accumulated inflation rate for the three year period ending on that date based on the official statistics of the INDEC (Argentina Statistics Office), because in October 2015, the INDEC ceased to compute the Wholesale Domestic Price Index, and started to compute it again as from January 2016.

As of the date of these Unaudited Condensed Interim Consolidated Financial Statements, the Argentine peso does not meet the conditions to be treated as the currency of a hyperinflationary economy, pursuant to the guidelines set forth by IAS 29. Therefore, these financial statements have not been restated in constant currency.

2.
Summary of significant accounting policies (Continued)

2.1.
Basis of preparation of the Financial Statements (Continued)

However, over the last years, certain macroeconomic variables affecting the Group's business, such as payroll costs, input prices and service rates, have experienced significant annual changes. This factor should be taken into consideration in assessing and interpreting the financial situation and results of operations of the Group in these financial statements.

2.2.
Significant accounting policies

The accounting policies applied in the presentation of these Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements under IFRS as described in Note 2 to the Annual Financial Statements as of June 30, 2016.

2.3.
Use of estimates

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

In the preparation of these Financial Statements, the significant judgments made by Management in applying the Group's accounting policies and the main sources of uncertainty were the same applied by the Group in the preparation of the Annual Financial Statements for the year ended June 30, 2016 as described in Note 5 to the annual financial statements.

2.4.
Comparability of information

Balance items as of June 30, 2016 and December 31, 2015 shown in these financial statements for comparative purposes arise from Financial Statements then ended.

As required by IFRS 3, the information of IDBD is included in the financial statements of the Group as from takeover was secured, that is from October 11, 2015, and the prior periods are not modified by this situation. In addition, due to the time lag in getting income data from IDBD as indicated in Note 2.1., income for the six months-period ended on December 31, 2015 does not include the income derived from that subsidiary; therefore, the financial information consolidated as of December 31, 2015 is not comparative.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

3.
Seasonal effects on operations

Operations Center in Argentina

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

Operations Center in Israel

The operations of the Shufersal supermarket chain are subject to fluctuations of quarterly sales and income due to the increase in activity during religious holidays in different quarters throughout the year. For instance, in Pesaj (Passover) between March and April, and the Jewish New Year, sometime between September and October each year.

The results of operations of Cellcom and IDBD Tourism are also usually affected by seasonality in summer months in Israel and by the Jewish New Year, given a higher consumption due to internal and external tourism.

4.
Acquisition and dispositions

Below are detailed the significant acquisitions and disposals for the six-month period ended December 30, 2016. The significant acquisitions and disposals for the fiscal year ended June 30, 2016, are detailed in Note 3 to the Annual Financial Statements at that date.

A.
Sale of Adama

On July 17, 2016 DIC had informed to market that it had accepted the offer by ChemChina for the acquisition of 40% of Adama's shares which were held by Koor, a company indirectly controlled by IDBD through DIC. On August 2016, Koor and a subsidiary of ChemChina executed the corresponding agreement. The price of the transaction included a payment in cash of US$ 230 plus the total repayment of the non-recourse loan and its interests, which had been granted to Koor by a Chinese bank. Completion of the sale transaction was subject to several previous conditions, the most important of which referred to obtaining the regulatory authorizations in China, the approval of the antitrust authorities and the Chinese bank that granted the non-recourse loan as part of the loan assignment agreement. On November 22, 2016, the sale transaction was finalized and Koor received cash in the amount of US$ 230 million. The interest of the Company in the results of Adama and the financing results related to the hybrid financial instrument were classified as discontinued operations in the Group's Consolidated Statements of Income as from July 17, 2016 on a retroactive basis (Note 30).

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

4.
Acquisition and dispositions (Continued)

B.
Acquisition of equity interest in EHSA

On July 2016, the Group through IRSA Propiedades Comerciales acquired a 20% shareholding in EHSA, a company of which it already owned 50%, and 1.25% of Entretenimiento Universal S.A. ("ENUSA"). The acquisition has been priced at Ps. 53 million. As a result, the Group now holds 70% of the share capital and voting stock of EHSA. In addition, EHSA holds, both directly and indirectly, 100% of the shares of OGDEN Argentina S.A. ("OASA") and 95% of the shares of ENUSA. Furthermore, OASA holds 50% of the voting stock of La Rural S.A. ("LRSA"), a company that holds the rights to commercially operate the emblematic "Predio Ferial de Palermo" in the Autonomous City of Buenos Aires, where the Sociedad Rural Argentina ("SRA") holds the remaining 50%.

The Group is analyzing the allocation of the price paid through various net assets acquired; therefore, the information presented below is preliminary and subject to changes. The following chart shows the consideration, the fair value of the acquired assets, the assumed liabilities and the non-controlling interest as of the acquisition date.

	Jul-2016
Fair value of identifiable assets and assumed liabilities:	
Investments in joint ventures	123
Trade and other receivables	88
Borrowings	(45)
Deferred income tax	(7)
Income tax and MPIT liabilities	(1)
Trade and other payables	(13)
Provisions	(2)
Cash and cash equivalents acquired	7
Total net identifiable assets	150
Non-controlling interest	(45)
Goodwill	23
Total	128
Fair value of the interest held before the business combination	(75)
Total consideration	53

C.
Share-holding increase in Shufersal

On September 12, 2016, the Group through DIC, acquired 9,097,127 of Shufersal's shares, so that the company's equity interest in Shufersal's share capital increased from approximately 53.89% to around 58.17%. Additionally, on December 12, 2016 DIC also acquired 5.3 million of Shufersal's shares for an amount of NIS 75 million (equivalent to Ps. 297 million), so that the company's equity interest increased to approximately 60.67%.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

4.
Acquisition and dispositions (Continued)

D.
Acquisition of DIC shares

On September 23, 2016 Tyrus acquired from IDBD 8,888,888 of DIC's shares for a total amount of NIS 100 million (equivalent to Ps. 401 million), which represent 8.8% of the Company's outstanding shares. As a result of this transaction, the equity interest of the Group in DIC has increased by 3.28% without actual cash movements in the financial statements.

