PIMCO CORPORATE OPPORTUNITY FUND
Form N-CSRS
August 03, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21238

PIMCO Corporate Opportunity Fund
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York,	New York 10105
(Address of principal executive offices)	(Zip code)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, New York 10105
(Name and address of agent for service)

Registrant s telephone number, including area code: 212-739-3371

Date of fiscal year end: November 30, 2007

Date of reporting period: May 31, 2007

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

ITEM 1. REPORT TO SHAREHOLDERS

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PIMCO Corporate Opportunity Fund Letter to Shareholders

July 10, 2007

Dear Shareholder:

We are pleased to provide you with the semi-annual report for PIMCO Corporate Opportunity Fund (the Fund) for the six months ended May 31, 2007.

The U.S. bond market delivered stable, positive returns during the period as economic growth moderated and a correction in the U.S. housing market caused some weakness for bonds. The Federal Reserve (the Fed) left the Federal Funds rate unchanged at 5.25% through the period as inflation levels continued to track somewhat higher than the central bank s stated comfort level.

For specific information on the Fund and its performance during the reporting period, please review the following pages.

If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Fund s shareholder servicing agent at (800) 331-1710. In addition, a wide range of information and resources is available through our Web site, www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Fund s investment manager, and Pacific Investment Management Company LLC (PIMCO), the Fund s sub-adviser, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess	Brian S. Shlissel
Chairman	*President & Chief Executive Officer*

PIMCO Corporate Opportunity Fund Performance & Statistics

May 31, 2007 (unaudited)

For the six months ended May 31, 2007, PIMCO Corporate Opportunity Fund returned 2.31% on net asset value and 2.84% on market price.

The Lehman U.S. Credit and U.S. High Yield Indices generated total returns of 0.37% and 5.90%, respectively, for the six months ended May 31, 2007.

An average duration of 6.35 years detracted from the Fund s total return as U.S. interest rates rose overall during the six-month period.

A relatively heavy weighting to communication issues enhanced returns as this sector outperformed during the six-month period.

The electric sector outperformed during the period, the Fund s strong exposure to these issues was beneficial to performance.

Within the basic industry sector, an emphasis on paper and metals & mining issues which outperformed the broader market, was beneficial to the Fund performance.

An emphasis on banking bonds within the finance sector, which underperformed comparable treasuries, hindered performance.

The Fund s quality bias was positive, given the Portfolio s concentration in BB, and B rated securities, which outperformed the higher tiers of the quality spectrum.

Total Return[1]:	**Market Price**	**Net Asset Value (NAV)**
Six months	2.84%	2.31%
1 Year	7.06%	11.49%
3 Year	13.54%	9.93%
Commencement of Operations (12/27/02) to 5/31/07	14.30%	13.52%

Common Share Market Price/NAV Performance:	**Market Price/NAV:**	
Commencement of Operations (12/27/02) to 5/31/07	Market Price	$16.37
NAV	NAV	$14.98
Market Price	Premium to NAV	9.28%
	Market Price Yield[2]	8.43%

(1) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all of the Fund s income dividends and capital gain distributions have been reinvested at prices obtained under the dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period more than one year represents the average annual total return.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at May 31, 2007.

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
CORPORATE BONDS & NOTES 84.5%			
Airlines 4.2%			
	American Airlines, Inc., pass thru certificates,		
$ 7,000	7.858%, 10/1/11, Ser. 01-2	Baa2/A-	$7,520,625
	Continental Airlines, Inc., pass thru certificates,		
1,559	6.545%, 8/2/20, Ser. 99-1A	Baa2/A-	1,606,340
3,445	6.703%, 6/15/21, Ser. 01-1	Baa2/BBB+	3,555,180
1,695	7.056%, 9/15/09, Ser. 99-2	Baa2/A-	1,734,197
2,210	7.373%, 6/15/17, Ser. 01-1	Ba1/BB+	2,233,745
8,878	7.707%, 10/2/22, Ser. 00-2	Baa2/BBB	9,754,657
1,886	9.798%, 4/1/21	Ba1/BB+	2,107,603
	Northwest Airlines, Inc., pass thru certificates,		
15,207	7.041%, 4/1/22, Ser. 1A-1	NR/BB	15,976,980
19,960	7.15%, 4/1/21, Ser. 00-1	Aaa/AAA	21,244,802
			65,734,129
Apparel & Textiles 0.1%			
1,000	Quiksilver, Inc., 6.875%, 4/15/15	Ba3/B+	978,750
Automotive 0.6%			
4,000	Auburn Hills Trust, 12.375%, 5/1/20	Baa1/BBB	6,383,268
2,500	Ford Motor Co., 9.98%, 2/15/47	Caa1/CCC+	2,362,500
			8,745,768
Banking 5.5%			
625	Bank of America, 9.375%, 9/15/09	Aa2/AA-	678,081
4,700	Commonwealth Bank of Australia, 6.024%, 3/15/16, VRN (d)	Aa3/A+	4,661,291
4,600	Credit Agricole S.A., 6.637%, 5/31/17, VRN (d)	Aa3/A	4,590,665
	HSBC Capital Funding L.P., VRN,		
8,000	4.61%, 6/27/13 (d)	A1/A	7,539,000
2,000	10.176%, 6/30/30	A1/A	2,867,810
8,550	HSBC Holdings PLC, 6.50%, 5/2/36	Aa3/A+	8,993,318
8,600	Rabobank Capital Funding Trust, 5.254%, 10/21/16, UNIT, VRN (d)	Aa2/AA	8,265,881
15,000	Republic New York Corp., 9.70%, 2/1/09	A1/A+	15,973,245
6,200	Resona Bank Ltd., 5.85%, 4/15/16, VRN (d)	A2/BBB	6,088,115
2,000	Royal Bank of Scotland Group PLC, 7.648%, 9/30/31, VRN	Aa3/A	2,299,952
8,000	Sumitomo Mitsui Banking Corp., 8.15%, 8/1/08	Aa3/BBB+	8,207,816
10,800	USB Capital IX, 6.189%, 4/15/11, VRN	A1/A+	10,960,974
4,100	Wells Fargo Capital X, 5.95%, 12/15/36	Aa2/AA-	3,924,532
			85,050,680
Building/Construction 0.3%			
5,000	Pulte Homes, Inc., 7.875%, 8/1/11	Baa3/BBB	5,295,480
Computer Services 0.5%			
	Electronic Data Systems Corp.,		
4,000	6.50%, 8/1/13, Ser. B	Ba1/BBB-	3,993,520
3,500	7.125%, 10/15/09	Ba1/BBB-	3,607,037
			7,600,557
Consumer Products 0.3%			

	4,000	Reynolds American, Inc., 7.75%, 6/1/18	Ba2/BBB	4,394,472
Containers 0.3%				
	4,000	Smurfit-Stone Container, 8.375%, 7/1/12	B3/CCC+	4,100,000

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited) (continued)

	Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
Diversified Manufacturing 0.8%				
$	5,000	Hutchison Whampoa International Ltd., 7.45%, 11/24/33 (d)	A3/A-	$5,679,325
£	3,340	Tyco International Group S.A., 6.50%, 11/21/31	Baa3/BBB+	7,467,920
				13,147,245
Electronics 0.2%				
$	1,000	Arrow Electronics, Inc., 6.875%, 6/1/18	Baa3/BBB-	1,035,868
	2,000	Celestica, Inc., 7.875%, 7/1/11	B3/B-	1,990,000
				3,025,868
Energy 3.0%				
	1,500	Dynegy Holdings, Inc., 7.75%, 6/1/19 (d)	B2/B-	1,492,500
	800	Entergy Gulf States, Inc., 5.25%, 8/1/15	Baa3/BBB+	754,574
		Kinder Morgan Energy Partners L.P.,		
	6,000	6.00%, 2/1/17	Baa2/BBB	5,979,882
	1,500	6.50%, 2/1/37	Baa2/BBB	1,483,301
	5,000	7.50%, 11/1/10	Baa2/BBB	5,304,465
	4,200	Nevada Power Co., 5.875%, 1/15/15, Ser. L	Ba1/BB+	4,185,951
	1,200	Northwest Pipeline Corp., 5.95%, 4/15/17 (d)	Ba1/BB+	1,191,000
		Peabody Energy Corp.,		
	1,300	7.375%, 11/1/16	Ba1/BB	1,382,875
	1,000	7.875%, 11/1/26	Ba1/BB	1,095,000
	2,209	Salton SEA Funding, Inc., 8.30%, 5/30/11, Ser. E	Baa3/BBB-	2,324,264
	12,000	Sithe Independence Funding Corp., 9.00%, 12/30/13, Ser. A	Ba2/B	13,086,480
	5,500	TECO Energy, Inc., 7.00%, 5/1/12	Ba1/BB	5,791,308
	1,850	Tennessee Gas Pipeline Co., 7.50%, 4/1/17	Baa3/BB	2,035,109
				46,106,709
Financial Services 12.5%				
	5,000	AES Red Oak LLC, 9.20%, 11/30/29, Ser. B	B1/B+	5,975,000
	2,000	American General Finance Corp., 8.45%, 10/15/09	A1/A+	2,133,864
	13,500	BNP Paribas, 5.186%, 6/29/15, VRN (d)	Aa3/A+	12,798,959
	8,300	C10 Capital SPV Ltd., 6.722%, 12/31/16, VRN	NR/BBB-	8,217,830
	2,500	Canadian Oil Sands Ltd., 4.80%, 8/10/09 (d)	Baa2/BBB	2,458,785
	5,299	Cedar Brakes II LLC, 9.875%, 9/1/13 (b)(d)	Baa2/BBB-	5,869,324
	4,000	CIT Group, Inc., 6.875%, 11/1/09	A2/A	4,118,968
	12,700	Ford Motor Credit Co., 8.00%, 12/15/16	B1/B	12,626,873
		General Electric Capital Corp.,		
	1,100	8.50%, 7/24/08	Aaa/AAA	1,133,881
	4,990	9.83%, 12/15/08 (g)	NR/NR	5,324,053
		General Motors Acceptance Corp.,		
	5,910	6.50%, 9/23/08, FRN	Ba1/BB+	5,918,930
	5,000	6.625%, 5/15/12	Ba1/BB+	4,980,635
	10,000	7.00%, 2/1/12	Ba1/BB+	10,111,910
	10,000	Goldman Sachs Group, Inc., 7.35%, 10/1/09	Aa3/AA-	10,431,550
	10,500	HBOS Capital Funding L.P., 6.071%, 6/30/14, VRN (d)	A1/A	10,591,802
	4,000	Idearc, Inc., 8.00%, 11/15/16 (d)	B2/B+	4,165,000
	11,800	JP Morgan Chase Capital XVIII, 6.95%, 8/1/66, Ser. R	Aa3/A	12,283,127
	4,200	MBNA Capital, 6.156%, 2/1/27, Ser. B, FRN	Aa2/A+	4,164,304

9,800	Mizuho JGB Investment LLC, 9.87%, 6/30/08, VRN (d)	A1/BBB+	10,216,382
1,510	Mizuho Preferred Capital Co. LLC, 8.79%, 6/30/08, VRN (d)	A1/BBB+	1,559,075
17,100	MUFG Capital Finance I Ltd., 6.346%, 7/25/16, VRN	A2/BBB	17,180,729

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
Financial Services (continued)			
	Pemex Project Funding Master Trust,		
$ 8,500	5.75%, 12/15/15	Baa1/BBB	$8,561,625
7,500	8.625%, 2/1/22	Baa1/BBB	9,468,750
13,500	RBS Capital Trust I, 5.512%, 9/29/49, VRN	Aa3/A	13,130,951
2,030	SB Treasury Co. LLC, 9.40%, 6/30/08, VRN (b)	A1/BBB+	2,106,736
5,000	UBS Preferred Funding Trust V, 6.243%, 5/15/16, Ser. 1, VRN	Aa2/AA-	5,108,460
3,000	Universal City Development Partners Ltd., 11.75%, 4/1/10	B1/B-	3,202,500
1,000	Vita Capital III Ltd., 6.449%, 1/1/11, FRN (b)(d)(g)	A1/A	1,001,250
			194,841,253
Food & Beverage 0.7%			
5,000	Kroger Co., 8.05%, 2/1/10	Baa2/BBB-	5,286,390
5,000	Tyson Foods, Inc., 6.85%, 4/1/16	Ba1/BBB-	5,199,810
			10,486,200
Healthcare & Hospitals 1.3%			
	HCA, Inc.,		
4,100	7.50%, 12/15/23	Caa1/B-	3,689,278
1,000	8.36%, 4/15/24	Caa1/B-	960,210
2,000	9.00%, 12/15/14	Caa1/B-	2,082,388
1,500	9.25%, 11/15/16 (d)	B2/BB-	1,648,125
	Tenet Healthcare Corp.,		
3,000	7.375%, 2/1/13	Caa1/CCC+	2,842,500
9,400	9.25%, 2/1/15	Caa1/CCC+	9,423,500
			20,646,001
Hotels/Gaming 3.5%			
	Caesars Entertainment, Inc.,		
2,000	7.00%, 4/15/13	Baa3/BB	2,120,044
5,000	7.50%, 9/1/09	Baa3/BB	5,177,650
2,000	8.875%, 9/15/08	Ba1/B+	2,067,500
1,938	Choctaw Resort Development Enterprise, Inc., 7.25%, 11/15/19 (d)	Ba2/BB	1,962,225
2,000	Gaylord Entertainment Co., 8.00%, 11/15/13	B3/B-	2,100,000
	Harrah s Operating Co., Inc.,		
4,000	5.50%, 7/1/10	Baa3/BB	3,932,736
3,730	8.00%, 2/1/11	Baa3/BB	3,844,970
4,950	ITT Corp., 7.375%, 11/15/15	Baa3/BBB-	5,014,078
1,200	Mandalay Resort Group, 9.375%, 2/15/10	B1/B+	1,293,000
	MGM Mirage, Inc.,		
1,800	7.50%, 6/1/16	Ba2/BB	1,782,000
3,750	8.375%, 2/1/11	B1/B+	3,937,500
8,517	Times Square Hotel Trust, 8.528%, 8/1/26 (b)(d)	Baa3/BBB-	9,794,127
12,300	Wynn Las Vegas LLC, 6.625%, 12/1/14	B1/BB+	12,407,625
			55,433,455
Insurance 0.1%			
1,300	American International Group, Inc., 6.25%, 3/15/87	Aa3/A+	1,260,606
Manufacturing 0.3%			
	Bombardier, Inc. (d),		

1,000	6.75%, 5/1/12	Ba2/BB	1,013,750
3,000	8.00%, 11/15/14	Ba2/BB	3,210,000
			4,223,750

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
Metals & Mining 1.4%			
	Freeport-McMoRan Copper & Gold, Inc.,		
$ 1,300	8.25%, 4/1/15	Ba3/BB	$1,405,625
2,000	8.375%, 4/1/17	Ba3/BB	2,190,000
9,537	Phelps Dodge Corp., 9.50%, 6/1/31	Ba2/BB+	12,370,414
	Vale Overseas Ltd.,		
3,700	6.25%, 1/11/16	Baa3/BBB	3,747,064
1,900	6.875%, 11/21/36	Baa3/BBB	1,950,893
			21,663,996
Multi-Media 7.6%			
2,000	Charter Communications Operating LLC, 8.375%, 4/30/14 (d)	B3/B+	2,110,000
12,300	Comcast Cable Communications Holdings, Inc., 8.375%, 3/15/13	Baa2/BBB+	13,896,171
2,400	COX Communications, Inc., 6.45%, 12/1/36 (d)	Baa3/BBB-	2,376,540
	CSC Holdings, Inc.,		
15,640	7.625%, 7/15/18	B2/B+	15,796,400
10,535	7.875%, 2/15/18, Ser. B	B2/B+	10,772,037
4,500	8.125%, 8/15/09, Ser. B	B2/B+	4,685,625
15,000	Rogers Cable, Inc., 8.75%, 5/1/32	Baa3/BBB-	18,592,110
	Shaw Communications, Inc.,		
5,000	7.20%, 12/15/11	Ba1/BB+	5,256,250
8,000	8.25%, 4/11/10	Ba1/BB+	8,520,000
3,700	Time Warner Cable, Inc., 6.55%, 5/1/37 (d)	Baa2/BBB+	3,656,658
18,000	Time Warner Entertainment Co. L.P., 8.375%, 7/15/33	Baa2/BBB+	21,489,822
6,195	Univision Communications, Inc., 7.85%, 7/15/11	Ba3/B+	6,582,188
5,000	Viacom, Inc., 6.25%, 4/30/16	Baa3/BBB	5,000,635
			118,734,436
Office Equipment 0.3%			
5,000	Xerox Capital Trust I, 8.00%, 2/1/27	Ba1/BB	5,118,750
Oil & Gas 9.5%			
4,700	Anadarko Petroleum Corp., 6.45%, 9/15/36	Baa3/BBB-	4,587,726
3,500	Canadian Natural Resources Ltd., 6.50%, 2/15/37	Baa2/BBB	3,517,962
	CenterPoint Energy Res. Corp.,		
23,000	7.75%, 2/15/11	Baa3/BBB	24,615,865
5,000	7.875%, 4/1/13, Ser. B	Baa3/BBB	5,519,595
	Chesapeake Energy Corp.,		
300	7.50%, 6/15/14	Ba2/BB	315,375
2,800	7.75%, 1/15/15	Ba2/BB	2,933,000
3,100	Devon Energy Corp., 7.95%, 4/15/32	Baa2/BBB	3,700,182
23,200	El Paso Corp., 7.42%, 2/15/37	Ba3/BB-	24,389,348
2,000	EnCana Corp., 6.50%, 8/15/34	Baa2/A-	2,051,500
2,800	Energy Transfer Partners L.P., 6.625%, 10/15/36	Baa3/BBB-	2,814,171
	Gaz Capital S.A.,		
1,300	6.212%, 11/22/16 (d)	A3/BBB	1,303,250
13,000	8.625%, 4/28/34	A3/BBB	16,786,900
	Gazprom AG,		
8,700	9.625%, 3/1/13	A3/BBB	10,246,860
1,800	9.625%, 3/1/13 (d)	A3/BBB	2,118,600

1,030	Hanover Compressor Co., 9.00%, 6/1/14	B2/B	1,114,975
2,400	Plains All American Pipeline L.P., 6.65%, 1/15/37 (d)	Baa3/BBB-	2,429,172
2,700	Plains Exploration & Production Co., 7.00%, 3/15/17	Ba3/BB-	2,700,000
1,500	Range Resources Corp., 7.50%, 5/15/16	B1/B+	1,575,000