E.
Partial sale of equity interest in PBC

DIC sold 12% of its equity interest in PBC for a total consideration of NIS 217 million (equivalent to Ps. 810 million); as a result, DIC's interest in PBC has declined to around 64.4%.

F.
Partial sale of equity interest in Gav Yam

On December 5, 2016, PBC sold 280,873 shares of its subsidiary Gav-Yam Land Corporation Ltd. for an amount of NIS 391 million (equivalent to Ps. 1,616). As a result of this transaction, the equity interest of the Company has decreased from 69.06% to 55.06%.

G.
Negotiations between Israir and Sun Dor

On December 31, 2016 IDB Tourism was at an advanced stage of negotiations with Sun D'or International Airlines Ltd. ("Sun D'or"), a subsidiary of El Al Israel Airlines Ltd. ("EI AI"), which consists of:

Israir would sell the aircrafts it owns through a purchase and lease agreement for an estimated value of US$ 70 million;

Following the sale of aircraft units, IDB Tourism would receive US$ 45 million plus 25% of Sun D'Or's shares, with El Al retaining a 75% equity interest in such company;

The parties would enter into a shareholder agreement that would give El Al a call option (and a sale option to IDB Tourism) for the acquisition of Sun D'Or's shares in accordance with a price and terms that would be established in due course.

As a consequence of this process, the Group's financial statements as of December 31, 2016 record the investment in Israir as assets and liabilities held for sale, and a loss of nearly NIS 56 million (equivalent to Ps. 231), as a result of measuring these net assets at the estimated recoverable value.

It should be noted that as of the date of these financial statements the parties have not signed a memorandum of understanding and/or binding agreement regarding the transaction scheme and/ or the transaction terms; and that should the transaction take place, it will be subject to the legally required approvals, including the approval from the Antitrust Commissioner. If an agreement is reach, the transaction is expected to be finalized by the end of 2017.

5.
Financial risk management and fair value estimates

5.1.
Financial risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, indexing risk due to specific clauses and other price risk), credit risk, liquidity risk and capital risk. Within the Group, risk management functions are conducted in relation to financial risks associated to financial instruments to which the Group is exposed during a certain period or as of a specific date.

Given the diversity of characteristics corresponding to the business conducted in its operations centers, the Group has decentralized the risk management policies geographically based on its two operations centers in order to identify and properly analyze the various types of risks to which each of the subsidiaries is exposed.

These Financial Statements do not include all the information and disclosures on financial risk management; therefore they should be read along with Note 4 to the Annual Financial Statements as of June 30, 2016. There have been no changes in the risk management or risk management policies applied by the Group since year end.

5.2.
Fair value estimates

Since June 30, 2016 there have been no significant changes in business or economic circumstances affecting the fair value of the Group's assets or liabilities (either measured at fair value or amortized cost). Furthermore, there have been no transfers between the different hierarchies used to assess the fair value of the Group’s financial instruments.

6.
Segment information

As explained in Note 6 to the Annual Consolidated Financial Statements, since the Group obtained control over IDBD, the financial and net worth performance is reported separately in two centers of operations. Within the Operations Center in Argentina, there have been no changes in the business segments or the financial reporting criteria thereof. In the Operations Center in Israel, and as reported in Note 4 to these financial statements, the Group stopped including Agrochemicals as a reportable segment, following the sale of Adama.

14

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

6.
Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the six-month periods ended December 31, 2016 and 2015:

	December 31, 2016		
	Operations Center in Argentina	Operations Center in Israel	Total
Revenues	2,085	34,021	36,106
Costs	(496)	(24,700)	(25,196)
Gross profit	1,589	9,321	10,910
Gain from disposal of investment property	86	19	105
General and administrative expenses	(337)	(1,500)	(1,837)
Selling expenses	(185)	(6,566)	(6,751)
Other operating results, net	(17)	(99)	(116)
Profit from operations	1,136	1,175	2,311
Share of loss of joint ventures and associates	(92)	(6)	(98)
Segment profit	1,044	1,169	2,213
Reportable assets	5,019	152,446	157,465
Reportable liabilities	-	(132,518)	(132,518)
Net reportable assets	5,019	19,928	24,947

	December 31, 2015		
	Operations Center in Argentina	Operations Center in Israel	Total
Revenues	1,587	-	1,587
Costs	(382)	-	(382)
Gross profit	1,205	-	1,205
Gain from disposal of investment property	1,029	-	1,029
General and administrative expenses	(277)	-	(277)
Selling expenses	(121)	-	(121)
Other operating results, net	123	-	123
Profit from operations	1,959	-	1,959
Share of loss of joint ventures and associates	(404)	-	(404)

Segment profit	1,555	-	1,555
Reportable assets	5,214	123,597	128,811
Reportable liabilities	-	(110,054)	(110,054)
Net reportable assets	5,214	13,543	18,757

15

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

6.
Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's Operations Center in Argentina for the period ended December 31, 2016:

	December 31, 2016 Operations Center in Argentina						
	Shopping Centers	Offices and others	Sales and developments	Hotels	International	Financial operations and others	T
Revenues	1,494	217	1	373	-	-	2,
Costs	(221)	(27)	(14)	(234)	-	-	(4
Gross profit / (loss)	1,273	190	(13)	139	-	-	1,
Gain from disposal of investment property	-	-	86	-	-	-	86
General and administrative expenses	(123)	(31)	(75)	(66)	(42)	-	(3
Selling expenses	(93)	(25)	(19)	(46)	-	(2)	(1
Other operating results, net	(24)	46	(28)	-	(9)	(2)	(1
Profit / (Loss) from operations	1,033	180	(49)	27	(51)	(4)	1,
Share of profit / (loss) of joint ventures and associates	-	16	7	-	(159)	44	(9
Segment profit / (loss)	1,033	196	(42)	27	(210)	40	1,
Investment properties	2,261	964	260	-	-	-	3,
Property, plant and equipment	48	22	3	153	2	-	22
Trading properties	-	-	278	-	-	-	27
Goodwill	1	29	-	-	-	-	30
Right to receive future units under barter agreements	9	-	29	-	-	-	38
Inventories	24	-	-	10	-	-	34
Investment in joint ventures and associates	-	130	69	-	(1,041)	1,768	92
Operating assets	2,343	1,145	639	163	(1,039)	1,768	5,

16

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

6.
Segment information (Continued)

Below is a summarized analysis of the lines of business of Group’s Operations Center in Argentina for the period ended December 31, 2015:

	December 31, 2015						
	Operations Center in Argentina						
	Shopping Centers	Offices and others	Sales and developments	Hotels	International	Financial operations and others	Tota
Revenues	1,193	145	5	244	-	-	1,58
Costs	(176)	(26)	(10)	(170)	-	-	(382
Gross profit / (loss)	1,017	119	(5)	74	-	-	1,20
Gain from disposal of investment property	-	-	1,029	-	-	-	1,02
General and administrative expenses	(81)	(16)	(72)	(49)	(59)	-	(277
Selling expenses	(64)	(18)	(10)	(29)	-	-	(121
Other operating results, net	(18)	(1)	(5)	(1)	146	2	123
Profit / (Loss) from operations	854	84	937	(5)	87	2	1,95
Share of profit / (loss) of joint ventures and associates	-	8	6	-	(579)	161	(404
Segment profit / (loss)	854	92	943	(5)	(492)	163	1,55
Investment properties	2,347	861	321	-	-	-	3,52
Property, plant and equipment	47	20	1	161	2	-	231
Trading properties	-	-	179	-	-	-	179
Goodwill	7	4	-	-	-	-	11
Right to receive future units under barter agreements	9	-	81	-	-	-	90
Inventories	16	-	1	8	-	-	25
Investments in joint ventures and associates	-	24	62	-	(521)	1,584	1,14
Operating assets	2,426	909	645	169	(519)	1,584	5,21

17

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Interim Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

6.
Segment information (Continued)

Below is a summarized analysis of the lines of business of Group's Operations Center in Israel for the period ended December 31, 2016:

	Real Estate	Supermarkets	Telecommunications	Insurances	Others	Total
Revenues	2,484	23,476	7,863	-	198	34,021
Costs	(1,700)	(17,544)	(5,356)	-	(100)	(24,700)
Gross profit	784	5,932	2,507	-	98	9,321
Gain from disposal of investment property	-	-	-	-	19	19
General and administrative expenses	(130)	(302)	(761)	-	(307)	(1,500)
Selling expenses	(47)	(4,811)	(1,679)	-	(29)	(6,566)
Other operating results, net	-	(31)	(19)	-	(49)	(99)
Profit / (Loss) from operations	607	788	48	-	(268)	1,175
Share of (loss) / profit of joint ventures and associates	(114)	-	-	-	108	(6)
Segment profit / (loss)	493	788	48	-	(160)	1,169
Operating assets	62,361	32,467	28,415	6,143	23,060	152,446
Operating liabilities	(51,209)	(25,944)	(22,529)	-	(32,836)	(132,518)
Operating assets (liabilities), net	11,152	6,523	5,886	6,143	(9,776)	19,928

Below is a summarized analysis of the lines of business of Group's operations center in Israel for the period ended December 31, 2015:

	Real Estate	Supermarkets	Telecommunications	Insurances	Others	Total
Operating assets	50,475	24,706	20,816	4,845	22,755	123,597
Operating liabilities	(40,701)	(21,048)	(16,893)	-	(31,412)	(110,054)
Operating assets (liabilities), net	9,774	3,658	3,923	4,845	(8,657)	13,543

18

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

6.
Segment information (Continued)

The following tables present a reconciliation between the total profit from operations as per segment information and the profit from operations as per the Statements of Income. The adjustments relate to the presentation of the results of joint ventures from the Operations Center in Argentina accounted for under the equity method under IFRS and the non-elimination of the inter-segment transactions.