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
Oil & Gas (continued)			
	Ras Laffan Liquefied Natural Gas Co., Ltd., 3.437%,	Aa3/A	
$ 1,920	9/15/09 (b)		$1,897,421
2,500	Ras Laffan Liquefied Natural Gas Co., Ltd. II, 5.298%,		
	9/30/20 (b)	Aa3/NR	2,369,750
2,500	Reliant Energy, Inc., 6.75%, 12/15/14	B2/B	2,625,000
4,000	Southern Natural Gas Co., 5.90%, 4/1/17 (d)	Baa3/BB	3,957,656
900	Tesoro Corp., 6.50%, 6/1/17 (d)	Ba1/BB+	905,625
17,400	Williams Cos., Inc., 7.875%, 9/1/21	Ba2/BB	19,575,000
4,000	XTO Energy, Inc., 6.10%, 4/1/36	Baa2/BBB	3,850,192
			147,900,125
Paper/Paper Products 2.9%			
	Abitibi-Consolidated, Inc.,		
1,500	7.50%, 4/1/28	B3/B+	1,170,000
5,000	8.375%, 4/1/15	B3/B+	4,475,000
3,000	Bowater, Inc., 9.50%, 10/15/12	B3/B+	3,052,500
2,000	Bowater Canada Finance, 7.95%, 11/15/11	B3/B+	1,937,500
	Georgia-Pacific Corp.,		
5,300	7.00%, 1/15/15 (d)	Ba3/B	5,300,000
6,500	7.25%, 6/1/28	B2/B	6,353,750
2,500	7.375%, 12/1/25	B2/B	2,481,250
4,250	7.75%, 11/15/29	B2/B	4,228,750
14,119	8.00%, 1/15/24	B2/B	14,295,488
2,000	Smurfit Capital Funding PLC, 7.50%, 11/20/25	Ba2/BB	2,077,500
			45,371,738
Pharmaceuticals 0.1%			
1,900	Hospira, Inc., 6.05%, 3/30/17	Baa3/BBB	1,897,674
Retail 2.0%			
	Albertson s, Inc.,		
1,500	7.75%, 6/15/26	B1/B	1,561,368
16,000	8.00%, 5/1/31	B1/B	16,915,424
13,000	JC Penney Co., Inc., 8.125%, 4/1/27	Baa3/BBB-	13,369,070
			31,845,862
Semi-Conductors 0.1%			
1,000	Freescale Semi-conductor, Inc., 8.875%, 12/15/14 (d)	B1/B	1,006,250
Telecommunications 16.1%			
35,000	AT&T Corp., 8.00%, 11/15/31, VRN	A2/A	42,926,030
10,000	Bellsouth Capital Funding, 7.875%, 2/15/30	A2/A	11,618,510
5,000	Cincinnati Bell, Inc., 8.375%, 1/15/14	B2/B-	5,150,000
	Citizens Communications Co.,		
1,000	7.875%, 1/15/27	Ba2/BB+	1,032,500
7,500	9.00%, 8/15/31	Ba2/BB+	8,156,250
4,000	9.25%, 5/15/11	Ba2/BB+	4,440,000
9,500	Deutsche Telekom International Finance BV, 8.25%,		
	6/15/30	A3/A-	11,641,803
	Embarq Corp.,		
5,000	6.738%, 6/1/13	Baa3/BBB-	5,130,065
10,000	7.082%, 6/1/16	Baa3/BBB-	10,202,700

10,000	7.995%, 6/1/36	Baa3/BBB-	10,459,780
11,000	France Telecom S.A., 8.50%, 3/1/31	A3/A-	14,154,030
2,000	Intelsat Subsidiary Holding Co., Ltd., 8.625%, 1/15/15	B2/B+	2,152,500
10,000	Nextel Communications, Inc., 7.375%, 8/1/15, Ser. D	Baa3/BBB	10,223,000

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited) (continued)

Principal Amount (000)			Credit Rating (Moody s/S&P)	Value
Telecommunications (continued)				
$	21,650	PanAmSat Corp., 6.875%, 1/15/28	Ba2/BB+	$20,459,250
		Qwest Capital Funding, Inc.,		
	5,000	7.00%, 8/3/09	B1/B+	5,081,250
	14,000	7.90%, 8/15/10	B1/B+	14,665,000
	2,000	Qwest Communications International, Inc., 7.50%, 2/15/14	Ba3/B+	2,075,000
		Qwest Corp.,		
	3,000	7.25%, 9/15/25	Ba1/BBB-	3,082,500
	4,400	8.605%, 6/15/13, FRN	Ba1/BBB-	4,840,000
	6,150	8.875%, 3/15/12	Ba1/BBB-	6,780,375
	12,340	Rogers Wireless, Inc., 9.75%, 6/1/16	Baa3/BBB-	16,157,033
		Sprint Capital Corp.,		
	15,300	6.90%, 5/1/19	Baa3/BBB	15,475,675
	2,900	8.375%, 3/15/12	Baa3/BBB	3,181,518
	1,350	Sprint Nextel Corp., 9.25%, 4/15/22	Baa3/BBB	1,589,035
	15,000	Verizon Global Funding Corp., 7.25%, 12/1/10	A3/A	15,882,360
	3,500	Verizon New York, Inc., 7.375%, 4/1/32, Ser. B	Baa3/A	3,674,262
				250,230,426
Utilities 9.2%				
		CMS Energy Corp.,		
	1,500	8.50%, 4/15/11	Ba3/BB+	1,637,442
	2,000	8.90%, 7/15/08	Ba3/BB+	2,080,964
	5,643	East Coast Power LLC, 7.066%, 3/31/12, Ser. B	Baa3/BBB-	5,768,554
		Edison Mission Energy (d),		
	1,950	7.20%, 5/15/19	B1/BB-	1,952,438
	1,500	7.625%, 5/15/27	B1/BB-	1,526,250
	4,375	Homer City Funding LLC, 8.137%, 10/1/19	Ba2/BB	4,779,687
	22,000	IPALCO Enterprises, Inc., 8.375%, 11/14/08	Ba1/BB-	22,825,000
	3,500	Jersey Central Power & Light Co., 6.15%, 6/1/37 (d)	Baa2/BBB	3,443,496
		Midwest Generation LLC, pass thru certificates,		
	25,334	8.30%, 7/2/09, Ser. A	Ba2/BB+	25,920,079
	14,480	8.56%, 1/2/16, Ser. B	Ba2/BB+	15,864,223
		PSE&G Energy Holdings LLC,		
	42,500	8.50%, 6/15/11	Ba3/BB-	45,670,287
	2,000	10.00%, 10/1/09	Ba3/BB-	2,176,464
	5,104	South Point Energy Center LLC, 8.40%, 5/30/12 (b)(d)	NR/D	5,030,470
	1,400	TXU Electric Delivery Co., 5.725%, 9/16/08, FRN (d)	Baa2/BBB-	1,400,708
	800	TXU Energy Co. LLC, 5.85%, 9/16/08, FRN (d)	Baa2/BB	800,453
	2,500	Virginia Electric and Power Co., 6.00%, 5/15/37, Ser. A	Baa1/BBB	2,445,508
				143,322,023
Waste Disposal 1.1%				
		Allied Waste North America, Inc.,		
	6,000	7.25%, 3/15/15	B1/BB+	6,225,000
	11,250	7.875%, 4/15/13	B1/BB+	11,812,500
				18,037,500
Total Corporate Bonds & Notes (cost-$1,241,748,700)				1,316,199,703

U.S. GOVERNMENT AGENCY SECURITIES 3.4%

	Fannie Mae,		
880	6.957%, 11/1/35, FRN, MBS	Aaa/AAA	911,565
453	7.00%, 7/25/26, CMO	Aaa/AAA	463,586
863	7.00%, 2/18/27, CMO	Aaa/AAA	877,131

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited) (continued)

Principal Amount (000)			Credit Rating (Moody s/S&P)	Value
$	145	7.00%, 2/1/30, MBS	Aaa/AAA	$149,883
	152	7.00%, 3/1/31, MBS	Aaa/AAA	156,603
	27	7.00%, 10/1/31, MBS	Aaa/AAA	28,011
	122	7.00%, 11/1/31, MBS	Aaa/AAA	125,620
	142	7.00%, 1/1/32, MBS	Aaa/AAA	148,358
	1,536	7.00%, 6/1/32, MBS	Aaa/AAA	1,581,512
	265	7.00%, 9/1/32, MBS	Aaa/AAA	272,480
	59	7.00%, 11/1/32, MBS	Aaa/AAA	60,437
	310	7.00%, 1/1/33, MBS	Aaa/AAA	323,346
	187	7.00%, 2/1/33, MBS	Aaa/AAA	194,516
	364	7.00%, 4/1/33, MBS	Aaa/AAA	374,918
	884	7.00%, 6/1/33, MBS	Aaa/AAA	909,708
	464	7.00%, 9/1/33, MBS	Aaa/AAA	478,820
	234	7.00%, 1/1/34, MBS	Aaa/AAA	244,096
	304	7.00%, 2/1/34, MBS	Aaa/AAA	312,634
	6,407	7.00%, 6/1/35, MBS	Aaa/AAA	6,606,793
	1,405	7.00%, 7/1/35, MBS	Aaa/AAA	1,449,898
	4,972	7.00%, 2/1/36, MBS	Aaa/AAA	5,134,261
	141	7.00%, 9/25/41, CMO	Aaa/AAA	144,093
	2,265	7.00%, 12/25/41, CMO	Aaa/AAA	2,316,432
	63	7.50%, 12/25/19, CMO	Aaa/AAA	65,243
	607	7.50%, 5/1/22, MBS	Aaa/AAA	634,624
	27	7.50%, 6/25/30, CMO	Aaa/AAA	27,919
	633	7.50%, 12/1/33, MBS	Aaa/AAA	659,949
	125	7.50%, 11/25/40, CMO	Aaa/AAA	127,121
	214	7.50%, 5/25/42, CMO	Aaa/AAA	221,666
	61	7.50%, 7/25/42, CMO	Aaa/AAA	62,299
	11,572	7.50%, 12/25/45, CMO	Aaa/AAA	12,096,627
	35	8.00%, 9/25/23, CMO	Aaa/AAA	35,450
	42	8.00%, 7/18/27, CMO	Aaa/AAA	44,474
	11,669	8.00%, 12/25/45, CMO	Aaa/AAA	12,335,263
	344	9.99%, 9/25/17, CMO	Aaa/AAA	373,950
		Freddie Mac,		
	117	7.00%, 5/15/23, CMO	Aaa/AAA	119,058
	1,758	7.00%, 1/15/24, CMO	Aaa/AAA	1,800,795
	154	7.50%, 11/1/19, MBS	Aaa/AAA	158,321
	51	8.00%, 9/15/26, CMO	Aaa/AAA	52,670
	13	9.50%, 5/15/21, CMO	Aaa/AAA	14,023
	142	Small Business Administration Participation Certificates,		
		7.50%, 4/1/17, Ser. 97-D	Aaa/AAA	146,960
Total U.S. Government Agency Securities (cost-$52,163,469)				52,241,113

MUNICIPAL BONDS (d)(j) **3.0%**

New Jersey 3.0%

	Tobacco Settlement Financing Corp Rev.,		
16,520	5.75%, 6/1/32	Aaa/AAA	17,519,295
9,910	6.125%, 6/1/24	Aaa/AAA	10,538,988
16,520	6.375%, 6/1/32	Aaa/AAA	18,555,759

Total Municipal Bonds (cost-$41,528,416)	46,614,042

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
SENIOR LOANS (a)(b)(c) **1.4%**			
Energy 0.2%			
$ 3,800	Kinder Morgan Energy Partners L.P., 5/24/14 (e)(f)		$3,823,157
Entertainment 0.3%			
3,000	Metro-Goldwyn Mayer, Inc., 8.60%, 4/8/12, Term B1		3,012,774
990	MGM Studios, 8.614%, 4/8/12, Term B		994,215
			4,006,989
Healthcare & Hospitals 0.7%			
9,975	HCA, Inc., 7.60%, 11/17/13, Term B		10,095,398
Hotels/Gaming 0.1%			
2,200	Las Vegas Sands Corp., 3.00%, 5/15/14 (e)		2,208,842
Insurance 0.0%			
500	Shackleton B Event Linked Loan, 13.375%, 8/1/08		507,500
Utilities 0.1%			
	AES Corp., Term B,		
715	7.19%, 4/30/08		718,081
714	7.50%, 8/10/11		718,081
			1,436,162
Total Senior Loans (cost-$21,897,523)			22,078,048
MORTGAGE-BACKED SECURITIES 0.8%			
	GSMPS Mortgage Loan Trust, CMO (d),		
4,095	7.50%, 12/21/26	NR/NR	4,192,248
202	7.50%, 6/19/32	NR/NR	208,872
6,686	7.50%, 6/25/43	NR/NR	6,770,963
391	MASTR Reperforming Loan Trust,		
	7.00%, 8/25/34, CMO (d)	Aaa/NR	401,708
172	Washington Mutual, Inc., 7.50%, 4/25/33, CMO	NR/AAA	176,650
Total Mortgage-Backed Securities (cost-$12,105,720)			11,750,441
ASSET-BACKED SECURITIES 0.5%			
8,300	Greenpoint Manufactured Housing,		
	8.30%, 10/15/26 (cost-$7,344,953)	Ca/NR	8,526,662
SOVEREIGN DEBT OBLIGATIONS 0.5%			
Panama 0.4%			

6,000	Republic of Panama, 9.375%, 7/23/12	Ba1/BB	6,975,000
Ukraine 0.1%			
1,000	Republic of Ukraine, 7.65%, 6/11/13	B1/BB-	1,086,300
Total Sovereign Debt Obligations (cost-$7,328,559)			8,061,300
SHORT-TERM INVESTMENTS 5.8%			
U.S. Treasury Bills (h) **1.4%**			
21,815	4.75%-4.955%, 6/14/07-8/30/07 (cost-$21,725,089)	Aaa/AAA	21,718,296

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
Corporate Notes 1.1%			
Financial Services 0.1%			
$ 356	Beaver Valley II Funding, 8.625%, 6/1/07	Baa3/BBB-	$357,035
500	Redwood Capital IX Ltd., 11.60%, 1/9/08, Ser. A, FRN (b)(d)(g)	Ba2/NR	504,600
			861,635
Hotels/Gaming 0.2%			
3,000	Hilton Hotels Corp., 7.625%, 5/15/08	Ba1/BB+	3,071,250
Insurance 0.0%			
500	Shackleton Reinsurance Ltd., 13.355%, 2/7/08, FRN (b)(d)(g)	Ba3/BB	507,925
Multi-Media 0.5%			
7,250	Historic TW, Inc., 8.18%, 8/15/07	Baa2/BBB+	7,292,195
Utilities 0.3%			
2,331	East Coast Power LLC, 6.737%, 3/31/08, Ser. B	Baa3/BBB-	2,346,920
2,950	Indianapolis Power & Light, 7.375%, 8/1/07	Baa1/BBB-	2,957,148
			5,304,068
Total Corporate Notes (cost-$17,023,596)			17,037,073
Repurchase Agreements 3.3%			
48,000	Lehman Brothers Holdings, dated 5/31/07, 5.00%, due 6/1/07, proceeds $48,006,667; collateralized by U.S. Treasury Inflation Indexed Note, 3.875%, due 1/15/09, valued at $48,954,403 including accrued interest		48,000,000
3,838	State Street Bank & Trust Co., dated 5/31/07, 4.90%, due 6/1/07, proceeds $3,838,522; collateralized by U.S. Treasury Bond, 7.50%, due 11/15/24, valued at $3,916,781 including accrued interest		3,838,000
Total Repurchase Agreements (cost-$51,838,000)			51,838,000
Total Short-Term Investments (cost-$90,586,685)			90,593,369

OPTIONS PURCHASED (i) **0.1%**

Contracts/Notional Amount		Value
Call Options 0.0%		
	U.S. Dollar versus Euro (OTC) (b),	
4,400,000	strike rate 1.36%, expires 5/21/08	136,328
3,600,000	strike rate 1.38%, expires 5/21/10	170,724
	9-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR,	
110,200,000	Floating Rate Index, strike rate 4.66%, expires 2/21/08 (b)	156,481
		463,533
Put Options 0.1%		

664	Financial Future Euro 90 day (CME), strike price $91, expires 6/18/07	2

PIMCO Corporate Opportunity Fund Schedule of Investments

May 31, 2007 (unaudited) (continued)

Contracts/ Notional Amount		Value
Put Options (continued)		
1,740	strike price $91, expires 9/17/07	$4
270	strike price $91.50, expires 9/17/07	1
2,515	strike price $91.75, expires 3/17/08	6
507	strike price $92, expires 3/17/08	1
731	strike price $92.50, expires 3/17/08	2
2,987	strike price $92.75, expires 3/17/08	8
575	strike price $93, expires 6/16/08	1
	U.S. Dollar versus Euro (OTC) (b),	
4,400,000	strike rate 1.36%, expires 5/21/08	125,830
3,600,000	strike rate 1.38%, expires 5/21/10	172,105
	9-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR,	
110,200,000	Floating Rate Index, strike rate 5.84%, expires 2/21/08 (b)	578,886
		876,846
Total Options Purchased (cost-$1,926,850)		1,340,379
Total Investments (cost-$1,476,630,875)	**100.0%**	**$1,557,405,057**

Notes to Schedule of Investments:

(a) Private Placement. Restricted as to resale and may not have a readily available market. Securities with an aggregate value of $22,078,048, representing 1.42% of total investments.

(b) Illiquid security.

(c) These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the LIBOR or the prime rate offered by one or more major United States banks, or the certificate of deposit rate. These securities are generally considered to be restricted as the Fund is ordinarily contractually obligated to receive approval from the Agent bank and/or borrower prior to disposition. Remaining maturities of senior loans may be less than the stated maturities shown as a result of contractual or optional payments by the borrower. Such prepayments cannot be predicted with certainty.

(d) 144A Security Security exempt from registration, under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.

(e) When-issued or delayed-delivery security. To be settled/delivered after May 31, 2007.

(f) Unsettled security, coupon rate undetermined at May 31, 2007.

(g) Fair-valued security. Securities with an aggregate value of $7,337,828, representing 0.47% of total investments.

(h) All or partial amount segregated as collateral for futures contracts and/or options written.

(i) Non-income producing.

(j) Residual Interest Bonds held in trust Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund acquired the residual interest certificates. These securities serve as collateral in a financing transaction.