	December 31, 2016				
	Total as per segment information	Adjustment for share of profit / (loss) of joint ventures	Expenses and collective promotion funds	Adjustment to income for elimination of inter-segment transactions	Total as per Statement of income
Revenues	36,106	(18)	745	(2)	36,831
Costs	(25,196)	10	(759)	-	(25,945)
Gross profit / (loss)	10,910	(8)	(14)	(2)	10,886
Gain from disposal of investment property	105	-	-	-	105
General and administrative expenses	(1,837)	2	-	4	(1,831)
Selling expenses	(6,751)	2	-	-	(6,749)
Other operating results, net	(116)	(5)	-	(2)	(123)
Profit / (Loss) from operations	2,311	(9)	(14)	-	2,288
Share of (loss) / profit of joint ventures and associates	(98)	5	-	-	(93)
Profit / (Loss) before financing and taxation	2,213	(4)	(14)	-	2,195

19

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

6.
Segment information (Continued)

	December 31, 2015				
	Total as per segment information	Adjustment for share of profit / (loss) of joint ventures	Expenses and collective promotion funds	Adjustment to income for elimination of inter-segment transactions	Total as per Statements of Income
Revenues	1,587	(15)	594	(2)	2,164
Costs	(382)	9	(602)	3	(972)
Gross profit / (loss)	1,205	(6)	(8)	1	1,192
Gain from disposal of investment property	1,029	-	-	-	1,029
General and administrative expenses	(277)	1	-	3	(273)
Selling expenses	(121)	1	-	-	(120)
Other operating results, net	123	1	-	(4)	120
Profit / (loss) from operations	1,959	(3)	(8)	-	1,948
Share of (loss) / profit of joint ventures and associates	(404)	6	-	-	(398)
Profit / (Loss) before financing and taxation	1,555	3	(8)	-	1,550

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

6.
Segment information (Continued)

The following tables present a reconciliation between total assets and liabilities as per segment information of Operations Centers in Argentina and Israel and total assets as per the statement of financial position.

	December 31, 2016			December 31, 2015		
	Operations Center in Argentina	Operations Center in Israel	Total	Operations Center in Argentina	Operations Center in Israel	Total
Total assets based on segment information	5,019	152,446	157,465	5,214	123,597	128,811
Proportionate share in assets per segment of joint ventures (3)	(148)	-	(148)	(119)	-	(119)
Discontinued operations	-	-	-	-	9,981	9,981
Fair value adjustments as result of business combination	-	-	-	-	(11,309)	(11,309)
Investment in joint ventures (1)	175	-	175	172	-	172
Other non-reportable assets (2)	8,621	-	8,621	6,384	-	6,384
Total assets as per Statements of Financial Position	13,667	152,446	166,113	11,651	122,269	133,920

(1)
Represents the equity value of joint ventures that were proportionately consolidated for information by segment purposes.
(2)
Includes deferred income tax asset, income tax and MPIT credits, trade and other receivables, investment in financial assets, cash and cash equivalents and intangible assets except for right to receive future units under barter agreements, net of investments in associates with negative equity which are included in provisions in the amount of Ps. 1,048 and Ps. 582, as of December 31, 2016 and 2015, respectively.
(3)
Below is a detail of the proportionate share in assets by segment of joint ventures of the Operations Center in Argentina, included in the segment information:

	December 31, 2016	December 31, 2015
Investment properties	141	112
Property, plant and equipment	1	1
Trading properties	5	1

Goodwill	1	5
Total proportionate share in assets per segment of joint ventures	148	119

	December 31, 2016			December 31, 2015		
	Operations Center in Argentina	Operations Center in Israel	Total	Operations Center in Argentina	Operations Center in Israel	Total
Total liabilities based on segment information	-	132,518	132,518	-	110,054	110,054
Plus:						
Discontinued operations	-	-	-	-	10,024	10,024
Fair value adjustments as result of business combination	-	-	-	-	(3,069)	(3,069)
Other non-reportable liabilities	14,521	-	14,521	11,162	-	11,162
Total liabilities as per statement of financial position	14,521	132,518	147,039	11,162	117,009	128,171

21

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

7.
Information about the main subsidiaries

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

	At December 31, 2016							Period ended December 31, 2016		
	Non-controlling shareholders' interest %	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets	Book Value of non-controlling interests	Revenues	Net (loss)/ income	Other comprehensi (loss) / incon
Elron (1)	49.68%	1,708	1,103	131	33	2,647	1,985	-	(224)	(3)
PBC (1)	35.56%	8,836	53,084	7,496	43,713	10,711	8,194	2,500	(242)	(43)
Cellcom (1)	57.74%	11,295	16,025	7,659	14,869	4,792	3,431	7,741	(89)	4
Shufersal (1)	41.83%	11,912	19,771	14,212	11,732	5,739	3,505	23,427	386	(19)

	At June 30, 2016							Period ended December 31, 2015		
	Non-controlling shareholders' interest %	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets	Book Value of non-controlling interests	Revenues	Net loss	Other comprehensi loss
Elron (1)	49.68%	2,145	922	82	31	2,954	2,522	N/A	N/A	N/A
PBC (1)	23.55%	10,435	47,546	9,925	37,567	10,489	8,419	N/A	N/A	N/A
Cellcom (1)	58.23%	9,368	16,113	7,629	13,210	4,642	3,795	N/A	N/A	N/A
Shufersal (1)	47.05%	9,929	18,764	13,202	10,411	5,080	3,596	N/A	N/A	N/A
DFL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	(1,273)	(336)

N/A: Not applicable. Not considered a significant non-controlling interest.
(1)
Corresponds to the Group's indirect interest. The percentage of the non-controlling interest represents the equity interest which is not owned by DIC.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

7.
Information about principal subsidiaries (Continued)

Restrictions, commitments and other relevant issues

Cellcom

As mentioned in Note 7 to the annual financial statements as of June 30, 2016, Cellcom was in dispute with Golan. In January 2017, Golan was acquired by Electra and signed an agreement with Cellcom regarding the use of its network and hosting services. Additionally, Cellcom agreed to provide Golan, on the completion date of the acquisition agreement by Electra, a loan for NIS 130 million for a term of 10 years, which shall be repaid in 6 semiannual installments starting on the eight anniversary of the execution of the agreement. The loan will be backed by several assets of Golan. It should be noted that the performance of the agreement is being hindered by interested third parties.