Glossary:

£	-	British Pound
	-	Euro
CME	-	Chicago Mercantile Exchange
CMO	-	Collateralized Mortgage Obligation
FRN	-	Floating Rate Note. The interest rate disclosed reflects the rate in effect on May 31, 2007.
LIBOR	-	London Inter-Bank Offered Rate

MBS	-	Mortgage-Backed Security
NR	-	Not Rated
OTC	-	Over the Counter
UNIT	-	More than one class of securities traded together.
VRN	-	Variable Rate Note. Instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on May 31, 2007.

PIMCO Corporate Opportunity Fund Statement of Assets and Liabilities

May 31, 2007 (unaudited)

Assets:	
Investments, at value (cost-$1,476,630,875)	$1,557,405,057
Cash (including foreign currency of $6,712,524 with a cost of $6,699,598)	6,827,633
Unrealized appreciation on swaps	29,915,824
Interest receivable	29,098,828
Premium for swaps purchased	8,408,298
Receivable for investments sold	3,424,456
Unrealized appreciation of forward foreign currency contracts	858,725
Prepaid expenses and other assets	203,010
Total Assets	1,636,141,831
Liabilities:	
Unrealized depreciation on swaps	45,163,447
Payable for floating rate notes issued	20,786,000
Dividends payable to common and preferred shareholders	7,819,149
Payable for investments purchased	6,013,017
Payable for variation margin on futures contracts	1,400,796
Interest payable	1,197,462
Investment management fees payable	797,118
Premium for swaps sold	398,516
Unrealized depreciation of forward foreign currency contracts	341,435
Accrued expenses and other payables	1,736,375
Total Liabilities	85,653,315
Preferred shares ($25,000 net asset and liquidation value per share applicable to an aggregate of 22,600 shares issued and outstanding)	565,000,000
Net Assets Applicable to Common Shareholders	$985,488,516
Composition of Net Assets Applicable to Common Shareholders:	
Common Stock:	
Par value ($0.00001 per share, applicable to 65,799,064 shares issued and outstanding)	$658
Paid-in-capital in excess of par	939,881,972
Dividends in excess of net investment income	(21,962,953)
Accumulated net realized gain	14,145,252
Net unrealized appreciation of investments, futures contracts, swaps and foreign currency transactions	53,423,587
Net Assets Applicable to Common Shareholders	$985,488,516
Net Asset Value Per Common Share	$14.98

See accompanying Notes to Financial Statements.

PIMCO Corporate Opportunity Fund Statement of Operations

For the six months ended May 31, 2007 (unaudited)

Investment Income:	
Interest	$56,537,014
Facility and other fee income	488,727
Total Investment Income	57,025,741
Expenses:	
Investment management fees	4,688,340
Interest expense	966,243
Auction agent fees and commissions	715,352
Custodian and accounting agent fees	185,717
Shareholder communications	161,882
Trustees fees and expenses	54,896
Audit and tax services	48,030
New York Stock Exchange listing fees	23,079
Transfer agent fees	19,040
Insurance expense	11,947
Legal fees	9,900
Investor relations	4,680
Miscellaneous	17,884
Total expenses	6,906,990
Less: custody credits earned on cash balances	(14,945)
Net expenses	6,892,045
Net Investment Income	50,133,696
Realized and Change in Unrealized Gain (Loss):	
Net realized gain (loss) on:	
Investments	12,250,335
Futures contracts	(1,200,020)
Options written	4,431,150
Swaps	7,212,513
Foreign currency transactions	(536,011)
Net change in unrealized appreciation/depreciation of:	
Investments	(18,774,746)
Futures contracts	(19,504,130)
Options written	1,151,521
Swaps	2,286,976
Foreign currency transactions	545,381
Net realized and change in unrealized loss on investments, futures contracts, options written, swaps and foreign currency transactions	(12,137,031)
Net Increase in Net Assets Resulting from Investment Operations	37,996,665
Dividends on Preferred Shares from net investment income	(14,438,601)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations	$23,558,064

PIMCO Corporate Opportunity Fund **Statement of Changes in Net Assets**

Applicable to Common Shareholders

	Six months ended May 31, 2007 (unaudited)	Year ended November 30, 2006
Investment Operations:		
Net investment income	$ 50,133,696	$102,210,289
Net realized gain on investments, futures contracts, options written, swaps and foreign currency transactions	22,157,967	35,812,270
Net change in unrealized appreciation/depreciation of investments, futures contracts, options written, swaps and foreign currency transactions	(34,294,998)	(1,254,865)
Net increase in net assets resulting from investment operations	37,996,665	136,767,694
Dividends and Distributions on Preferred Shares from:		
Net investment income	(14,438,601)	(26,677,025)
Net realized gains		(169,994)
Total dividends and distributions to preferred shareholders	(14,438,601)	(26,847,019)
Net increase in net assets applicable to common shareholders resulting from investment operations	23,558,064	109,920,675
Dividends and Distributions to Common Shareholders from:		
Net investment income	(45,332,010)	(107,378,512)
Net realized gains	(20,326,577)	(1,252,868)
Total dividends and distributions to common shareholders	(65,658,587)	(108,631,380)
Capital Share Transactions:		
Reinvestment of dividends and distributions	4,766,191	8,344,440
Total increase (decrease) in net assets applicable to common shareholders	(37,334,332)	9,633,735
Net Assets Applicable to Common Shareholders:		
Beginning of period	1,022,822,848	1,013,189,113
End of period (including dividends in excess of net investment income of $(21,962,953) and $(12,326,038), respectively)	$985,488,516	$1,022,822,848
Common Shares Issued in Reinvestment of Dividends and Distributions:	297,111	507,805

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

1. Organization and Significant Accounting Policies

PIMCO Corporate Opportunity Fund (the Fund), was organized as a Massachusetts business trust on September 13, 2002. Prior to commencing operations on December 27, 2002, the Fund had no operations other than matters relating to its organization and registration as a diversified, closed-end management investment company registered under the Investment Company Act of 1940 and the rules and regulations there under, as amended. Allianz Global Investors Fund Management LLC (the Investment Manager) serves as the Fund s Investment Manager and is an indirect wholly-owned subsidiary of Allianz Global Investors of America L.P. (Allianz Global). Allianz Global is an indirect, majority-owned subsidiary of Allianz SE, a publicly traded insurance and financial services company. The Fund has an unlimited amount of $0.00001 par value common stock authorized.

The Fund s investment objective is to seek maximum total return through a combination of current income and capital appreciation. The Fund attempts to achieve this objective by investing in a portfolio of U.S. dollar-denominated corporate debt obligations and other corporate income-producing securities. The Fund may employ a strategy of selling options on U.S. Treasury futures and other fixed income instruments. This strategy enables the Fund to capture premiums when Pacific Investment Management Company LLC (the Sub-Adviser) believes future interest rate volatility is likely to be lower than the level of volatility implied in the options contracts. In addition, the Fund engages in interest rate and credit default swaps as part of a strategy to enhance the Fund s income while managing interest rate and credit risk.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet been asserted. However, the Fund expects the risk of any loss to be remote.

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109 (the Interpretation). The Interpretation establishes for all entities, including pass-through entities such as the Fund, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Interpretation is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the date of effectiveness. Fund management has recently begun to evaluate the application of the Interpretation, and is not in a position at this time to estimate the significance of its impact, if any, on the Fund s financial statements. On December 22, 2006, the Securities & Exchange Commission announced that it would not object if a fund implements the Interpretation in its NAV calculation as late as its last NAV calculation in the first required financial statement reporting period for its fiscal year beginning after December 15, 2006. Consequently, the Fund will be required to comply with the Interpretation by May 31, 2008.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) 157, Fair Value Measurements, which clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. Adoption of SFAS 157 requires the use of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. At this time, the Fund is in the process of reviewing the SFAS 157 against its current valuation policies to determine future applicability.

The following is a summary of significant accounting policies followed by the Fund:

(a) Valuation of Investments

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to guidelines established by the Board of Trustees, including certain fixed income securities which may be valued with reference to securities whose prices are more readily available. The Fund s investments including over-the-counter options, are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the last quoted mean price for those securities for which the over-the-counter market is the primary market or for listed securities in which

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

1. Organization and Significant Accounting Policies (continued)

(a) Valuation of Investments (continued)

there were no sales. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. The Fund s investments in senior floating rate loans (Senior Loans) for which a secondary market exists will be valued at the mean of the last available bid and asked prices in the market for such Senior Loans, as provided by an independent pricing service. Other Senior Loans are valued at fair value pursuant to procedures approved by the Fund s Board of Trustees, which include consideration and evaluation of: (1) the creditworthiness of the borrower and any intermediate participants; (2) the term of the Senior Loan; (3) recent prices in the market for similar loans, if any; (4) recent prices in the market for loans of similar quality, coupon rate, and period until next interest rate reset and maturity; and (5) general economic and market conditions affecting the fair value of the Senior Loan. At May 31, 2007, no Senior Loans were fair valued. Exchange traded options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Securities purchased on a when-issued or delayed delivery basis are marked to market daily until settlement at the forward settlement value. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold and the differences could be material to the financial statements. The Fund s net asset value is determined daily as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange (NYSE) on each day the NYSE is open for business.

(b) Investment Transactions and Investment Income

Investment transactions are accounted for on the trade date. Securities purchased and sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date. Realized gains and losses on investments are determined on the identified cost basis. Interest income is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method. Dividend income is recorded on the ex-dividend date. Facility fees and other fees (such as origination fees) received by the Fund are amortized as income over the expected term of the Senior Loan. Commitment fees received by the Fund relating to unfunded purchase commitments are deferred and amortized to facility fee income over the period of the commitment.

(c) Federal Income Taxes

The Fund intends to distribute all of its taxable income and to comply with the other requirements of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required.

(d) Dividends and Distributions Common Stock

The Fund declares dividends from net investment income monthly to common shareholders. Distributions of net realized capital gains, if any, are paid at least annually. The Fund records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles. These book-tax differences are considered either temporary or permanent in nature.

To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their income tax treatment; temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes; they are reported as dividends and/or distributions of paid-in capital in excess of par.

(e) Foreign Currency Translation

The Fund s accounting records are maintained in U.S. dollars as follows: (1) the foreign currency market value of investments and other assets and liabilities denominated in foreign currency are translated at the prevailing exchange rate at the end of the period; and (2) purchases and sales, income and expenses are translated at the prevailing exchange rate on the respective dates of such transactions. The resulting net foreign currency gain or loss is included in the Statement of Operations.

The Fund does not generally isolate that portion of the results of operations arising as a result of changes in the foreign currency exchange rates from the fluctuations arising from changes in the market prices of securities. Accordingly, such foreign currency gain (loss) is included in net realized and unrealized gain (loss) on investments. However, the Fund does isolate the effect of fluctuations in foreign currency exchange rates when determining the gain or loss upon the sale or maturity of foreign currency denominated debt obligations pursuant to U.S. federal

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

1. Organization and Significant Accounting Policies (continued)

(e) Foreign Currency Translation (continued)

income tax regulations; such amount is categorized as foreign currency gain or loss for both financial reporting and income tax reporting purposes.

(f) Futures Contracts

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. Upon entering into such a contract, the Fund is required to pledge to the broker an amount of cash or securities equal to the minimum initial margin requirements of the exchange. Pursuant to the contracts, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contracts. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized appreciation or depreciation. When the contracts are closed, the Fund records a realized gain or loss equal to the difference between the value of the contracts at the time they were opened and the value at the time they were closed. Any unrealized appreciation or depreciation recorded is simultaneously reversed. The use of futures transactions involves the risk of an imperfect correlation in the movements in the price of futures contracts, interest rates and the underlying hedged assets, and the possible inability of counterparties to meet the terms of their contracts.

(g) Option Transactions

The Fund may purchase and write (sell) put and call options for hedging purposes, risk management purposes or as a part of its investment strategy. The risk associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from the securities sold through the exercise of put options are decreased by the premiums paid.

When an option is written, the premium received is recorded as an asset with an equal liability and is subsequently marked to market to reflect the current market value of the option written. These liabilities are reflected as options written in the Statement of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transactions, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a put option written by the Fund is exercised, the premium reduces the cost basis of the security. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of a written option could result in the Fund purchasing a security at a price different from it s current market value.

(h) Interest Rate/Credit Default Swaps

The Fund enters into interest rate and credit default swap contracts (swaps) for investment purposes, to manage its interest rate and credit risk or to add leverage.

As a seller in the credit default swap contract, the Fund would be required to pay the notional amount or other agreed-upon value of a referenced debt obligation to the counterparty in the event of a default by a third party, such as a U.S. or foreign corporate issuer, on the referenced debt obligation. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations. Such periodic payments are accrued daily and recorded as realized gain (loss).

The Fund may also purchase credit default swap contracts in order to hedge against the risk of default of debt securities held, in which case the Fund would function as the counterparty referenced in the preceding paragraph. As a purchaser of a credit default swap contract, the Fund would receive the notional amount or other agreed upon value of a referenced debt obligation from the counterparty in the event of default by a third party, such as a U.S. or foreign corporate issuer on the referenced obligation. In return, the Fund would make periodic payments to the counterparty over the term of the contract provided no event of default has occurred. Such periodic payments are accrued daily and recorded as realized gain (loss).

Interest rate swap agreements involve the exchange by the Fund with a counterparty of their respective commitments to pay or receive interest, e.g., an exchange of floating rate payments for fixed rate payments with respect to a

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

1. Organization and Significant Accounting Policies (continued)

(h) Interest Rate/Credit Default Swaps (continued)

notional amount of principal. Net periodic payments received (paid) by the Fund is included as part of realized gain (loss) and net periodic payments accrued, but not yet received (paid) are included in change in the unrealized appreciation/depreciation on the Statements of Operations.

Swaps are marked to market daily based upon quotations from brokers or market makers and the change in value, if any, is recorded as unrealized appreciation or depreciation in the Fund s Statement of Operations. For a credit default swap sold by the Fund, payment of the agreed upon amount made by the Fund in the event of default of the referenced debt obligation is recorded as the cost of the referenced debt obligation purchased/received. For a credit default swap purchased by the Fund, the agreed upon amount received by the Fund in the event of default of the referenced debt obligation is recorded as proceeds from sale/delivery of the referenced debt obligation and the resulting gain or loss realized on the referenced debt obligation is recorded as such by the Fund.

Entering into swaps involves, to varying degrees, elements of credit, market and documentation risk in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in net interest rates.

(i) Senior Loans

The Fund may purchase assignments of Senior Loans originated, negotiated and structured by a U.S. or foreign commercial bank, insurance company, finance company or other financial institution (the Agent) for a lending syndicate of financial institutions (the Lender). When purchasing an assignment, the Fund succeeds to all the rights and obligations under the loan agreement with the same rights and obligations as the assigning Lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning Lender.

(j) Forward Foreign Currency Contracts

A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. The Fund may enter into forward foreign currency contracts for the purpose of hedging against foreign currency risk arising from the investment or anticipated investment in securities denominated in foreign currencies. The Fund may also enter into these contracts for purposes of increasing exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another. The market value of a forward foreign currency contract fluctuates with changes in forward currency exchange rates. All commitments are marked to market daily at the applicable exchange rates and any resulting unrealized appreciation or depreciation is recorded. Realized gains or losses are recorded at the time the forward contract matures or by delivery of the currency. Risks may arise upon entering these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

(k) Credit-Linked Trust Certificates

Credit-linked trust certificates are investments in a limited purpose trust or other vehicle formed under state law which, in turn, invests in a basket of derivative instruments, such as credit default swaps, interest rate swaps and other securities, in order to provide exposure to the high yield or another fixed income market.

Similar to an investment in a bond, investments in credit-linked trust certificates represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the certificate. However, these payments are conditioned on the trust s receipt of payments from, and the trust s potential obligations to, the counterparties to the derivative instruments and other securities in which the trust invests.

(l) Repurchase Agreements

The Fund enters into transactions with its custodian bank or other financial institution whereby it purchases securities under an agreement to resell them at an agreed upon price and date (repurchase agreements). Such agreements are carried at the contract amount in the financial statements. Collateral pledged (the securities received), which consists primarily of U.S. government obligations and asset-backed securities, are held by the custodian bank until maturity of the repurchase agreement. Provisions of the repurchase agreements and the procedures adopted by the Fund require that the market value of the collateral, including accrued interest thereon, is sufficient in the event of default by the

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

1. Organization and Significant Accounting Policies (continued)

(l) Repurchase Agreements (continued)

counterparty. If the counterparty defaults and the value of the collateral declines or if the counterparty enters an insolvency proceeding, realization of the collateral by the Fund may be delayed or limited.

(m) Reverse Repurchase Agreements

In a reverse repurchase agreement, the Fund sells securities to a financial institution and agrees to repurchase the securities at a mutually agreed date and price. Generally, the effect of such a transaction is that the Fund can recover and reinvest all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement and still be entitled to the returns associated with those portfolio securities. Such transactions are advantageous if the interest cost to the Fund of the reverse repurchase transaction is less than the returns it obtains on investments purchased with the cash. Unless the Fund covers its positions in reverse repurchase agreements (by segregating liquid assets at least equal in amount to the forward purchase commitment), its obligations under the agreements will be subject to the Fund s limitations on borrowings. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Fund is obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Fund s use of the proceeds of the agreement may be restricted pending determination by the other party, or its trustee or receiver, whether to enforce the Fund s obligation to repurchase the securities. At May 31, 2007, the Fund had no reverse repurchase agreements outstanding.

(n) When-Issued/Delayed-Delivery Transactions

The Fund may purchase or sell securities on a when-issued or delayed-delivery basis. The transactions involve a commitment to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed-delivery purchases are outstanding, the Fund will set aside and maintain until the settlement date in a designated account, liquid assets in an amount sufficient to meet the purchase price. When purchasing a security on a delayed-delivery basis, the Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations, and takes such fluctuations into account when determining its net asset value. The Fund may dispose of or renegotiate a delayed-delivery transaction after it is entered into, and may sell when-issued securities before they are delivered, which may result in a realized gain or loss. When a security on a delayed-delivery basis is sold, the Fund does not participate in future gains and losses with respect to the security.

(o) Inverse Floating Rate Transactions Residual Interest Municipal Bonds (RIBs) / Residual Interest Tax Exempt Bonds (RITEs)

The Fund invests in RIBs and RITEs (Inverse Floaters) whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index. In these transactions, the Fund sells a fixed rate municipal bond (Fixed Rate Bond) to a broker who places the Fixed Rate Bond in a special purpose trust (Trust) from which floating rate bonds (Floating Rate Notes) and Inverse Floaters are issued. The Fund simultaneously or within a short period of time purchases the Inverse Floaters from the broker. The Inverse Floaters held by the Fund provide the Fund with the right to: (1) cause the holders of the Floating Rate Notes to tender their notes at par, and (2) cause the broker to transfer the

Fixed-Rate Bond held by the Trust to the Fund, thereby collapsing the Trust. Pursuant to Statement of Financial Accounting Standards No. 140 (FASB Statement No. 140), the Fund accounts for the transaction described above as a secured borrowing by including the Fixed-Rate Bond in its Schedule of Investments, and account for the Floating Rate Notes as a liability under the caption Payable for floating rate notes in the Fund s Statement of Assets and Liabilities . The Floating Rate Notes have interest rates that generally reset weekly and their holders have the option to tender their notes to the broker for redemption at par at each reset date. The Fund may also invest in inverse floaters without transferring a fixed rate municipal bond into a special purpose trust, which is not accounted for as a secured borrowing.

Inverse Floaters are created by dividing the income stream provided by the underlying bonds to create two securities, one short-term and one long-term. The interest rate on the short-term component is reset by an index or auction process typically every 7 to 35 days. After income is paid on the short-term securities at current rates, the residual income from the underlying bond(s) goes to the long-term securities. Therefore, rising short-term rates result in lower income for the long-term component and visa versa. The longer-term bonds may be more volatile and less liquid than other municipal bonds of comparable maturity. Investments in Inverse Floaters typically will involve greater risk than an investment in Fixed Rate Bonds. The Fund may also invest in Inverse Floaters for the purpose of increasing leverage.

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

1. Organization and Significant Accounting Policies (continued)

(o) Inverse Floating Rate Transactions Residual Interest Municipal Bonds (RIBs) / Residual Interest Tax Exempt Bonds (RITEs) (continued)

The Fund s investment policies and restrictions expressly permit investments in Inverse Floaters. The Fund s restrictions on borrowings do not apply to the secured borrowings deemed to have occurred for accounting purposes pursuant to FASB Statement No. 140. Inverse Floaters held by the Fund are exempt from registration under Rule 144A of the Securities Act of 1933.

(p) Interest Expense

Interest expense relates to the Fund s liability in connection with floating rate notes held by third parties in conjunction with Inverse Floater transactions. Interest expense is recorded as incurred.

(q) Custody Credits on Cash Balances

The Fund benefits from an expense offset arrangement with its custodian bank whereby uninvested cash balances earn credits which reduce monthly custodian and accounting agent expenses. Had these cash balances been invested in income producing securities, they would have generated income for the Fund.

2. Investment Manager/Sub-Adviser

The Fund has entered an Investment Management Agreement (the Agreement) with the Investment Manager. Subject to the supervision of the Fund s Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the Fund s investment activities, business affairs and administrative matters. Pursuant to the Agreement, the Investment Manager receives an annual fee, payable monthly, at an annual rate of 0.60% of the Fund s average daily net assets, including of net assets attributable to any preferred shares that may be outstanding.

The Investment Manager has retained the Sub-Adviser to manage the Fund s investments. Subject to the supervision of the Investment Manager, the Sub-Adviser is responsible for making the Fund s investment decisions. The Investment Manager and not the Fund, pays a portion of the fees it receives as Investment Manager to the Sub-Adviser based upon a percentage of the Fund s average daily net assets, inclusive of net assets attributable to any preferred shares that may be outstanding, in return for its services.

3. Investment in Securities

For the six months ended May 31, 2007, purchases and sales of investments, other than short-term securities and U.S. government obligations, were $281,991,646 and $264,615,293, respectively. Purchases and sales in U.S. government obligations were $0 and $22,832, respectively.

(a) Futures contracts outstanding at May 31, 2007:

Type		Contracts	Market Value (000)	Expiration Date	Unrealized Appreciation (Depreciation)
Long:	Financial Future British Pound 90 day	180	$ 41,770	3/20/08	$ (179,425)
	Financial Future British Pound 90 day	315	73,168	12/18/08	(520,223)
	Financial Future Euro 90 day	373	88,438	6/16/08	(405,012)
	Financial Future Euro 90 day	2,520	597,681	12/15/08	(2,676,362)
	Financial Future Euro 90 day	3,004	712,474	3/16/09	(3,283,270)
	Financial Future Euro 90 day	5,108	1,211,298	6/15/09	(5,378,524)
	Financial Future Euro 90 day	1,484	351,801	9/14/09	(1,428,350)
Short:	U.S. Treasury Bond Futures	(500)	(54,578)	6/30/07	31,250
	U.S. Treasury Notes 10 yr. Futures	(1,045)	(111,178)	6/20/07	2,510,742
	U.S. Treasury Notes 10 yr. Futures	(103)	(10,957)	9/19/07	12,875
					$ (11,316,299)

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

3. Investment in Securities (continued)

(b) Transactions in options written for the six months ended May 31, 2007:

	Contracts/Notional	Premiums
Options outstanding, November 30, 2006	1,378,000,000	$ 4,431,150
Options terminated in closing purchase transactions	(1,378,000,000)	(4,431,150)
Options outstanding, May 31, 2007		$0

(c) Credit default swaps contracts outstanding at May 31, 2007:

Swap Counterparty/ Referenced Debt Issuer	Notional Amount Payable on Default (000)	Termination Date	Fixed Payments Received (Paid) by Fund	Unrealized Appreciation (Depreciation)
ABN Amro Bank N. V.				
Ford Motor Credit	$ 2,000	6/20/07	3.10%	$ 15,844
Bank of America				
Dow Jones CDX	24,500	12/20/16	(0.65)%	93,179
Ford Motor Credit	10,000	3/20/12	2.55%	74,051
Freeport-McMoran	7,000	6/20/12	0.90%	(4,487)
Transocean	1,300	6/20/12	(0.265)%	(336)
Barclays Bank				
Centex	5,000	3/20/12	(0.45)%	67,134
Centex	5,800	3/20/12	(0.55)%	51,725
Mattel	3,600	6/20/12	(0.33)%	(9,913)
MeadWestvaco	500	6/20/12	(0.51)%	(40)
Pulte Homes	7,700	3/20/12	(0.67)%	96,211
Bear Stearns				
Weyerhaeuser	1,000	6/20/12	(0.48)%	(3,618)
BNP Paribas Bank				
Masco	3,100	3/20/17	(0.95)%	(9,217)
Citigroup				
Freeport-McMoran	5,800	6/20/12	1.00%	28,297
Nabors Industries	1,600	6/20/12	(0.48)%	(792)
Target	200	6/20/12	(0.10)%	235
Credit Suisse First Boston				
Chesapeake Energy	2,000	6/20/12	1.01%	4,656
Lennar	3,100	3/20/17	(0.95)%	48,560
Staples	3,100	6/20/12	(0.28)%	4,102
Deutsche Bank				
Chesapeake Energy	4,500	6/20/12	1.05%	19,331

Chesapeake Energy	400	3/20/14	1.32%	2,297
Diamond Offshore	2,000	6/20/12	(0.23)%	(30)
Dow Jones CDX	12,000	6/20/12	0.75%	10,774
Federal Republic of Brazil	14,300	5/20/12	0.69%	56,312
Federal Republic of Brazil	1,300	5/20/17	1.04%	7,203
Global Sante Fe	2,000	6/20/12	(0.50)%	(1,032)
Global Sante Fe	2,000	6/20/12	(0.53)%	(3,693)
International Paper	1,200	6/20/12	(0.47)%	(9,120)
Masco	4,200	6/20/12	(0.54)%	1,420
Noble Energy	2,000	6/20/12	(0.51)%	273
Toll Brothers	2,500	6/20/12	(1.155)%	(39,008)
Transocean	3,000	6/20/12	(0.28)%	(2,867)

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

3. Investment in Securities (continued)

Swap Counterparty/ Referenced Debt Issuer	Notional Amount Payable on Default (000)	Termination Date	Fixed Payments Received (Paid) by Fund	Unrealized Appreciation (Depreciation)
Goldman Sachs				
Anadarko Petroleum	$ 6,000	3/20/08	0.15%	$ 3,277
AutoZone	2,400	6/20/12	(0.34)%	(7,739)
Centex	2,300	3/20/17	(0.849)%	67,942
Chesapeake Energy	4,200	3/20/14	1.32%	24,115
ConAgra Food	2,000	6/20/12	(0.299)%	(5,323)
Dow Jones CDX	32,300	6/20/12	0.35%	37,482
Dow Jones CDX	7,000	12/20/16	(0.65)%	32,741
Federated BP	1,000	6/20/12	(0.53)%	(2,182)
Ford Motor Credit	1,000	6/20/07	3.00%	7,662
Ford Motor Credit	4,600	3/20/09	1.70%	33,345
Kohls	2,400	6/20/12	(0.22)%	215
Lennar	2,500	6/20/12	(0.78)%	(392)
Pulte Homes	2,300	3/20/17	(0.859)%	105,963
V.F. Corp.	2,400	6/20/12	(0.22)%	215
Weyerhaeuser	2,300	3/20/17	(1.018)%	(25,880)
Whirlpool	900	6/20/12	(0.63)%	(10,088)
JPMorgan Chase				
Centex	800	6/20/12	(0.82)%	218
DR Horton	3,200	6/20/12	(1.01)%	4,924
GMAC	5,000	6/20/07	6.40%	82,152
GMAC	8,100	6/20/12	1.84%	172,805
MeadWestvaco	1,200	6/20/12	(0.528)%	(1,162)
Pulte Homes	1,000	6/20/12	(1.249)%	(9,280)
Republic of Panama	12,700	3/20/09	0.30%	18,735
Weyerhaeuser	700	6/20/12	(0.468)%	(2,144)
Lehman Brothers				
Chesapeake Energy	6,800	3/20/14	1.16%	(23,244)
DR Horton	4,300	3/20/12	(0.705)%	46,039
DR Horton	3,100	6/20/12	(1.26)%	(16,738)
Federal Republic of Brazil	5,650	2/20/12	0.93%	99,281
Federal Republic of Brazil	1,500	2/20/17	1.51%	67,541
Ford Motor Credit	5,000	6/20/07	3.28%	41,953
International Paper	1,000	6/20/12	(0.45)%	(6,826)
Lennar	1,000	6/20/12	(1.09)%	(14,505)
Lennar	4,100	6/20/12	(1.13)%	(68,338)
Masco	2,200	6/20/12	(0.589)%	(4,872)
Nabors Industries	5,800	6/20/12	(0.47)%	(97)
Nordstrom	2,100	6/20/12	(0.179)%	(1,448)
Pemex	7,800	3/20/09	0.34%	14,622

Proctor & Gamble	10,000	9/20/08	0.07%	6,799
Reynolds American	4,000	6/20/12	1.00%	49,539
Tesoro	4,500	6/20/12	0.75%	865
Toll Brothers	2,200	6/20/12	(1.08)%	(26,108)
Toll Brothers	2,300	3/20/17	(1.20)%	12,771
United Mexican States	7,400	3/20/09	0.24%	9,768
United Mexican States	11,000	1/20/17	0.67%	220,241

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

3. Investment in Securities (continued)

Swap Counterparty/ Referenced Debt Issuer	Notional Amount Payable on Default (000)	Termination Date	Fixed Payments Received (Paid) by Fund	Unrealized Appreciation (Depreciation)
Merrill Lynch				
Ford Motor Credit	$ 5,000	6/20/07	2.80%	$ 35,704
Ford Motor Credit	3,000	6/20/07	3.45%	26,499
Lennar	3,400	3/20/12	(0.58)%	19,302
Russian Federation	10,000	7/20/07	0.40%	18,636
Toll Brothers	3,700	3/20/12	(0.89)%	(23,295)
Vale Overseas	2,000	4/20/12	0.50%	(1,632)
Morgan Stanley				
Darden Restaurants	2,300	6/20/12	(0.49)%	2,249
Ford Motor Credit	2,000	6/20/07	3.40%	17,406
Ford Motor Credit	3,000	6/20/07	3.75%	28,842
Ford Motor Credit	7,000	6/20/07	4.00%	71,856
Ford Motor Credit	20,000	9/20/10	4.05%	1,235,418
International Paper	2,400	6/20/12	(0.32)%	(69)
Liz Claiborne	3,300	6/20/12	(0.48)%	23,605
MeadWestvaco	2,900	6/20/12	(0.54)%	(1,422)
Noble Energy	1,300	6/20/12	(0.522)%	(490)
Office Depot	3,600	6/20/12	(0.45)%	22,771
Pulte Homes	1,200	6/20/12	(1.03)%	1,319
Republic of Indonesia	7,700	3/20/09	0.46%	20,151
Republic of Peru	7,700	3/20/09	0.32%	1,576
Russian Federation	10,000	6/20/07	0.39%	19,324
Russian Federation	15,000	6/20/07	0.405%	30,133
Russian Federation	7,800	3/20/09	0.31%	12,481
Ukraine	7,700	3/20/09	0.66%	33,369
Weyerhaeuser	4,000	6/20/12	(0.44)%	(3,702)
Whirlpool	2,300	3/20/17	(0.78)%	6,016
Royal Bank of Scotland				
Pulte Homes	7,000	3/20/12	(0.46)%	152,791
UBS				
Anadarko Petroleum	12,000	9/20/07	0.15%	4,798
Diamond Offshore	4,800	6/20/12	(0.22)%	2,171
DR Horton	3,000	6/20/12	(1.37)%	(46,618)
Toll Brothers	4,300	6/20/12	(1.01)%	(36,737)
Weyerhaeuser	1,000	6/20/12	(0.45)%	(2,179)
Wachovia Securities				
Ford Motor Credit	1,000	6/20/07	3.41%	8,729
				$3,111,297

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

3. Investment in Securities (continued)

(d) Interest rate swap agreements outstanding at May 31, 2007:

				Rate Type		
Swap Counterparty		Notional Amount (000)	Termination Date	Payments Made by Fund	Payments Received by Fund	Unrealized Appreciation (Depreciation)
Goldman Sachs	MXN	106,500	11/4/16	28-Day Mexico Interbank TIIE Banxico	8.17%	$ 32,838
HSBC Bank	£	12,900	12/15/35	4.00%	6-Month GBP-LIBOR	965,819
Lehman Brothers	$	1,650,000	12/18/24	3-Month USD-LIBOR	5.70%	20,731,871
Lehman Brothers		1,700,000	12/18/24	5.77%	3-Month USD-LIBOR	(43,482,766)
Royal Bank of Scotland		740,200	2/25/17	4.66%	3-Month USD-LIBOR	4,647,336
Royal Bank of Scotland		740,200	2/25/17	3-Month USD-LIBOR	5.84%	(1,254,018)
						$(18,358,920)

The Fund received $7,750,000 par value in U.S. Treasury Bills as collateral for swap contracts.

(e) Forward foreign currency contracts outstanding at May 31, 2007:

	U.S. $ Value Origination Date	U.S. $ Value May 31, 2007	Unrealized Appreciation (Depreciation)
Purchased:			
10,000,000 Australian Dollar settling 6/15/07	$ 8,283,300	$ 8,273,250	$ (10,050)
27,542,200 Brazilian Real settling 10/2/07	13,370,000	14,039,902	669,903
1,119,000 Canadian Dollar settling 6/28/07	1,019,738	1,047,617	27,879
¥ 79,651,000 settling 6/14/07	667,351	655,097	(12,255)
139,687,625 Mexican Peso settling 3/13/08	12,650,000	12,769,373	119,373
24,380,000 Norwegian Krone settling 6/7/07	4,000,066	4,039,714	39,648
35,844,678 Polish Zlotty settling 9/28/07	12,860,000	12,681,020	(178,980)

331,466,500 Russian Ruble settling 1/11/08	12,860,000	12,839,427	(20,573)
19,344,899 Singapore Dollar settling 9/21/07	12,860,000	12,756,054	(103,946)
11,895,500,000 South Korean Won settling 9/21/07	12,860,000	12,845,259	(14,741)
Sold:			
£ 9,474,000 settling 6/28/07	18,738,625	18,736,703	1,922
459,000 settling 6/26/07	617,360	618,250	(890)
			$ 517,290

£ British Pound

GBP British Pound

LIBOR London Inter-Bank Offered Rate

MXN Mexican Peso

TIIE Inter-bank Equilibrium Interest Rate

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

4. Income Tax Information

Net investment income and net realized gains differ for financial statement and tax purposes primarily due to the treatment of amounts received under swap agreements. For the six months ended May 31, 2007, the Fund received $12,235,188.93 from swap agreements, which are treated as net realized gain (loss) for financial statement purposes and as net income (loss) for federal income tax purposes.

The cost basis of portfolio securities of $1,476,630,875 is substantially the same for both financial reporting purposes and federal income tax purposes. Aggregated gross unrealized appreciation for securities in which there is an excess value over tax cost is $90,860,822; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is $10,086,640; net unrealized appreciation for federal income tax purposes is $80,774,182.

5. Auction Preferred Shares

The Fund has issued 4,520 shares of Preferred Shares Series M, 4,520 shares of Preferred Shares Series T, 4,520 shares of Preferred Shares Series W, 4,520 shares of Preferred Shares Series TH and 4,520 shares of Preferred Shares Series F each with a net asset and liquidation value of $25,000 per share plus accrued dividends.

Dividends are accumulated daily at an annual rate (typically re-set every seven days) through auction procedures. Distributions of net realized capital gains, if any, are paid annually.

For the six months ended May 31, 2007, the annualized dividend rate ranged from:

	High	Low	At May 31, 2007
Series M	5.31%	4.95%	5.08%
Series T	5.31%	4.90%	5.05%
Series W	5.30%	4.95%	5.10%
Series TH	5.32%	5.00%	5.10%
Series F	5.31%	4.95%	5.08%

The Fund is subject to certain limitations and restrictions while Preferred Shares are outstanding. Failure to comply with these limitations and restrictions could preclude the Fund from declaring any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation value.

Preferred Shares, which are entitled to one vote per share, generally vote together with the common stock but vote separately as a class to elect two Trustees and on any matters affecting the rights of the Preferred Shares.

6. Subsequent Common Dividend Declarations

On June 1, 2007, a dividend of $0.115 per share was declared to common shareholders payable July 2, 2007 to shareholders of record on June 11, 2007.

On July 2, 2007 a dividend of $0.115 per share was declared to common shareholders payable August 1, 2007 to shareholders of record on July 12, 2007.