Analysis of the impact of the Concentration Law

As mentioned in Note 7 to the annual financial statements as of June, 30, 2016, IDBD is analyzing the implications of the Concentration Law. As of the date of these Unaudited Condensed Interim Consolidated Financial Statements, IDBD continues on this analysis process.

PBC and consulting agreement with Rock Real

In November 2009, PBC's audit committee and board of directors approved the agreement with Rock Real whereby the latter would look for and propose to PBC the acquisition of commercial properties outside Israel, in addition to assisting in the negotiations and management of such properties. In return, Rock Real would receive 12% of the net income generated by the acquired property. Pursuant to appendix 16 of the Israel Commercial Act 5759-1999, the agreement must be ratified by the Audit Committee before the third year after the effective date; otherwise, it expires. The agreement has not been ratified by the audit committee within such three-year term, so in January 2017 PBC issued a statement that hinted at the expiration of the agreement and informed that it would begin negotiations to reduce the debt that currently amounts to NIS 155 million (or Ps. 640 million).

Dolphin arbitration process

As mentioned in Note 3 to the annual financial statements there is an arbitration process going on between Dolphin and ETH in relation to certain issues connected to the control obtainment of IDBD. As of the date of these financial statements, there is no news in relation to the case and the proceeding is pending.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

8.
Investments in joint ventures

Evolution of Group´s investments in joint ventures for the six-month period ended December 31, 2016 and for the fiscal year ended June 30, 2016 was as follows:

	December 31, 2016	June 30, 2016
Beginning of the period / year	1,944	190
Decrease for control obtainment (Note 4)	(31)	-
Joint ventures incorporated by business combination (Note 4)	123	960
Capital contributions	104	77
Share in (loss) / profit	(48)	140
Currency translation adjustment	84	594
Cash dividends (i)	(35)	(17)
End of the period / year	2,141	1,944

(i)
During the period ended December 31, 2016, Ps. 19 correspond to Manaman, Ps. 9 to La Rural S.A. and Ps. 7 to Cyrsa S.A.. During the fiscal year ended June 30, 2016, Ps. 7 correspond to Cyrsa, Ps. 4 to NPSF and Ps. 6 to Manaman.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

8.
Investments in joint ventures (Continued)

The table below lists the Group’s investments and the values of the Group's investments in joint ventures for the period ended December 31, 2016 and for the fiscal year ended June 30, 2016, as well as the participation of the Group in the comprehensive income of these companies for the six-month periods ended December 31, 2016 and 2015:

				Value of Group's interest in equity		Group's interest in comprehensive income (loss)		% of ownership interest held		Last financial sta issued	
Name of the entity	Place of business / Country of incorporation	Main activity	Common shares 1 vote	12.31.16	06.30.16	12.31.16	12.31.15	12.31.16	06.30.16	Common stock (nominal value)	(Loss) / Profi for the period
Quality	Argentina	Real estate	76,814,342	67	69	(3)	(3)	50%	50%	158	(5)
Cyrsa	Argentina	Real estate	8,748,269	12	18	2	5	50%	50%	17	3
La Rural	Argentina	Organization of events	714,498	130	-	(1)	-	50%	n/a	1	31
Puerto Retiro (1)	Argentina	Real estate	23,067,250	51	47	16	(1)	50%	50%	46	(2)
Mehadrin	Israel	Agriculture	1,509,889	960	985	(25)	-	45.41%	45.41%	(*) 3	(*) 26
Other joint ventures	(2)	n/a	n/a	921	825	47	12	n/a	n/a	n/a	n/a
				2,141	1,944	36	13				

(1)
Puerto Retiro owns a land reserve. As mentioned in Note 7 to the annual financial statements as of June 30, 2016, Puerto Retiro has been notified that a petition for bankruptcy has been filed against it. As of the date of these financial statements, there is no news in relation to the case.
(2)
Represent other joint venture business that are not significant individually.
(*)
Amounts in millions of NIS.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

9.
Investments in associates

Changes in the Group’s investments in associates for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

	December 31, 2016	June 30, 2016
Beginning of the period / year	13,454	2,620
Acquisition / Increase in equity interest in associates	273	158
Unrealized loss on investments at fair value	-	(564)
Decrease for control obtainment	-	(1,047)
Associates incorporated by business combination	-	8,308
Capital contributions	57	180
Share in (loss) / profit	(45)	286
Currency translation adjustment	226	4,193
Cash dividends (ii)	(35)	(515)
Sale of equity interest in associates	-	(4)
Reclassification to held for sale (Note 4)	(11,473)	-
Hedging instruments	56	(93)
Defined benefit plans	(7)	(10)
Impairment	-	(58)
End of the period / year (i)	2,506	13,454

(i)
Includes Ps. (1,048) and Ps. (838) reflecting interests in companies with negative equity as of December 31, 2016 and June 30, 2016, respectively, which are disclosed in “Provisions” (see Note 19).
(ii)
During the period ended December 31, 2016 the balance corresponds Ps. 4 to Emco, Ps. 28 to Aviaresp AG and Ps. 3 to Millenium. During the fiscal year ended June 30, 2016 the balance corresponds Ps. 10 to Millenium, Ps. 495 to Adama and Ps. 10 to Emco.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

9.
Investments in associates (continued)

The table below lists the Group’s investments, values of interests and interest in comprehensive income of associates for the period ended December 31, 2016 and for the fiscal year ended June 30, 2016, as well as Group's interest in comprehensive income of these companies for the six-month periods ended December 31, 2016 and 2015; except otherwise indicated below:

				Value of Group's interest in equity		Group's interest in comprehensive income (loss)		% of ownership interest held		Last financial s issued	
Name of the entity	Place of business / Country of incorporation	Main activity	Common shares 1 vote	12.31.16	06.30.16	12.31.16	12.31.15	12.31.16	06.30.16	Common stock (nominal value)	Profi (loss for th perio
Tarshop	Argentina	Consumer financing	48,759,288	78	72	5	(12)	20%	20%	244	92
New Lipstick	U.S.A.	Real estate	N/A	(968)	(793)	(174)	(252)	49.73%	49.73%	N/A	(*) (
BHSA	Argentina	Financial	448,689,072	1,647	1,609	38	172	29.91%	29.91%	1,500	178
BACS (1)	Argentina	Financial	7,812,500	43	21	1	3	12.5%	6.4%	63	12
IDBD	Israel	Investment	N/A	-	-	-	3,202	N/A	49.00%	n/a	n/a
Condor	U.S.A.	Hotel	1,261,723	(79)	(45)	(35)	75	25.45%	25.53%	(*) 49	(*) 9
Adama	Israel	Agrochemical	-	-	10,847	-	-	-	40.00%	n/a	n/a
PBEL	India	Real estate	450,000	682	864	48	-	45.40%	45.40%	(**) 1	((29)
Other associates	n/a	n/a	n/a	1,103	879	298	6	n/a	n/a	n/a	n/a
				2,506	13,454	181	3,194				

(1)
On August 24, 2016, the BCRA approved the sale of BACS’ shares, representing 6.125% which had been subscribed by Tyrus. As a result, as of December 31 the Group’s equity interest in BACS amounts to 12.5% while BHSA holds the remaining 87.5%. Following the reported fiscal year, on February 7, 2017, the BCRA approved the conversion of ONC mentioned in Note 3 to the annual financial statements, increasing IRSA’s equity in BACS to 33.364%.
(*) Amounts in millions of US dollars.
(**) Amounts in millions of NIS.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

10.
Investment properties

Changes in the Group's investment properties for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

	Period ended December 31, 2016				Fiscal year ended June 30, 2016
	Rental properties (ii)	Undeveloped parcels of land	Properties under development (iii)	Total	Total
Beginning of the period / year:					
Costs	45,848	2,432	3,978	52,258	5,257
Accumulated depreciation	(2,378)	(8)	-	(2,386)	(1,767)
Net book amount	43,470	2,424	3,978	49,872	3,490
Changes of the period / year					
Assets incorporated by business combination	-	-	-	-	29,586
Additions	806	15	871	1,692	1,190
Transfers	1,109	(224)	(885)	-	-
Reclassification to/from property, plant and equipment	(3)	-	-	(3)	70
Reclassification to trading properties	-	-	-	-	(71)
Disposals	(414)	-	-	(414)	(267)
Currency translation adjustment	2,107	90	134	2,331	16,754
Impairment	-	-	-	-	(339)
Depreciation charges (i)	(528)	(8)	-	(536)	(541)
Closing net book amount	46,547	2,297	4,098	52,942	49,872
End of the period / year:					
Costs	49,503	2,313	4,098	55,914	52,258
Accumulated depreciation	(2,956)	(16)	-	(2,972)	(2,386)
Net book amount	46,547	2,297	4,098	52,942	49,872

(i)
Depreciation charges of investment property were included in "Costs" in the statement of income (Note 23).

(ii)
Includes Distrito Arcos; there have been no news on the judicial proceedings mentioned in the annual financial statements.

(iii)

Includes Catalinas Tower; on November 16, 2016, IRSA entered into an agreement with DyCASA S.A., which began the works on November 29, 2016, they are expected to be completed by May, 2019.

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

	December 31, 2016	December 31, 2015
Rental and services income	4,242	1,920
Direct operating expenses	(1,890)	(795)
Development expenses	(822)	(7)
Gain from disposal of investment property	105	1,029

28

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

11.
Property, plant and equipment

Changes in the Group's property, plant and equipment for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

	Period ended December 31, 2016					Fiscal year ended June 30, 2016
	Buildings and facilities	Machinery and equipment	Communication networks	Others (i)	Total	Total
Beginning of the period / year:						
Costs	13,891	3,203	5,974	2,776	25,844	630
Accumulated depreciation	(612)	(390)	(564)	(223)	(1,789)	(387)
Net book amount	13,279	2,813	5,410	2,553	24,055	243
Changes of the period / year						
Assets incorporated by business combination	-	-	-	-	-	15,104
Additions	331	324	385	255	1,295	1,172
Disposals	-	(12)	(11)	(206)	(229)	-
Reclassification to assets held for sale	(12)	-	-	(1,532)	(1,544)	-
Impairment	-	-	-	-	-	(13)
Currency translation adjustment	651	143	260	108	1,162	8,784
Reclassification from / to investment property	3	-	-	-	3	(70)
Depreciation charges (ii)	(297)	(275)	(529)	(216)	(1,317)	(1,165)
Closing net book amount	13,955	2,993	5,515	962	23,425	24,055
End of the period / year:						
Costs	14,899	3,731	6,671	1,303	26,604	25,844
Accumulated depreciation	(944)	(738)	(1,156)	(341)	(3,179)	(1,789)
Net book amount	13,955	2,993	5,515	962	23,425	24,055

(i)
Includes furniture and fixtures, vehicles and aircrafts (See Note 4 G).
(ii)
Depreciation charges of property, plant and equipment were included in "Costs", "General and administrative expenses" and "Selling expenses" in the Statements of Income/(Operations) (Note 23).