7. Legal Proceedings

In June and September 2004, the Investment Manager, certain of its affiliates (including Allianz Global Investors Distributors LLC and PEA Capital LLC and Allianz Global), agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission (the Commission), the New Jersey Attorney General and the California Attorney General alleging violations of federal and state securities laws with respect to certain open-end funds for which the Investment Manager serves as investment adviser. Two settlements (with the Commission and New Jersey) related to an alleged market timing arrangement in certain open-end funds sub-advised by PEA Capital LLC. Two settlements (with the Commission and California) related to the alleged use of cash and fund portfolio commissions to finance shelf-space arrangements with broker-dealers for open-end funds. The Investment Manager and its affiliates agreed to pay a total of $68 million to settle the claims related to market timing and $20.6 million to settle the claims related to shelf space. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, brokerage commissions, revenue sharing and shelf space arrangements, and consented to cease and desist orders and censures. None of the settlements alleged that any inappropriate activity took place with respect to the Fund.

PIMCO Corporate Opportunity Fund Notes to Financial Statements

May 31, 2007 (unaudited)

7. Legal Proceedings (continued)

Since February 2004, the Investment Manager and certain of its affiliates and their employees have been named as defendants in a number of pending lawsuits concerning market timing, and revenue sharing/shelf space/directed brokerage, which allege the same or similar conduct underlying the regulatory settlements discussed above. The market timing lawsuits have been consolidated in a multi-district litigation proceeding in the United States District Court for the District of Maryland, and the revenue sharing/shelf space/directed brokerage lawsuits have been consolidated in the United States District Court for the District of Connecticut. Any potential resolution of these matters may include, but not be limited to, judgments or settlements for damages against the Investment Manager or its affiliates or related injunctions.

The Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the Fund or on their ability to perform their respective investment advisory activities relating to the Fund.

The foregoing speaks only as of the date hereof.

PIMCO Corporate Opportunity Fund Financial Highlights

For a share of common stock outstanding throughout each period:

	Six Months ended May 31, 2007	Year ended November 30,			For the period December 27, 2002* through November 30,
	(unaudited)	2006	2005	2004	2003
Net asset value, beginning of period	$15.62	$15.59	$17.05	$17.08	$14.33**
Investment Operations:					
Net investment income	0.76	1.57	1.50	1.74	1.62
Net realized and change in unrealized gain (loss) on investments, futures contracts, options written, swaps and foreign currency transactions	(0.18)	0.54	(0.40)	0.36	2.71
Total from investment operations	0.58	2.11	1.10	2.10	4.33
Dividends and Distributions on Preferred Shares from:					
Net investment income	(0.22)	(0.41)	(0.22)	(0.13)	(0.08)
Net realized gains		(0.00)	(0.05)		
Total dividends and distributions on preferred shares	(0.22)	(0.41)	(0.27)	(0.13)	(0.08)
Net increase in net assets applicable to common shareholders resulting from investment operations	0.36	1.70	0.83	1.97	4.25
Dividends and Distributions to Common Shareholders from:					
Net investment income	(0.69)	(1.65)	(1.65)	(1.73)	(1.38)
Net realized gains	(0.31)	(0.02)	(0.64)	(0.27)	
Total dividends and distributions to common shareholders	(1.00)	(1.67)	(2.29)	(2.00)	(1.38)
Capital Share Transactions:					
Common stock offering costs charged to paid-in capital in excess of par					(0.02)
Preferred shares offering costs/underwriting discounts charged to paid-in capital in excess of par					(0.10)
Total capital share transactions					(0.12)
Net asset value, end of period	$14.98	$15.62	$15.59	$17.05	$17.08
Market price, end of period	$16.37	$16.94	$17.20	$17.01	$16.88
Total Investment Return (1)	2.84%	8.96%	16.16%	13.29%	22.50%
RATIOS/SUPPLEMENTAL DATA:					
Net assets applicable to common shareholders, end of period (000)	$985,489	$1,022,823	$1,013,189	$1,093,219	$1,088,428
Ratio of expenses to average net assets including interest expense (2)(3)(4)	1.38%#	1.27%	1.15%	1.13%	1.07%#
Ratio of expenses to average net assets excluding interest expense (2)(3)	1.19%#	1.18%	1.15%	1.13%	1.07%#

Ratio of net investment income to average net assets (2)	10.03%#	10.21%	9.29%	10.31%	11.13%#
Preferred shares asset coverage per share	$68,586	$70,236	$69,814	$73,362	$73,145
Portfolio turnover	18%	29%	41%	64%	26%

* Commencement of operations.
** Initial public offering price of $15.00 per share less underwriting discount of $0.675 per share.
\# Annualized.
Less than $0.005 per common share.
(1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund s dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
(2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
(3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(q) in Notes to Financial Statements).
(4) Interest expense relates to the liability for floating rate notes issued in connection with inverse floater transactions.

PIMCO Corporate Opportunity Fund Annual Shareholder Meeting Results (unaudited)

The Fund held its annual meeting of shareholders on March 13, 2007. Shareholders voted to re-elect Robert E. Connor and Hans W. Kertess and elect William B. Ogden, IV and John C. Maney as trustees indicated below:

		Affirmative	Withheld Authority
Re-election of Robert E. Connor*	Class I to serve until 2010	9,845	49
Re-election of Hans W. Kertess	Class I to serve until 2010	49,028,625	104,630
Election of John C. Maney	Class III to serve until 2009	49,036,620	96,635
Election of William B. Ogden, IV	Class I to serve until 2010	49,038,953	94,302

Paul Belica, John J. Dalessandro II* and R. Peter Sullivan III continue to serve as Trustees of the Funds.

* Preferred Shares Trustee

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Trustees and Principal Officers

Investment Manager

Allianz Global Investors Fund Management LLC

1345 Avenue of the Americas

New York, NY 10105

Sub-Adviser

Pacific Investment Management Company LLC

840 Newport Center Drive

Newport Beach, CA 92660

Custodian & Accounting Agent

State Street Bank & Trust Co.

801 Pennsylvania

Kansas City, MO 64105-1307

Transfer Agent, Dividend Paying Agent and Registrar

PFPC, Inc.

P.O. Box 43027

Providence, RI 02940-3027

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

300 Madison Avenue

New York, NY 10017

Legal Counsel

Ropes & Gray LLP

One International Place

Boston, MA 02210-2624

This report, including the financial information herein, is transmitted to the shareholders of PIMCO Corporate Opportunity Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

The financial information included herein is taken from the records of the fund without examination by an independent registered public accounting firm, who did not express an opinion herein.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase shares of its common stock in the open market.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarter of its fiscal year on Form N-Q. The Fund s Form N-Q is available on the SEC s website at www.sec.gov and may be reviewed and copied at the SEC s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information on Form N-Q is also available on the Fund s website at www.allianzinvestors.com/closedendfunds.

On April 12, 2007, the Fund submitted a CEO annual certification to the New York Stock Exchange (NYSE) on which the Fund s principal executive officer certified that he was not aware, as of the date, of any violation by the Fund of the NYSE s Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Fund s principal executive and principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q relating to, among other things, the Fund s disclosure controls and procedures and internal control over financial reporting, as applicable.

Information on the Fund is available at www.allianzinvestors.com/closedendfunds or by calling the Fund s shareholder servicing agent at (800) 331-1710.

ITEM 2. CODE OF ETHICS

Not required in this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not required in this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not required in this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

Not required in this filing.

ITEM 6. SCHEDULE OF INVESTMENTS Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not required in this filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not effective at the time of this filing

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES.

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
December 2006	N/A	16.189	67,652	N/A
January 2007	N/A	16.027	92,963	N/A
February 2007	N/A	16.103	34,195	N/A
March 2007	N/A	16.027	34,559	N/A
April 2007	N/A	15.789	34,317	N/A
May 2007	N/A	15.989	33,425	N/A

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund s Board of Trustees since the Fund last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES

(a) The registrant s President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a-2(c) under the Act (17 CFR 270.3a-3(c)), as amended are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant s internal controls over financial reporting (as defined in Rule 30a-3(c)) under the Act (17 CFR 270.3a-3(d)) that occurred during the registrant s last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

ITEM 12. EXHIBITS

(a) (1) Exhibit 99.CERT Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(b) Exhibit 99.906 Cert. - Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PIMCO Corporate Opportunity Fund

By /s/ Brian S. Shlissel
Brian S. Shlissel, President & Chief Executive Officer

Date: August 3, 2007

By /s/ Lawrence G. Altadonna
Lawrence G. Altadonna, Treasurer, Principal Financial & Accounting Officer

Date: August 3, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Brian S. Shlissel
Brian S. Shlissel, President & Chief Executive Officer

Date: August 3, 2007

By /s/ Lawrence G. Altadonna
Lawrence G. Altadonna, Treasurer, Principal Financial & Accounting Officer

Date: August 3, 2007

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(D) Trading properties

Argentine GAAP - Trading properties are stated at the lower of cost adjusted for inflation or net realizable value. Additionally, trading properties are measured at net realizable value when contracts are exchanged for which a non-refundable deposit has been received securing the sale in advance of legal completion (i.e. transfer of deed of title and significant risk and rewards). This form of sale fixes the price of the property and the terms and conditions of the contract providing reasonable certainty about the closing of the transaction and realization of the gain. Accordingly, these transactions are deemed consummated for Argentine GAAP purposes and revenue is recognized at the time the contract is signed. Gains on the revaluation of trading property to net realizable value are shown as "gain from recognition of inventories at net realizable value" in the statement of income.

IFRS - Trading properties are measured at the lowest of cost or net realizable value. Revenue from the sale of properties is recognized only when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts at the moment of the transfer of title deed. For conditional exchanges, sales are recognized when these conditions are satisfied.

(E) Pre-operating and organization expenses

Argentine GAAP - Under Argentine GAAP, pre-operating, organization expenses and other start-up costs (mainly related to the opening of new shopping centers) are capitalized and amortized under the straight-line method generally over a period of three to five years.

IFRS - IFRS prescribes that pre-operating expenses cannot be attributed to the cost of property, plant and equipment, investment properties, trading properties or the creation of intangible assets and are immediately recognized as expenses.

(F) Goodwill

Argentine GAAP - The Group accounts for acquisitions of businesses and non-controlling interests under the purchase method of accounting. Under the purchase method of accounting, the Group allocates the purchase price to tangible and intangible assets and liabilities based on the respective fair values. Goodwill represents the excess of cost over the fair value of net identifiable assets and is amortized under the straight-line method over the weighted average useful life of the tangible assets acquired. Goodwill does not exceed its respective estimated recoverable value at year-end.

IFRS - As noted Note 2.2., the Group has applied the exemption in IFRS 1 for business combinations. Also, as noted in Note 2.2., the Group has applied the exception in IFRS 1 for acquisitions of non-controlling interests.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(G) Negative Goodwill

Argentine GAAP - Under Argentine GAAP, when the amount paid in a business combination or acquisition of a non-controlling interest is lower than the carrying amount of the acquired assets and assumed liabilities, the Group recognizes such amount as negative goodwill on the statement of financial position (as a deduction to non-current assets) and amortizes it over the period considered to justify negative goodwill not exceeding 20 years. However, under Argentine GAAP, when negative goodwill exists, acquired intangible assets which otherwise would be recognized are reduced to absorb the negative goodwill even if they are then assigned a zero value.

Additionally, where the amount paid for the acquisition of associates and/or joint ventures is lower to the investor's interest in the net fair values of the associate and/or joint venture's identifiable assets and liabilities, the Group recognizes such amount as negative goodwill on the statement of financial position and amortizes it over the period considered to justify negative goodwill not exceeding 20 years. That amortization is recognized under the line "Share of profit / (loss) of associates and joint ventures" in the statement of income.

IFRS - As noted in Note 2.2., the Group has applied the exemption in IFRS 1 for business combinations. Also, as noted in Note 2.2., the Group has applied the exception in IFRS 1 for acquisitions of non-controlling interests. Consequently, business combinations and acquisitions of non-controlling interests completed prior to July 1st, 2011 have not been restated, and the carrying amount of negative goodwill under IFRS as of July 1st, 2011 equals the carrying amount under Argentine GAAP as of that date. In accordance with IFRS, negative goodwill is recognized in profit or loss immediately.

Additionally, acquisitions of associates and/or joint ventures are initially recorded at cost of the investment. Any difference between the cost of the investment and the investor's interest in the net fair values of the associate's and/ or joint venture's identifiable assets and liabilities is goodwill. Negative goodwill is taken to the income statement in the period when the associate and/or joint venture is acquired.

(H) Non-current investments – investments in financial assets

Argentine GAAP - The Group holds investments in quoted equity securities with readily determinable fair values, namely TGLT S.A., Hersha Hospitality Trust and Supertel. Under Argentine GAAP, these investments are carried at acquisition cost since they are not held for the purpose of trading in the short term.

IFRS - Under IFRS 9 "Financial Instruments", all equity investments are measured at fair value. For certain equity investments, the Group can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. However, the Group has decided to not recognize changes in fair value through other comprehensive income. The Group has elected to recognize changes in the fair value of these equity securities in the statement of income.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(I) Initial direct costs on operating leases

Argentine GAAP - Under Argentine GAAP, certain initial direct costs (i.e. legal fees, commissions and other fees) paid to third parties for arranging a lease (when the Group is a lessor) are recognized as an immediate expense when incurred.

IFRS - Initial direct costs incurred by lessors in arranging an operating lease are added to the carrying amount of the leased assets (i.e. investment properties) and are recognized as an expense over the lease term on the same basis as the lease income.

(J) Tenant deposits

Argentine GAAP - The Group obtains deposits from tenants as a guarantee for returning the property at the end of the lease term in a specified good condition or for the lease payments for a period of generally 3 years. The deposit amounts, usually, one month of rent. These deposits are treated as liabilities under Argentine GAAP and measured at the amount received by the tenants.

IFRS - Tenant deposits are treated as a financial liability in accordance with IFRS 9, and they are initially recognized at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease (deferred income). The deposits are subsequently measured at amortized cost, and deferred income is amortized under the straight line method over the lease term.

(K) Impairment of financial assets

Argentine GAAP - At July 1st, 2011, December 31, 2011 and June 30, 2012, the Group maintains receivables relating to credit card loans, which are carried at amortized cost. Under Argentine GAAP, the Group determined an allowance for doubtful accounts based on specific criteria set forth for financial and banking institutions.

IFRS - The Group applied the criteria for impairment provisions in IFRS 9.

(L) Present value accounting – tax credits

Argentine GAAP - Under Argentine GAAP, certain long-term tax credits are present-valued as of year-end.

IFRS - Under IFRS, there is no requirement to discount long-term tax credits. The Group elects to measure tax receivables and payables at the amounts expected to be recovered from or paid to the tax authorities and thus, not discounting long-term tax credits.

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

2. Basis of preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

(M) Investment properties

Argentine GAAP - There are not specific requirements for presentation of investment property. Accordingly, the Group includes it as part of property, plant and equipment and non-current investments and are measured at acquisition cost less accumulated amortization and loss for impairments, if any. Additionally, trading properties are measured at net realizable value when contracts are exchanged for which a non-refundable deposit has been received securing the sale in advance of legal completion (i.e. transfer of title deed and significant risk and rewards). This form of sale fixes the price of the property and the terms and conditions of the contract providing reasonable certainty about the closing of the transaction and realization of the gain. Accordingly, these transactions are deemed consummated for Argentine GAAP purposes and revenue is recognized at the time the contract is signed. Gains on the revaluation of trading property to net realizable value is shown as “Gain from recognition of inventories at net realizable value” in the statement of income.

IFRS - Investments properties are measured at cost, less accumulated depreciation and loss for impairments, if any. Revenue from the sale of properties is recognized only when the significant risks and rewards have transferred to the buyer. This will normally take place with the transfer of title deed. For conditional exchanges, sales are recognized when these conditions are satisfied.

(N) Impact of adjustments in accordance with IFRS in investments in associates

Argentine GAAP - Investments in entities in which the Group exercises significant influence, but not control, are accounted for under the equity method. Under the equity method, the investment is recorded at original cost and periodically increased (decreased) by the investor's proportionate share of earnings (losses) of the investee and decreased by all dividends received from the investor by the investee. The Group applies its percentage ownership interest to the financial statements of its equity method investments prepared under Argentine GAAP.

As of July 1st, 2011, the associates of the Group are Banco Hipotecario S.A., Banco de Crédito & Securitización S.A., Manibil S.A., New Lipstick LLC, Lipstick Management LLC, Rigby 183 LLC and Tarshop S.A. As of December 31, 2011 and June 30, 2012 Bitania 26 S.A. is incorporated.

IFRS - The Group assessed all of its interests in the entities mentioned in the paragraph above and determined that the Company exercises significant influence over them. Accordingly, under IFRS, the Group also accounts for these investments under the equity method of accounting. However, the Group has assessed the impact of IFRS adjustments on the financial statements of these investments prepared under Argentine GAAP prior to the application of the equity method.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

Following is a description of the most significant IFRS adjustments to the equity, income and comprehensive income of its associates. For ease of presentation and to facilitate an understanding of the nature of the IFRS adjustments, associates were grouped by business activities. Associates are not discussed below when IFRS adjustments were not significant to the Group or no IFRS adjustments were identified:

Banking business

The Group assessed the financial statements of associates of the Group related to the banking business as of July 1st, 2011, December 31, 2011 and June 30, 2012 and determined the following adjustments to IFRS:

- Under Argentine GAAP, revenues from life and disability insurance and loan origination fees are recognized on an up-front basis. Under IFRS, these revenues are recognized on a straight line basis over the term of the respective underlying receivables.

- Under Argentine GAAP, the allowance for doubtful accounts for loan losses are recognized based on specific criteria as set forth by the Central Bank for financial and banking institutions. Under IFRS, the associate applied the impairment provisions in IFRS 9.

- Under Argentine GAAP, receivables transferred to trusts in securitization programs are treated as sales and a gain or loss is recognized on the sale. Usually the transferor retains an interest in the trust and maintains a cash reserve which serves as collateral for payments of amounts due under the debt securities issued by the trust. Under IFRS, following the provisions of IFRS 9, the associate is not able to derecognize financial assets with these characteristics. As a result, the associate continues recognizing the receivables and a liability for the consideration received upon transfer. The receivables recognized are then tested for impairment following the IFRS 9 criteria.

- Under Argentine GAAP, the calculation of the insurance technical reserves is recognized following the regulations issued by the National Insurance Superintendence. Under IFRS, following the guidance of IFRS 4 "insurance contracts", the associate measured the insurance technical reserve in accordance with the "best estimation" approach.