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

12.
Trading properties

Changes in the Group's trading properties for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

	Period ended December 31, 2016				Fiscal year ended June 30, 2016
	Completed properties	Properties under development	Undeveloped sites	Total	Total
Beginning of the period / year	236	3,307	1,169	4,712	131
Additions	1	424	26	451	354
Assets incorporated by business combination	-	-	-	-	2,656
Currency translation adjustment	40	149	32	221	1,652
Transfers	1,100	(695)	(405)	-	-
Reclassification from investment property	-	-	-	-	71
Disposals	(153)	(682)	-	(835)	(152)
End of the period / year	1,224	2,503	822	4,549	4,712

	December 31, 2016	June 30, 2016
Non-current	3,744	4,471
Current	805	241
Total	4,549	4,712

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

13.
Intangible assets

Changes in the Group's intangible assets for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

	Period ended December 31, 2016							Fiscal year ended June 30, 2016
	Goodwill	Trademarks	Licenses	Customer relations	Information systems and software	Contracts and others (ii) (iii)	Total	Total
Beginning of the period / year:								
Costs	2,214	3,378	817	3,923	1,189	1,458	12,979	148
Accumulated amortization	-	(23)	(58)	(704)	(241)	(190)	(1,216)	(21)
Net book amount	2,214	3,355	759	3,219	948	1,268	11,763	127
Changes of the period / year								
Additions	-	-	-	-	273	-	273	134
Disposals	-	-	-	-	-	(52)	(52)	-
Reclassification to assets held for sale	-	(41)	-	(90)	(12)	(45)	(188)	-
Assets incorporated by business combination (Note 4)	23	-	-		-	-	23	7,994
Currency translation adjustment	109	154	33	136	48	43	523	4,496
Amortization charges (i)	-	(282)	(61)	(331)	(200)	(174)	(1,048)	(988)
Closing net book amount	2,346	3,186	731	2,934	1,057	1,040	11,294	11,763
End of the period / year:								
Costs	2,346	3,505	858	4,033	1,522	1,423	13,687	12,979
Accumulated amortization	-	(319)	(127)	(1,099)	(465)	(383)	(2,393)	(1,216)
Net book amount	2,346	3,186	731	2,934	1,057	1,040	11,294	11,763

(i)

Amortization charges of intangible assets are included in “General and administrative expenses” in the Statements of Income/(Operations) (Note 23). There are no impairment charges for any of the years / periods presented.

(ii)

Includes "Rights of use". Corresponds to Distrito Arcos

(iii)

Includes "Right to receive future units under barter agreements". Corresponds to receivables in kind representing the right to receive residential apartments in the future by way of barter agreements. Caballito: On June 29, 2011, the Group and TGLT entered into a barter agreement in the amount of US$ 12.8. In 2013, a neighborhood association secured a preliminary injunction which suspended the works to be carried out by TGLT in the property and started a claim against GCBA and TGLT. As a consequence of the unfavorable rulings rendered by lower courts and appellate courts in the cited proceeding, the Group and TGLT reached a settlement agreement dated December 30 2016, whereby they agree to provide a deed for the revocation of the barter agreement, after TGLT resolves certain issues. Consequently, the Group has decided to deregister the intangible asset related to this transaction, thus recognizing a loss of Ps. 27.7.

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

14.
Financial instruments by category

The note shows the financial assets and financial liabilities by category of financial instrument and a reconciliation to the corresponding line item in the statements of financial position, as appropriate. Financial assets and liabilities measured at fair value are assigned based on their different levels in the fair value hierarchy. For further information, related to fair value hierarchy see Note 14 to the annual financial statements as of June 30, 2016. Financial assets and financial liabilities as of December 31, 2016 are as follows:

	Financial assets at amortized cost (i)	Financial assets at fair value through profit or loss			Subtotal financial assets	Non-financial assets	Total
		Level 1	Level 2	Level 3			
December 31, 2016							
Assets as per statement of financial position							
Trade and other receivables (excluding the allowance for doubtful accounts and other receivables)	14,537	-	-	1,912	16,449	2,456	18,905
Investments in financial assets:							
- Public companies' securities	-	1,334	94	677	2,105	-	2,105
- Private companies' securities	-	-	-	842	842	-	842
- Deposits	1,250	16	-	-	1,266	-	1,266
- Mutual funds	-	2,427	-	-	2,427	-	2,427
- Bonds	137	3,871	-	-	4,008	-	4,008
- Others	-	698	-	-	698	-	698
Derivative financial instruments:							
- Foreign-currency future contracts	-	12	6	-	18	-	18
- Swaps	-	8	-	-	8	-	8
Restricted assets	954	-	-	-	954	-	954
Financial assets held for sale:							
- Clal	-	6,143	-	-	6,143	-	6,143
Cash and cash equivalents:							
- Cash at bank and on hand	10,638	-	-	-	10,638	-	10,638
- Short term investments	11,838	1,224	-	-	13,062	-	13,062
Total assets	39,354	15,733	100	3,431	58,618	2,456	61,074
	Financial liabilities at amortized cost (i)	Financial liabilities at fair value			Subtotal financial liabilities	Non-financial liabilities	Total
		Level 1					

			Level 2	Level 3			
December 31, 2016							
Liabilities as per statement of financial position							
Trade and other payables	16,545	-	-	-	16,545	4,006	20,551
Borrowings (excluding finance leases)	111,659	-	-	-	111,659	-	111,659
Derivative financial instruments:							
- Forwards	-	209	-	-	209	-	209
- Foreign-currency future contracts	-	16	-	-	16	-	16
Total liabilities	128,204	225	-	-	128,429	4,006	132,435

(i)
The fair value of financial assets and liabilities at their amortized cost does not differ significantly from their book value, except for the borrowings (Note 20).