Investment properties

The Company assessed the financial statements of the associates related to the investment property business and determined the following adjustments to IFRS as of July 1st, 2011, December 31, 2011 and June 30, 2012:

2. Basis of preparation and adoption of international financial reporting standards (“IFRS”) (Continued)

- Under Argentine GAAP, revenue from non-cancelable leases subject to scheduled rent escalation clauses is recognized when the escalated payments are due. Therefore, revenue does not include an averaging of rental income. Rent-free periods, reduced rent or other tenant incentives, if any, are recognized in the period in which these incentives are provided. Under IFRS, lease income from operating leases with scheduled rent increases is recognized on a straight-line basis over the term of the leases. All tenant incentives, if any, are treated as a reduction of rental income on a straight-line basis over the lease terms.

- Under Argentine GAAP, lease expense where the entity is the lessee under an operating ground lease agreement subject to escalation clauses is recognized when the escalated payments are due. Therefore, lease expenses are not recognized on a straight-line basis. Under IFRS, lease payments for operating leases with scheduled rent increases are recognized on a straight-line basis over the term of the leases.

(O) Impact of IFRS adjustment on joint ventures

Argentine GAAP - Investments in entities in which the Group exercises joint control are accounted for under the proportionate consolidation method. Under the proportionate consolidation method, the financial statements of the Group reflect the Group’s pro-rata equity interest in the jointly controlled entities on a line-by-line basis. The Group applied its pro-rata equity interest to the financial statements of its jointly-controlled entities prepared under Argentine GAAP.

IFRS – The Group assessed all of its interests in joint arrangements and determined that they are joint ventures under IFRS 11”Joint Arrangements”. Accordingly, the Group accounted for its joint ventures under the equity method of accounting. The Group has assessed the impact of IFRS adjustments on the financial statements of joint ventures prepared under Argentine GAAP prior to the application of the equity method.

As of July 1st, 2011, the joint ventures of the Group are Cyrsa S.A., Canteras Natal Crespo S.A., Puerto Retiro S.A., Baicom Networks S.A. and Quality Invest S.A. As of December 31, 2011 and June 30, 2012 Nuevo Puerto Santa Fe S.A. is incorporated.

Following is a description of the most significant IFRS adjustments to the equity and income of the joint ventures. Joint ventures are not discussed below when IFRS adjustments were not significant to the Group or no adjustments were identified.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

- Under Argentine GAAP, the joint venture has historically accounted for revenues and therefore profits from all property sales on a percentage of completion basis once contracts for the sale of a property have been exchanged and only if the eventual profit from that property can be foreseen with reasonable certainty. Under IFRS, the joint venture has applied IFRIC 15 "Agreements for the construction of Real Estate". The Group assessed the contractual terms of the agreements and concluded that revenue from open market sales of real estate should be accounted for on legal completion of the agreement in accordance with IAS 18 "Revenue". As a result, the joint venture recognizes revenue from the sale of private homes and commercial units entirely at the point of legal completion in accordance with IAS 18. The most significant impact of IFRIC 15 is therefore the deferral of profits previously recognized from the point of exchange of contracts onwards until the point of legal completion. All of these profits are now recognized at a later date.

- Under Argentine GAAP, tenant deposits are treated as liabilities and measured at the amount received by the tenants. Under IFRS, tenant deposits are treated as both a financial asset and a financial liability in accordance with IFRS 9, and they are initially recognized at fair value. The difference between fair value and cash received is considered to be part of the minimum lease payments received for the operating lease. The deposits are subsequently measured at amortized cost.

- Under Argentine GAAP, revenue from non-cancelable leases subject to scheduled rent escalation clauses is recognized when the escalated payments are due. Under IFRS, the Group applied IAS 17 "Leases". Consequently, revenue derived from operating leases with scheduled increases in recognized on a straight line basis over the lease agreement term.

- Under Argentine GAAP, certain long-term tax credits are present-valued as of year-end. Under IFRS, there is no requirement to discount long-term tax credits. The joint venture elects to measure tax receivables and payables at the amounts expected to be recovered from or paid to the tax authorities and thus, not discounting long-term tax credits. As a result, the joint venture eliminated the effect of discounting tax.

(P) Acquisition of non-controlling interest

As stated in Note 2.2., the Group has applied the exception provided by IFRS 1 for accounting for changes in the interest in subsidiaries that do not result in loss of control. Consequently, acquisitions of non-controlling interests that took place before July 1st, 2011 have not been restated.

IFRS adjustments detailed below relate to acquisitions of non-controlling interest that took place on July 1st, 2011 or after date.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

Argentine GAAP - Under Argentine GAAP, the Group accounted for the acquisition of the non-controlling interests under the purchase method of accounting. Under the purchase method of accounting, the purchase price paid is allocated to the net assets acquired based on its fair value. Assets, including goodwill, and liabilities of the acquired business are recognized using a cost accumulation approach (i.e. for the previous equity interests acquired). These acquisitions generated goodwill since the cost of acquisition exceeded the fair value of the net tangible and intangible assets acquired.

IFRS - Under IFRS, the Group applied the principles of IFRS 10 in accounting for changes in ownership interests. As per IFRS 10, when an additional interest is obtained and control is maintained, the transaction is accounted for as an equity transaction. The Group does not recognize any additional acquisition adjustments to reflect the subsequent acquisition of additional interest in the subsidiary if there is no change in control.

Under IFRS, the difference between the fair value of the consideration paid and the related carrying value of the non-controlling interest acquired is recognized in the controlling interest's equity as a credit or debit to a reserve in net equity. Therefore, no gain or loss is recognized in the statement of income and no additional goodwill is recognized. The carrying value of the non-controlling interest is adjusted to reflect the change in the non-controlling interest's ownership interest in the subsidiary.

(Q) Amortization of borrowing costs

Argentine GAAP - Under Argentine GAAP, transactions costs directly attributable to the acquisition of borrowings are amortized under the straight-line method over the contract term.

IFRS - Transaction costs directly attributable to the acquisition of borrowings are deducted from the fair value at which the financial liability is initially recognized. Subsequently, they are amortized using the effective interest method over the contract term.

(R) Currency translation adjustment

Argentine GAAP - Foreign operations shall be classified as integrated or non-integrated entities depending if their activities are carried out as an extension of the reporting entity. Exchange differences resulting from the translation of integrated entities are recognized in the statement of income. Exchange differences resulting from the translation of non-integrated entities are recognized in a separate reserve in equity.

IFRS - Exchange differences resulting from the translation of foreign operations of subsidiaries and associates are recognized in the statement of other comprehensive income.

2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

(S) Deferred income tax

Argentine GAAP - The Group accounts for income taxes using the deferred tax method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax based assets and liabilities and are measured using the enacted tax rates. Argentine GAAP does not prescribe detailed specific guidance related to the recognition of a valuation allowance. The Group assesses the need for a valuation allowance based on several factors including but not limited to current projections, legal expiration periods and others.

IFRS - There is no difference in the determination of deferred income taxes. However, deferred tax assets are recognized when it is considered probable (defined as "more likely than not") that sufficient taxable profits will be available to utilize the temporary difference or unused tax losses. IFRS does not allow the recognition of valuation allowances.

IFRS establishes more specific and strict procedures to assess whether a deferred tax asset should be recognized. All available evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a deferred tax asset should be recognized. Judgment must be used in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence should be commensurate with the extent to which it can be objectively verified. The more negative evidence that exists (a) the more positive evidence is necessary and (b) the more difficult it is to support a conclusion that a deferred tax asset can be recognized.

(T) Non-controlling interest

Differences for non-controlling interest include the effect of recording, where applicable, the corresponding effect of other differences between Argentine GAAP and IFRS.

2.4. Significant Accounting Policies

The principal accounting policies applied in the presentation of these Unaudited Condensed Interim Consolidated Financial Statements are consistent with those applied in the preparation of the information under IFRS as of June 30, 2012, which is described in Exhibit I attached hereto and are based upon such IFRS expected to be in force as of June 30, 2013. The most significant accounting policies are described in Exhibit I.

2.5. Use of estimates

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

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2. Basis of preparation and adoption of international financial reporting standards ("IFRS") (Continued)

In the preparation of these condensed interim consolidated financial statements, the significant judgments made by Management in applying the Group's accounting policies and the main sources of uncertainty were the same applied by the Group in the preparation of the annual consolidated financial statements for the year ended June 30, 2012 which are described in Exhibit I.

2.6 Seasonal effects on operations

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

3. Acquisitions and disposals

Transactions with non-controlling interest

APSA

As of August, 2012, the Group, through E-Commerce Latina S.A., acquired an additional equity interest of 0.03% in APSA for a total consideration of Ps. 0.6 million. The book value of the non-controlling interest in APSA as of the date of the acquisition was Ps. 36 million (which represents an interest of 4.39%). As a result of this transaction, the non-controlling interest was reduced by Ps. 1 million and the interest attributable to the shareholders' of the controlling parents was reduced by Ps. 1 million. The effect on shareholders' equity of this change in the equity interest in APSA is summarized as follows:

	Ps.
Carrying value of the equity interests acquired by the Group	256
Price paid for the non-controlling interest	(590)
Reserve created due to the acquisition recognized in the parent's equity	(334)

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3. Acquisition and disposals (Continued)

As of October, 2012, the Group, through E-Commerce Latina S.A., acquired an additional equity interest of 0.04% in APSA for a total consideration of Ps. 1.1 million. The book value of the non-controlling interest in APSA as of the date of the acquisition was Ps. 39 million (which represents an interest of 4.36%). As a result of this transaction, the non-controlling interest was reduced by Ps. 0.3 million and the interest attributable to the shareholders' of the controlling parents was reduced by Ps. 0.3 million. The effect on shareholders' equity of this change in the equity interest in APSA is summarized as follows:

	Ps.
Carrying value of the equity interests acquired by the Group	318
Price paid for the non-controlling interest	(1,126)
Reserve created due to the acquisition recognized in the parent's equity	(808)

Acquisition of equity interest in joint venture

On November 29, 2012 APSA acquired shares of common stock, representing 50% of Entertainment Holdings S.A. ("EH")´s capital stock and votes for Ps. 32 million. APSA exercises joint control over EH together with shareholder owners of the remaining 50%.

EH's core asset is a 50% indirect interest in La Rural S.A. ("LRSA")'s capital stock and votes. EH exercises joint control over LRSA, together with Sociedad Rural Argentina ("SRA"), the owner of the remaining 50% interest in LRSA.

Therefore, APSA's indirect interest in LRSA amounts to 25% as of the date of these unaudited condensed interim consolidated financial statements.

LRSA is mainly engaged in the operation of Predio Ferial de Buenos Aires, a fairground located in an area surrounded by Cerviño, Sarmiento, and Santa Fe Avenues and Oro Street, City of Buenos Aires (the "Fairground"). LRSA is the beneficiary of that Fairground under an usufruct agreement executed with the owner thereof, SRA, in 1999.

Purchase of financial assets

During this period the Group purchased the following corporate notes from:

a) The Government of the City of Buenos Aires, for a nominal value of Ps. 19.0 million. These notes accrue interest at an annual 7.95% fixed rate, payable semi- annually and maturing on April 29, 2014.

b) Banco Hipotecario for Ps. 5 million, which accrue interest at an annual 18.75% fixed annual rate, payable semi-annually and maturing on August 8, 2013.

3. Acquisition and disposals (Continued)

Disposal of financial assets

In September 2012 the Group sold 2,000,000 ordinary shares of Hersha Hospitality Trust ("Hersha") for a total amount of US$ 9.7 million. Therefore, the Group's interest in Hersha's capital stock decreased from 9.13% to 8.12% as of September 30, 2012. This percentage has remained unchanged as of the date of these Unaudited Condensed Interim Consolidated Financial Statements. Subsequent to December 31, 2012, the Group sold an additional number of Hersha's shares. See Note 33.

In November and December 2012, IRSA sold all of its shareholdings in NH Hoteles S.A. (138,572 shares for a consideration of € 0.38 million) and in NH Hoteles S.A. (387,758 shares for a total consideration of US$ 1.4 million).

In December 2012, IRSA sold all of its shareholdings in Metrovacesa F (1,238,990 shares for a consideration of € 2.7 million); Metrovacesa SM (229,995 shares for a total consideration of € 0.5 million) and Metrovacesa F (919,087 shares for a consideration of US$ 2.7 million).

Significant sales of investment properties

On August 31, 2012, IRSA sold certain functional units of the building "Libertador 498" in the city of Buenos Aires. The total price of the transaction amounted to Ps. 15 million and was paid on the execution of the title conveyance deeds. This transaction generated a gain of Ps. 12.7 million.

On September 14, 2012, IRSA sold certain functional units on floors 18 and 19, as well as parking areas, of the building Bouchard 551. The total price of the transaction was US$ 8.5 million paid upon execution of the conveyance deed. This transaction generated a gain of Ps. 18.4 million.

On October 4 and 11, 2012, IRSA signed the transfer deed for the sale of several functional units (stores and parking spaces) of the building "Libertador 498". The transactions price was set at Ps. 29.4 million, amount that had been completely collected. This transaction generated a gain of Ps. 24.9 million.

Subsequent to December 31, 2012, IRSA disposed of other investment property. See Note 33.

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3. Acquisition and disposals (Continued)

Acquisition of Rigby 183 LLC

On June 30, 2012, the Group held through its subsidiary IMadison LLC a 49% equity interest in the capital stock of Rigby 183 LLC ("Rigby"), a company that owns office buildings for rental at Madison Avenue 183, New York, USA. On November 27, 2012, the Group, through its subsidiary IRSA International LLC, purchased an additional 25.5% equity interest in Rigby's capital stock, thus taking control over said company. As a result of the acquisition, the Group expects to increase its footprint in the US real estate market. The goodwill from the acquisition, which amounts to Ps. 45.7 million, is attributable to the synergies expected to be achieved by combining the Group's and Rigby's operations.

The following chart shows the consideration paid by the Group, the fair value of the acquired assets, the assumed liabilities and the non-controlling interest as of the acquisition date.

Consideration paid:	11.27.2012
Cash and cash equivalents	118,373
Total consideration paid	118,373
Fair value of the interest in Rigby's equity held before the business combination	227,462
Total consideration	345,835
Recognized balances of acquired identifiable assets and assumed liabilities:	
Cash and cash equivalents	499
Investment properties (Note 9)	679,219
Trade and other receivables, net	14,135
Borrowings	(252,834)
Trade and other payables	(12,081)
Deferred income tax liabilities (Note 22)	(26,103)
Total net identifiable assets	402,835
Non-controlling interest	(102,723)
Goodwill (Note 22)	45,723
Total	345,835

The acquisition-related costs (which amount to Ps. 2.5 million) were charged under "General and Administrative Expenses" in the statement of income.

The fair value of the investment property acquired for Ps. 679.2 million was assessed by a qualified independent appraiser. The fair value of trade and other receivables amounts to Ps. 14.1 million, including trade receivables in the amount of Ps. 0.1 million. As of the acquisition date, the Group estimates that these receivables are recoverable. The fair value of the non-controlling interest in Rigby, an unlisted company, has been determined on a proportional basis to the fair value of Rigby's net acquired assets.

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3. Acquisition and disposals (Continued)

The Group recognized income of Ps. 124.1 million derived from the reassessment of the fair value of the 49% interest held in Rigby before the business combination. In addition, all exchange gains (losses) accumulated in shareholders' equity from the interest held in Rigby before the business combination (Ps. 12.9 million) were charged to income. These gains were disclosed under "Other operating results, net" in the statement of income.

The revenues Rigby has generated since November 27, 2012 and that have been disclosed in the consolidated statement of income amount to Ps. 12.1 million. Rigby has also run a net loss of Ps. 4 million during said period. If Rigby had been included in the consolidation since July 1st, 2012, the consolidated income statement would have shown pro-forma revenues in the amount of Ps. 1,101.4 million and pro-forma net income of Ps. 244.2 million.

4. Financial risk management

4.1. Financial risk

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

The Exhibit I provides information on financial risk management as of June 30, 2012 and July 1st, 2011. Since June 30, 2012, there have been no significant changes in the risk management or risk management policies applied by the Group.

4.2. Fair value estimates

Since June 30, 2012 there have been no significant changes in business or economic circumstances affecting the fair value of the Group's financial assets or liabilities (either measured at fair value or amortized cost), nor any transfers between the different hierarchies used to assess the fair value of the Group's financial instrument and / or reclassifications between categories of financial instruments.

5. Segment information

Below is a summarized analysis of the lines of business of the Group for the period ended December 31, 2012:

	12.31.2012 Shopping Center Properties	Offices	Sales and developments	Hotels	International	Financial operations and others	Total
Revenues	809,002	140,391	85,735	116,807	12,100	1,318	1,165,353
Costs	(385,542)	(57,538)	(63,008)	(84,553)	(10,292)	(477)	(601,410)
Gross Profit	423,460	82,853	22,727	32,254	1,808	841	563,943
Gain from disposal of investment	-	-	55,959	-	-	-	55,959

properties							
General and administrative expenses	(36,731)	(20,930)	(20,060)	(25,822)	(6,638)	(147)	(110,328)
Selling expenses	(25,752)	(5,163)	(9,471)	(13,767)	-	(638)	(54,791)
Other operating results, net	(7,616)	(3,009)	(7,874)	385	134,061	(873)	115,074
Profit / (loss) from operations	353,361	53,751	41,281	(6,950)	129,231	(817)	569,857
Share of profit / (loss) of associates and joint ventures	-	-	1,053	59	(37,978)	44,833	7,967
Segment profit / (loss)	353,361	53,751	42,334	(6,891)	91,253	44,016	577,824
Investment properties, net	2,038,210	830,211	528,935	-	687,453	-	4,084,809
Property, plant and equipment, net	14,186	23,437	3,737	174,661	199	-	216,220
Trading properties	-	-	166,603	-	76,504	-	243,107
Goodwill	343	5,481	-	-	-	-	5,824
Inventories	9,733	-	480	5,984	-	-	16,197
Investments in associates	-	-	26,448	21,315	581	1,063,703	1,112,047
Operating assets	2,062,472	859,129	726,203	201,960	764,737	1,063,703	5,678,204

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5. Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the period ended December 31, 2011:

	12.31.2011 Shopping Center Properties	Offices	Sales and developments	Hotels	International	Financial operations and others	Total
Revenues	671,666	120,207	65,672	85,034	-	3,229	945,808
Costs	(325,304)	(45,293)	(36,129)	(55,440)	-	(2,518)	(464,684)
Gross Profit	346,362	74,914	29,543	29,594	-	711	481,124
Gain from disposal of investment properties	-	-	24,727	-	-	-	24,727
General and administrative expenses	(28,723)	(16,786)	(16,319)	(18,105)	(2,993)	(104)	(83,030)
Selling expenses	(17,755)	(4,364)	(6,983)	(11,224)	-	2,593	(37,733)
Other operating results, net	(1,011)	(6,299)	(1,715)	(1,449)	298	625	(9,551)
Profit / (Loss)	298,873	47,465	29,253	(1,184)	(2,695)	3,825	375,537
Share of profit / (loss) of associates and joint ventures	-	-	848	-	(39,897)	57,144	18,095
Segment profit / (loss)	298,873	47,465	30,101	(1,184)	(42,592)	60,969	393,632

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5. Segment information (Continued)

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

12.31.2012

	As per Total segment information	Adjustment for share of profit (loss) of joint ventures	As per statements of income
Revenues	1,165,353	(79,312)	1,086,041
Costs	(601,410)	60,693	(540,717)
Gross Profit	563,943	(18,619)	545,324
Gain from disposal of investment properties	55,959	-	55,959
General and administrative expenses	(110,328)	1,342	(108,986)
Selling expenses	(54,791)	6,259	(48,532)
Other operating results, net	115,074	35	115,109
Profit from operations	569,857	(10,983)	558,874
Share of profit of associates and joint ventures	7,967	6,417	14,384
Profit before financial results and income tax	577,824	(4,566)	573,258

12.31.2011

	As per Total segment information	Adjustment for share of profit/ (loss) of joint ventures	As per statements of income
Revenues	945,808	(32,889)	912,919
Costs	(464,684)	24,248	(440,436)
Gross profit	481,124	(8,641)	472,483
Gain from disposal of investment properties	24,727	-	24,727
General and administrative expenses	(83,030)	1,046	(81,984)
Selling expenses	(37,733)	3,239	(34,494)
Other operating results, net	(9,551)	1,090	(8,461)
Profit from operations	375,537	(3,266)	372,271
Share of profit (loss) of associates and joint ventures	18,095	(1,871)	16,224
Profit Before financial results and income tax	393,632	(5,137)	388,495

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5. Segment information (Continued)

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

	12.31.2012
Total reportable assets as per segment information	5,678,204
Investment properties, net	(141,927)
Property, plant and equipment, net	(116)
Trading properties	(55,441)
Inventories	(58)
Investments in associates and joint venture	282,960
Total assets as per the statements of financial position	5,763,622

6. Information about main subsidiaries

The Group conducts its business through several operating and holding subsidiaries which are listed in Note 1.3 of Exhibit I. The Group considers that the subsidiaries below are the ones with non-controlling interests material to the Group.

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group:

Summarized statements of financial position

	APSA (i)			TYRUS (i)			EFANUR (i)		
	12.31.2012	06.30.2012	07.01.2011	12.31.2012	06.30.2012	07.01.2011	12.31.2012	06.30.2012	0
Assets									
Non-current assets	2,043,064	1,954,917	1,858,277	1,379,652	769,240	788,363	157,827	135,922	-
Current assets	778,389	548,949	521,078	153,848	46,050	76,269	3,004	2,975	-
Total assets	2,821,453	2,503,866	2,379,355	1,533,500	815,290	864,632	160,831	138,897	-
Liabilities									
Non-current liabilities	1,011,673	973,319	909,950	463,152	24,077	24,878	39,913	37,926	-
Current liabilities	801,534	558,024	536,651	78,453	38,451	65,869	1,359	1,216	-
Total liabilities	1,813,207	1,531,343	1,446,601	541,605	62,528	90,747	41,272	39,142	-
Net assets	1,008,246	972,523	932,754	991,895	752,762	773,885	119,559	99,755	-

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6. Information about main subsidiaries (Continued)

Summarized statements of income and statements of comprehensive income

	APSA (i)		TYRUS (i)		EFANUR (i)	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Revenues	818,302	702,595	12,100	-	-	-
Profit before income tax	274,045	297,101	110,265	(71,923)	20,709	-
Income tax expense	(98,289)	(97,446)	(21,881)	-	-	-
Profit for the period	175,756	199,655	88,384	(71,923)	20,709	-
Other comprehensive income	-	-	7,695	9,231	-	-
Profit attributable to non-controlling interest	8,890	6,594	189	99	8,154	-
Dividends paid to non-controlling interest	(5,000)	(2,000)	-	-	-	-

Summarized cash flows

	APSA (i)		TYRUS (i)		EFANUR (i)	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Net cash generated by (used in) operating activities	313,770	289,287	(14,615)	(1,752)	(148)	-
Net cash (used in) generated by investing activities	(218,109)	(20,630)	(197,137)	1,796	4,388	-
Net cash generated by (used in) financing activities	8,006	(193,454)	191,107	(34,316)	(2,829)	-
Net increase / (decrease) in cash and cash equivalents	103,667	75,203	(20,645)	(34,272)	1,411	-
Foreign exchange gain /(loss) on cash and cash equivalents	2,555	(4,583)	613	3,311	90	-
Cash and cash equivalents at beginning of year	102,698	145,552	38,854	70,147	1,446	-
Cash and cash equivalents at end of year	208,920	216,172	18,822	39,186	2,947	-

(i) Includes consolidated financial information.
The information above is the amount before inter-company eliminations.

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7. Interests in joint ventures

As of December 31, 2012, the joint ventures of the Group are Canteras Natal Crespo S.A., Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A. Nuevo Puerto Santa Fe S.A. ("NPSF") and Entertainment Holdings S.A. The shares in these joint ventures are not publicly traded.

As of June 30, 2012, the joint ventures of the Group were Canteras Natal Crespo S.A., Cyrsa S.A., Puerto Retiro S.A., Baicom Networks S.A., Quality Invest S.A. and NPSF.

As noted Note 3, APSA acquired shares of common stock, representing 50% of Entertainment Holdings S.A. ("EH")´s capital stock and votes and as a consequence APSA holds a jointly indirect interest in LRSA of 25% which operates the fairground Predio Ferial de Buenos Aires.

In connection with the Fairground, as publicly known, in December 2012 the Executive Branch issued Executive Order 2,552/12 that annulled an executive order dated 1991 which approved the sale of the Fairground to the SRA; the effect of this new order was to revoke the sale transaction. Subsequent to December 21, 2012, the Executive Branch notified the SRA of said executive order and further ordered that the property be returned to the Federal Government within 30 subsequent days. Then, the SRA issued a press release publicly disclosing the initiation of legal actions.

Neither has APSA been served notice formally nor is it a party involved in the legal actions brought by the SRA.

As of the date of these unaudited condensed interim consolidated financial statements, the above mentioned legal matters resulted in certain delays in gathering the information necessary to register the acquisition pursuant to IFRS 3. Therefore, APSA has prudently decided to record its investment at cost. APSA expects to complete the fair value computation on net assets acquired during the fiscal year ended June 30, 2013.

Changes in the Group's investments in joint ventures for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period / year	228,970	193,666
Acquisition of joint ventures	32,000	62,486
Capital contribution	15,573	15,850
Disposal of joint ventures	-	(19,448)
Share of profit, net	6,418	(23,584)
End of the period / year	282,961	228,970

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8. Interests in associates

As of June 30, 2012, the associate of the Group were New Lipstick LLC, Rigby 183 LLC, BHSA, Tarshop S.A., Manibil S.A., Lipstick Management LLC, Banco de Crédito y Securitización S.A. ("BACS") and Bitania 26 S.A..

As of December 31, 2012, Rigby 183 LLC began to be reported on a consolidated basis and ceased to be an affiliate.

Changes in the Group's investments in associates for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period / year	1,216,845	1,179,549
Acquisition of associates	-	6,166
Capital contributions	6,787	-
Share of profit, net	7,966	35,244
Currency translation adjustment	5,536	(4,114)
Dividend payments (ii)	(33,813)	-
Decrease for the taking over (see Note 3)	(103,315)	-
End of the period/year (i)	(*) 1,100,006	1,216,845

(i) Includes a balance of Ps. (12,040) reflecting interests in companies with negative equity as of December 31, 2012 which is reclassified to "Provisions" (see Note 20).
(ii) During the period, the Group cashed dividends from Manibil S.A. and BHSA in the amount of Ps. 3.3 million and Ps. 30.5 million, respectively.

9. Investment properties

Changes in the Group's investment properties for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period / year	3,275,226	3,340,081
Currency translation adjustment	14,242	-
Additions and acquisitions	87,757	108,863
Acquisition of subsidiaries (ii)	679,219	-
Reclassifications of property, plant and equipment	4,669	-
Sales and disposals (ii)	(25,772)	(38,889)
Depreciation charge (i)	(92,459)	(134,829)
End of the period / year	3,942,882	3,275,226

(i) Depreciation charges of investment properties were included in "Costs" in the Statements of Income (Note 26).
(ii) See Note 3.

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9. Investment properties (Continued)

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

	12.31.2012	12.31.2011
Rental and service income	939,257	785,097
Direct operating expenses	(438,069)	(368,286)
Gain from disposal of investment properties	55,959	24,727

10. Property, plant and equipment, net

Changes in the Group's property, plant and equipment for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period / year	228,033	235,245
Currency translation adjustment	16	-
Additions	7,085	19,089
Disposals of unused assets	(817)	(2,919)
Reclassifications to Investment properties	(4,669)	-
Depreciation charge (i)	(13,544)	(23,382)
End of the period / year	216,104	228,033

(i) Depreciation charges of property, plant and equipment were included in "General and administrative expenses" and "Costs" in the Statement of Income (Note 26).

11. Trading properties

Changes in the Group's trading properties for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period / year	176,823	181,991
Additions	5,855	15,399
Currency translation adjustment	9,210	-
Sales	(4,222)	(20,567)
End of the period / year	187,666	176,823

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12. Intangible assets, net

Changes in the Group's intangible assets for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period / year	29,389	31,900
Additions	301	711
Acquisition of subsidiary (goodwill)	45,723	-
Currency translation adjustment	891	-
Disposals	-	(2,960)
Amortization change (i)	(1,092)	(262)
End of the period / year	75,212	29,389

(i) Amortization charges of intangible assets are included in "General and administrative expenses" in the Statement of Income (Note 26).

13. Inventories

Group's inventories as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Current			
Hotel supplies (i)	5,984	4,792	3,575
Materials and others items of inventories (i)	10,155	10,867	3,245
Current inventories	16,139	15,659	6,820
Total inventories	16,139	15,659	6,820

(i) Inventories cost are included in "Costs" in the Statement of Income (Note 26).

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14. Trade and other receivables, net

Group's trade and other receivables, as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Non-current			
Trade, leases and services receivable	64,394	52,339	29,403
Receivables from the sale of properties	2,208	2,208	2,208
Less: allowance for trade receivables	(2,208)	(2,208)	(2,208)
Non-current trade receivables	64,394	52,339	29,403
VAT receivables	36,781	33,942	48,214
Minimum presumed income tax ("MPIT")	118,637	103,263	78,387
Other tax receivables	158	1,346	1,103
Advance payments	5,062	2,980	3,114
Others	528	1,592	3,958
Non-current other receivables, net	161,166	143,123	134,776
Related parties (Note 31)	958	910	830
Non-current trade and other receivables, net	226,518	196,372	165,009
Current			
Consumer financing receivables	16,556	15,992	75,117
Leases and services receivables	214,002	180,113	146,277
Receivables from hotel operations	27,340	14,106	9,954
Checks to be deposited	150,221	126,809	94,890
Notes receivables	5,815	8,317	5,987
Trade and lease debtors under legal proceedings	45,610	46,208	48,954
Less: allowance for trade receivables	(67,797)	(65,899)	(117,552)
Current trade receivables, net	391,747	325,646	263,627
VAT receivables	15,825	20,196	27,607
MPIT	-	732	226
Other tax receivables	7,656	5,691	7,282
Loans granted	5,569	11,155	644
Prepaid expenses	32,305	47,284	42,679
Restricted funds	14,338	-	-
Restituted funds receivables	-	-	4,278
Advance from vendors	35,300	21,056	14,595
Dividends received	3,327	-	-
Other	3,456	6,891	11,925
Less: allowance for other receivables	(181)	-	-
Current other receivables, net	117,595	113,005	109,236
Related parties (Note 31)	35,053	37,226	47,132
Current trade and other receivables, net	544,395	475,877	419,995
Total trade and other receivables, net………………………..	770,913	672,249	585,004

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14. Trade and other receivables, net (Continued)

Movements on the Group's allowance for trade and other receivables are as follows:

	12.31.2012	06.30.2012
Beginning of the period / year	68,107	119,760
Charges of the period / year	10,778	15,554
Unused amounts reversed	(8,298)	(8,590)
Used during the period / year	(401)	(58,617)
End of the period / year	70,186	68,107

The creation and release of provision for impaired receivables have been included in "Selling expenses" in the statements of income (Note 26). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

15. Investments in financial assets

Group's financial assets at fair value through profit or loss as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Non-current			
Financial assets at fair value			
Investment in equity securities in TGLT S.A	50,167	65,131	68,656
Investment in equity securities in Hersha	356,208	432,770	355,942
Preferred shares of Supertel	137,165	117,488	-
Common shares of Supertel	471	-	-
Don Mario S.G.R.	10,060	10,000	-
Other equity securities in public companies	58	221	271
Financial assets at amortized cost			
Non-Convertible Notes related parties and others (Note 31)	23,143	30,050	7,807
Total investments in non-current financial assets	577,272	655,660	432,676
Current			
Financial assets at fair value			
Mutual funds (Note 31)	193,898	57,955	60,061
Mortgage bonds (Note 31)	514	496	477
Government bonds	21,340	9	12
Investment in equity securities in Hersha	39,829	-	-
Don Mario S.G.R.	708	-	-
Other securities in public companies	37	11,668	1,911
Financial assets at amortized cost			
Non-Convertible Notes related parties and others (Note 31)	18,338	8,781	2,615
Total investments in current financial assets	274,664	78,909	65,076
Total investments in financial assets.	851,936	734,569	497,752

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16. Derivative financial instruments

Group's derivative financial instruments for the six-month period ended December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Assets			
Non-current			
Hersha call option	-	-	60,442
Warrants of Supertel	20,192	18,434	-
Total non-current derivative financial instruments	20,192	18,434	60,442
Total derivative financial instruments	20,192	18,434	60,442

17. Cash flow information

The following table shows the amounts of cash and cash equivalents as of December 31, 2012 and for the year ended June 30, 2012 and July 1st, 2011:

	12.31.2012	06.30.2012	07.01.2011
Cash at bank and on hand	363,039	234,519	161,193
Mutual funds	2,998	24,650	140,366
Total cash and cash equivalents	366,037	259,169	301,559

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17. Cash flow information (Continued)

Following is a detailed description of cash flows generated by the Group's operations for the six-month periods ended December 31, 2012 and 2011.

	Note	12.31.2012	12.31.2011
Profit for the period		245,879	79,384
Adjustments for:			
Income tax expense	22	70,084	53,484
Retirement of obsolete properties		817	-
Depreciation and amortization	26	107,095	85,838
(Gain) from disposal of investment properties	9	(55,959)	(24,727)
Dividends received		(9,812)	(5,641)
Share-based payments		3,161	2,396
Loss / (gain) from financial instruments	29	(49,023)	24,762
Loss on derivative financial instruments	29	1,162	15,679
(Gain) from purchase of subsidiaries		(137,062)	-
Interest expense, net	29	136,889	129,123
Provisions and allowances		52,958	19,619
Share of (profit) / loss of associates and joint ventures		(14,384)	(16,224)
Unrealized foreign exchange (gain) / loss, net		158,197	88,255
Changes in operating assets and liabilities:			
Increase in inventories		(480)	(923)
Decrease in trading properties		(1,633)	6,242
(Increase) / decrease in trade and other receivables, net		(67,539)	31,544
Increase in derivative financial instruments		-	(27,821)
Increase/ (decrease) in trade and other payables		51,792	(111,314)
Decrease in salaries and social security liabilities		(2,446)	(7,674)
Decrease in provisions		(138)	(536)
Net cash generated by operating activities before income tax paid		489,558	341,466

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17. Cash flow information (Continued)

Supplemental cash flow information

Non-cash activities

	12.31.2012	12.31.2011
Increase in investments in financial assets through an increase in borrowings	18,767	-
Reimbursement of expired dividends	626	-
Dividends payable	52,487	-
Increase of investment properties, net through a decrease in property, plant and equipment	4,669	-
Decrease in non-controlling interest through an increase in trade and other payables	2,895	-
Decrease in trading properties through an increase / decrease en trade and other payables	-	13,527
Foreign currency translation of subsidiaries	-	8,881
Increase in trade and other receivables, net through an increase in trade and other payables	-	4,795
Decrease in borrowings through an increase in shareholders' equity	-	38
Decrease in intangible assets, net through a decrease in trade and other payables	-	1,153
Decrease in trade and other receivables, net	-	8,671
Decrease in investments in associates and joint ventures	-	16,004
Decrease in trade and other payables	-	(24,675)
Transfers of trade and other receivables, net to investment properties, net	-	3,628

18. Trade and other payables

Group’s trade and other payables as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Non-current			
Trade payables	-	4	47
Admission rights	94,784	85,281	66,885
Sale and rent payments received in advance	56,060	44,846	45,345
Guarantee deposits	5,718	8,346	3,875
Non-current trade payables	156,562	138,477	116,152
Tax payment facilities plan	17,699	15,426	17,386
Other tax liabilities	-	3,460	2,759
Deferred income tax	8,770	8,903	10,143
Other	250	370	2,481
Non-current other payables	26,719	28,159	32,769
Related parties (Note 31)	20	20	434
Non-current trade and other payables	183,301	166,656	149,355
Current			
Trade payables	72,018	54,267	40,923

Invoices to be received	68,970	65,008	57,989
Guarantee deposits	14,297	2,957	3,978
Admission rights	85,978	78,030	60,580
Sale and rent payments received in advance	155,528	119,099	106,599
Current trade payables	396,791	319,361	270,069
VAT payables	21,645	24,980	21,615
MPIT	11,544	8,683	11,435
Deferred revenue	931	266	17,079
Other tax liabilities	23,941	21,707	26,677
Dividends payable to non-controlling shareholders	58,591	34,724	-
Others	11,722	7,330	6,067
Current other payables	128,374	97,690	82,873
Related parties (Note 31)	88,297	83,875	61,244
Current trade and other payables	613,462	500,926	414,186
Total trade and other payables	796,763	667,582	563,541

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19. Salaries and social security liabilities

Group's Salaries and social security liabilities as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Current			
Provision for vacation, bonuses and severance	22,987	30,323	25,681
Social security payable	12,754	6,584	7,545
Others	1,420	2,700	863
Current salaries and social security liabilities	37,161	39,607	34,089
Total salaries and social security liabilities	37,161	39,607	34,089

20. Provisions

The table below shows the movements in the Group's provisions for other liabilities categorized by type of provision:

	Labor, legal and other claims	Tax and social security	Investments in associates (*)	Others	Total as per
At July 1, 2011	14,925	670	-	392	15,987
Additions	11,705	1,697	-	90	13,492
Recovery	(5,674)	(797)	-	(126)	(6,597)
Used during the year	(2,628)	-	-	15	(2,613)
At June 30, 2012	18,328	1,570	-	371	20,269
Additions	10,775	-	12,040	66	22,881
Recovery	(1,804)	(203)	-	(145)	(2,152)
Used during the period	(138)	-	-	-	(138)
At December 31, 2012	27,161	1,367	12,040	292	40,860

(*) Corresponds to equity interests in affiliates with negative equity.