32

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

14.
Financial instruments by category (Continued)

Financial assets and financial liabilities as of June 30, 2016 were as follows:

	Financial assets at amortized cost (i)	Financial assets at fair value through profit or loss			Subtotal financial assets	Non-financial assets	Total
		Level 1	Level 2	Level 3			
June 30, 2016							
Assets as per statement of financial position							
Trade and other receivables (excluding the allowance for doubtful accounts and other receivables)	14,649	-	-	1,931	16,580	443	17,023
Investments in financial assets:							
- Public companies' securities	-	1,369	-	499	1,868	-	1,868
- Private companies' securities	-	-	15	1,324	1,339	-	1,339
- - Deposits	1,172	12	-	-	1,184	-	1,184
- Mutual funds	-	2,775	-	-	2,775	-	2,775
- Bonds	121	4,365	-	-	4,486	-	4,486
- Others	-	90	-	140	230	-	230
Derivative financial instruments:							
- Swaps	-	12	-	-	12	-	12
- Others	-	-	15	-	15	-	15
Restricted assets	618	-	-	-	618	-	618
Financial assets held for sale							
- Clal	-	4,602	-	-	4,602	-	4,602
Cash and cash equivalents:							
- Cash at bank and on hand	6,214	-	-	-	6,214	-	6,214
- Short term investments	-	7,652	-	-	7,652	-	7,652
Total assets	22,774	20,877	30	3,894	47,575	443	48,018

	Financial liabilities at amortized cost (i)	Financial liabilities at fair value			Subtotal financial liabilities	Non-financial liabilities	Total
		Level 1	Level 2	Level 3			
June 30, 2016							
Liabilities as per statement of financial position							
Trade and other payables	18,399	-	-	-	18,399	993	19,392

Borrowings (excluding finance leases)	101,928	-	-	10,999	112,927	-	112,927
Derivative financial instruments							
- Forwards	-	198	-	-	198	-	198
- Foreign-currency future contracts	-	16	3	-	19	-	19
Total liabilities	120,327	214	3	10,999	131,543	993	132,536

(i)
The fair value of financial assets and liabilities at their amortized cost does not differ significantly from their book value, except for the borrowings (Note 20).

Clal
As mentioned in Note 16 to the annual financial statements, IDBD is subject to a judicial process on the sale of its equity interest in Clal. As of the balance sheet date, there was no further information on the subject. It should be noted that on December 31, 2016 the Group was obliged to sell the 10% interest in Clal. Clal filed an appeal with the Israel Concentration Committee asking that the significant company status be reviced and Dolphin also filed an appeal with the Supreme Court of Israel. The Group cannot estimate the outcome of such appeals.

33

IRSA Inversiones y Representaciones Sociedad Anónima

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
(All amounts in millions of Argentine Pesos, except otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina

14.
Financial instruments by category (Continued)

During the period ended December 31, 2016 there were no transfers between levels of the fair value hierarchy.

The following table presents the changes in Level 3 instruments as of December 31, 2016 and June 30, 2016:

The valuation models used by the Group for the measurement Level 2 and Level 3 instruments are no different from those used as of June 30, 2016. See Note 14 to the Annual Financial Statements.

	Investments in financial assets - Public companies' Securities	Derivative financial instruments - Warrants of Condor	Investment in associate IDBD	Derivative financial instruments - Commitment to tender offer of shares in IDBD	Investments in financial assets - Private companies	Investments in financial assets - Others	Borrowings - Non-recourse loan	Trade and other receivables	T
	349	7	-	(501)	102	-	-	-	(4
Additions and acquisitions	50	-	-	-	27	-	-	-	77
Transfer to level 3	-	-	1,529	-	-	-	(26)	-	1,
Currency translation adjustment	-	-	82	(18)	291	52	(3,608)	706	(2
Obtainment of control over IDBD	-	-	(1,047)	-	861	88	(7,336)	1,187	(6
Write off	-	-	-	500	-	-	-	-	50
Gain / (loss) for the year (i) (ii)	100	(7)	(564)	19	43	-	(29)	38	(4
Balance at June 30, 2016	499	-	-	-	1,324	140	(10,999)	1,931	(7
Additions and acquisitions	-	-	-	-	10	-	-	-	10
Currency translation adjustment	-	-	-	-	65	6	242	62	37
Write off	-	-	-	-	-	(146)	-	(81)	(2
Reclassification to liabilities held for sale	-	-	-	-	-	-	11,272	-	11
	178	-	-	-	(557)	-	(515)	-	(8

Gain / (loss) for the period (ii)									
Balance at December 31, 2016	677	-	-	-	842	-	-	1,912	3,

(i)
As of June 30, 2016 includes Ps. (564) and Ps. 164 exposed within share of profit / (loss) from associates and within financial results, net in the Statements of Income/(Operations), respectively.
(ii)
Included within "Financial results, net" in the Statements of income/(Operations).