The analysis of total provisions is as follows:

	12.31.2012	06.30.2012	07.01.2011
Non-current	28,735	17,823	12,881
Current	12,125	2,446	3,106
	40,860	20,269	15,987

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21. Borrowings

The breakdown of the Group borrowings as of December 31, 2012, June 30, 2012 and July 1st, 2011 was as follows:

							Book value		
	Secured / unsecured	Currency	Rate	Effective interest rate %		Nominal Value	12.31.2012	06.30.2012	07.01.2011
Non-current									
APSA CN due 2014	Unsecured	US$	Fixed	10	%	50,000	40	39	4,640
NCN IRSA due 2017	Unsecured	US$	Fixed	8.5	%	150,000	717,471	675,843	612,419
APSA NCN due 2017	Unsecured	US$	Fixed	7.875	%	120,000	523,413	480,964	432,591
NCN IRSA due 2020	Unsecured	US$	Fixed	11.5	%	150,000	719,553	661,078	598,116
NCN IRSA due 2013	Unsecured	Ps.	Floating	Badlar + 2.49	%	153,152	-	51,032	-
NCN IRSA due 2014	Unsecured	US$	Fixed	7.45	%	33,832	41,587	114,665	-
Seller financing	Secured	US$	Fixed	3.5	%	2,700	13,432	-	
Seller financing of Soleil Factory (i)	Secured	US$	Fixed	5	%	12,610	43,527	38,689	35,125
Seller financing of Arcos del Gourmet S.A. (ii)	Unsecured	US$	Fixed	11.69	%	258	1,272	1,530	-
Seller financing of Zetol S.A. (iv)	Secured	US$	Fixed	3.5	%	2,618	13,026	24,077	14,796
Other borrowings							-	-	27,585
Syndicated loan (Note 31) (v)	Unsecured	Ps.	Fixed	15.01	%	118,000	103,531	-	-
Banco Provincia de Buenos Aires loan (vi)	Unsecured	Ps.	Fixed	15.01	%	29,000	25,617	-	-
Banco M&T loan	Secured	US$	Floating	Libor + 3.25	%	75,000	376,378	-	-
Finance leases obligations	Secured	US$	Fixed	7.5	%	8,678	236	480	-
Total Non-current borrowings							2,579,083	2,048,397	1,725,272

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21. Borrowings (Continued)

	Secured / unsecured	Currency	Rate	Effective interest rate %		Nominal Value	Book value 12.31.2012	06.30.2012	07.01.2011
Current									
APSA CN due 2014	Unsecured	US$	Fixed	10	%	50,000	2	-	-
APSA NCN due 2012	Unsecured	Ps.	Fixed	11	%	-	-	-	28,889
NCN IRSA due 2017	Unsecured	US$	Fixed	8.5	%	150,000	25,252	23,175	20,960
APSA NCN due 2017	Unsecured	US$	Fixed	7.875	%	120,000	3,818	4,555	4,490
NCN IRSA due 2020	Unsecured	US$	Fixed	11.5	%	150,000	37,000	34,003	30,800
NCN IRSA due 2013	Unsecured	Ps.	Floating	Badlar + 2.49	%	153,152	156,319	102,888	-
NCN IRSA due 2014	Unsecured	US$	Fixed	7.45	%	33,832	125,556	38,278	-
Bank overdrafts	Unsecured	Ps.	Floating				279,373	195,270	420,032
Short-term loans							25,957	126,654	139,585
Syndicated loan (Note 31) (v)	Unsecured	Ps.	Fixed	15.01	%	118,000	12,453	-	-
Banco Provincia de Buenos Aires loan (vi)	Unsecured	Ps.	Fixed	15.01	%	29,000	3,300	-	-
Seller financing	Secured	US$	Fixed	3.5	%	1,800	11,738	-	-
Seller financing of Soleil Factory (i)	Secured	US$	Fixed	5	%	12,610	1,563	2,854	4,714
Seller financing of Arcos del Gourmet S.A. (ii)	Unsecured	US$	Fixed	11.69	%	1,700	8,362	10,235	-
Seller financing of Zetol S.A. (iv)	Secured	US$	Fixed	3.5	%	283	1,408	11,623	18,117
Seller financing of Nuevo Puerto Santa Fe S.A. (iii)	Unsecured	US$	Fixed	7.44	%	269	2,006	7,417	-
Finance leases obligations	Unsecured	Ps.	Floating	Badlar		690	647	944	-
Related party (Note 31)						67,363	70,155	-	-
Current borrowings							764,909	557,896	667,587
Total borrowings							3,343,992	2,606,293	2,392,859

CN: Convertible Notes.
NCN: Non-convertible Notes
(i) Seller financing of Soleil Factory (investment properties): Mortgage financing of US$ 20.7 million with a fixed 5% interest rate due in June 2017.
(ii) Seller financing - Arcos del Gourmet S.A. (intangible assets): Unsecured financing amounting to US$ 1 million plus a variable amount up to a maximum of US$ 3.5 million.
(iii) Seller financing - Nuevo Puerto Santa Fe S.A. (investment properties): Financing of US$ 4.5 million without interest paid in 19 installments due in February 2013.
(iv) Seller financing of Zetol S.A. (trading properties): Mortgage financing of US$ 7 million with a fixed 3.5% interest rate. The balance is payable, by choice of the seller, in money or with the delivery of units in buildings to be built representative of 12% of the total marketable square meters built.
(v) On November 14, 2012, the Company executed a syndicated loan for Ps. 118 million with several banks, including Banco Hipotecario. Principal will be payable in 9 quarterly consecutive installments.
(vi) On December 12, 2012, the Company subscribed a loan with Banco Provincia de Buenos Aires for Ps. 29 million. Principal will be repaid in 9 installments.

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

22. Current and deferred income tax

The details of the provision for the Group's income tax, were as follows:

	12.31.2012	12.31.2011
Current income tax	(98,711)	(106,507)
Deferred income tax	28,627	53,023
Income tax gain	(70,084)	(53,484)

The gross movement on the deferred income tax account was as follows:

	12.31.2012	06.30.2012
Beginning of the period / year	(376,977)	(467,129)
Acquisition of subsidiary	(26,103)	-
Currency translation adjustment	3,870	
Income tax and deferred income tax	28,627	90,152
End of the period / year	(370,583)	(376,977)

The Group did not recognize deferred income tax assets of Ps. 37.1 million and Ps. 48.9 million as of December 31, 2012 and June 30, 2012, respectively. Although management believes that it will become profitable in the foreseeable future, as a result of the history of recent losses incurred during the development phase of the different Group's business operations and the lack of verifiable and objective evidence due to the limited operating history of the Group itself, the Board of Directors has determined that there is sufficient uncertainty as to the generation of sufficient income to utilize the losses within a reasonable timeframe, therefore, no deferred tax asset is recognized in relation to these losses.

Below is a reconciliation between income tax recognized and that which would result applying the prevailing tax rate on Profit before income tax for the six-month periods ended December 31, 2012 and 2011:

	12.31.2012	12.31.2011
Tax calculated at the tax rates applicable to profits in the respective countries	118,423	39,925
Permanent differences:		
Share of loss of associates and joint ventures	(15,597)	(16,006)
Difference between tax return and provision	(6,332)	(4,904)
Unrecognized tax losses	(23,151)	810
Non-deductible items	1,429	1,513
Non-taxable items	-	(5,601)
Non-taxable income	(7,322)	34,402
Others	2,634	3,345
Income tax gain	70,084	53,484

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Notes to the Unaudited Condensed Interim Consolidated Financial Statements (continued)
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23. Dividends

The dividends paid in the period ended December 31, 2012 were Ps. 171.5 million.

Dividends for the year ended June 30, 2012 amounted to Ps. 180 million which were approved by the General Shareholders meeting as of October 31, 2012.

Out of the balance of current dividends which, as of September 30, 2012, amounted to Ps. 3,111, Ps. 618 became forfeited on November 17, 2012. The remaining balance of Ps. 2,493 is disclosed under Trade and other payables.

24. Revenues

	12.31.2012	12.31.2011
Base rent	385,864	307,868
Contingent rent	143,077	121,715
Admission rights	51,433	41,854
Averaging scheduled rent escalation	9,344	13,314
Parking fees	30,792	21,717
Letting fees	13,053	15,546
Service charges	299,688	253,798
Property management fee	16,317	7,891
Consumer financing	1,318	3,229
Others	1,789	1,393
Total rental and service income	952,675	788,325
Sale of trading properties	16,555	39,559
Revenue from hotel operations	116,807	85,035
Others	4	-
Total other revenues	133,366	124,594
Total revenues	1,086,041	912,919

25. Cost

	12.31.2012	12.31.2011
Costs of rental and services	448,360	368,284
Costs of sale	7,327	14,193
Costs from hotel operations	84,553	55,441
Costs from consumer financing	477	2,518
Total costs	540,717	440,436

26. Expenses by nature

The Group disclosed expenses the statements of income by function as part of the line items “Costs”, “General and administrative expenses” and “Selling expenses”.

The following tables provide the additional required disclosure of expenses by nature and their relationship to the function within the Group.

IRSA Inversiones y Representaciones Sociedad Anónima
Notes to the Unaudited Condensed Interim Consolidated Financial Statements (continued)
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26. Expenses by nature (Continued)

For the period ended December 31, 2012:

	Group Costs						
	Cost of sale and development	Cost of rental and services	Costs from consumer financing	Costs from hotel operations	General and administrative expenses	Selling expenses	Total
Leases and expenses	919	17,558	-	134	467	433	19,511
Depreciation and amortization	316	97,548	-	5,872	3,253	106	107,095
Allowance for trade and other receivables (charge and recovery)	-	-	-	-	-	2,480	2,480
Advertising and other selling expenses	-	71,813	-	2,452	-	8,919	83,184
Taxes, rates and contributions	605	29,543	-	-	2,637	25,157	57,942
Maintenance, security, cleaning, repairs and others	877	103,447	29	10,978	5,313	311	120,955
Fees and payments for services	86	11,305	441	779	20,147	1,594	34,352
Director´s fees	-	171	-	-	41,618	-	41,789
Salaries, social security costs and other personnel expenses	284	112,337	3	46,365	29,056	8,116	196,161
Cost of sale of properties	4,222	-	-	-	-	-	4,222
Food, beverage and other lodging expenses	-	-	-	17,645	1,443	391	19,479
Others	18	4,638	4	328	5,052	1,025	11,065
Total expenses by nature	7,327	448,360	477	84,553	108,986	48,532	698,235

IRSA Inversiones y Representaciones Sociedad Anónima
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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26. Expenses by nature (Continued)

For the period ended December 31, 2011:

	Group costs						
	Cost of sale and development	Cost of rental and services	Costs from consumer financing	Costs from hotel operations	General and administrative expenses	Selling expenses	Total
Leases and expenses	1,078	17,554	-	133	141	394	19,300
Depreciation and amortization	-	78,779	4	5,115	1,919	21	85,838
Allowance for trade and other receivables (charge and recovery)	-	-	-	-	-	(483)	(483)
Advertising and other selling expenses	-	65,758	-	1,443	-	6,585	73,786
Taxes, sales and contributions	580	20,598	-	-	1,415	19,142	41,735
Maintenance, security, cleaning, repair and others	900	83,072	216	9,297	4,200	267	97,952
Fees and payments for services	313	9,612	2,266	1,737	13,207	1,590	28,725
Directors fees	-	-	-	-	28,073	-	28,073
Salaries, social security costs and other personnel expenses	43	87,083	14	27,971	27,164	6,393	148,668
Cost of sales of properties	11,277	-	-	-	-	-	11,277
Food, beverage and other lodging expenses	-	-	-	9,480	1,523	221	11,224
Others	2	5,828	18	265	4,342	364	10,819
	14,193	368,284	2,518	55,441	81,984	34,494	556,914

IRSA Inversiones y Representaciones Sociedad Anónima
Notes to the Unaudited Condensed Interim Consolidated Financial Statements (continued)
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27. Employee costs

	12.31.2012	12.31.2011
Salaries, bonuses, social security expenses and others	193,000	146,272
Shared-based compensation	3,161	2,396
Total employee costs	196,161	148,668

28. Other operating results, net

	12.31.2012	12.31.2011
Result from purchase of subsidiaries (Note 3)	137,062	-
Tax on shareholders´ personal assets	(3,571)	(2,035)
Donations	(4,068)	(4,553)
Recovery of allowances	3,294	3,559
Judgments and other contingencies (1)	(11,110)	(6,245)
Others	(6,498)	813
Total other operating results, net	115,109	(8,461)

(1) Includes legal expenses.

29. Financial results, net

	12.31.2012	12.31.2011
Finance income:		
- Interest income	13,388	8,399
- Foreign exchange gain	30,072	17,388
- Dividends income	9,812	5,641
- Fair value gains of financial assets at fair value through profit or loss	68,314	18,605
Total finance income	121,586	50,033
Finance costs:		
- Interest expense	(150,277)	(137,522)
- Foreign exchange losses	(184,368)	(91,108)
- Fair value loss of financial assets at fair value through profit or loss	(19,291)	(43,367)
- Loss from derivative financial instruments	(1,162)	(15,679)
- Other financial costs	(23,783)	(17,984)
Total finance costs	(378,881)	(305,660)
Total financial results, net	(257,295)	(255,627)

30. Shared-based payments

Established by the Company and subsidiaries

The Group incurred a charge of Ps. 3.1 million and Ps. 2.3 million for the six-month periods ended December 31, 2012 and 2011, respectively, related to the awards granted under the Equity Incentive Plan (22,650 shares granted over the period).

IRSA Inversiones y Representaciones Sociedad Anónima
Notes to the Unaudited Condensed Interim Consolidated Financial Statements (continued)
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
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31. Related party transactions

The following is a summary of the balances with related parties as of December 31, 2012:

Related party	Reference	Description of transaction	Investments in non-current financial assets	Investments in current financial assets	Trade and other receivables non-current	Trade and other receivables current	Trade and other payables non-current	Trade and other payables current	Borro non-c
Consultores Assets Management S.A.	(4)	Reimbursement of expenses	-	-	-	2,405	-	(41))	
Estudio Zang, Bergel & Viñes	(5)	Advances	-	-	-	57	-	-	
		Reimbursement of expenses	-	-	-	-	-	(5))	
		Professional fees	-	-	-	68	-	(1,060))	
Fundación IRSA	(4)	Reimbursement of expenses	-	-	-	40	-	(4))	
Museo de los Niños	(4)	Reimbursement of expenses	-	-	-	643	-	(23))	
		Leases	-	-	-	700	-	-	
Directors	(5)	Reimbursement of expenses	-	-	-	157	-	-	
		Fees	-	-	-	686	-	(38,216))	
		APSA CN 2014	-	-	-	-	-	-	
		Guarantee deposits	-	-	-	-	(20))	-	
Quality invest S.A.	(2)	Reimbursement of expenses	-	-	-	-	-	(48))	
		Borrowings	-	-	-	10	-	-	
New Lipstick LLC	(3)	Reimbursement of expenses	-	-	-	1,385	-	-	
Lipstick Management LLC	(3)	Reimbursement of expenses	-	-	-	462	-	-	
IRSA Developments LP	(3)	Reimbursement of expenses	-	-	-	9	-	-	
			-	-	-	-	-	(5)	

	Capital contributions

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IRSA Inversiones y Representaciones Sociedad Anónima
Notes to the Unaudited Condensed Interim Consolidated Financial Statements (continued)
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31. Related party transactions (Continued)

Related party	Reference	Description of transaction	Investments in financial assets non-current	Investments in financial assets current	Trade and other receivables non-current	Trade and other receivables current	Trade and other payables non-current	Trade and other payables current	Borrow non-cu
Inversiones Financieras del Sur S.A.	(6)	Borrowings	-	-	-	131	-	-	
		Reimbursement of expenses	-	-	-	-	-	(3))	
Elsztain Managing Partners Limited	(4)	Management fees	-	-	-	-	-	(37))	
Banco Hipotecario S.A.	(3)	Reimbursement of expenses	-	514	-	306	-	(81))	
		Leases	-	-	-	10	-	-	
		Borrowings	-	-	-	-	-	-	(17
		Non-Convertible Notes	-	5,020	-	-	-	-	
Cyrsa S.A.	(2)	Reimbursement of expenses	-	-	-	994	-	(250))	
		Borrowings	-	-	-	-	-	-	
Tarshop S.A.	(3)	Reimbursement of expenses	-	-	-	1,662	-	(21))	
		Leases	-	-	-	8	-	-	
Nuevo Puerto Santa Fe S.A.	(2)	Reimbursement of expenses	-	-	-	740	-	(282))	
		Management fees	-	-	-	24	-	-	
Canteras Natal Crespo S.A.	(2)	Management fees	-	-	-	164	-	-	
		Contributions to be paid in	-	-	-	4	-	-	
		Borrowings	-	-	-	93	-	-	
		Reimbursement of expenses	-	-	-	839	-	-	
Baicom Neworks S.A.	(2)	Reimbursement of expenses	-	-	-	12	-	-	
			-	-	-	150	-	-	

Contributions to be paid in						
Management fees	-	-	-	2	-	-
Loan granted	-	-	958	-	-	-

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IRSA Inversiones y Representaciones Sociedad Anónima
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31 Related party transactions (Continued)

Related party	Reference	Description of transaction	Investments in financial assets non-current	Investments in financial assets current	Trade and other receivables non-current	Trade and other receivables current	Trade and other payables non-current	Trade and other payables current	Borr Non-
Puerto Retiro S.A.	(2)	Reimbursement of expenses	-	-	-	154	-	-	
		Loans granted	-	-	-	2,394	-	-	
Cactus Argentina S.A.	(4)	Reimbursement of expenses	-	-	-	6	-	-	
Cresud S.A.C.I.F. y A.	(1)	Other receivables	-	-	-	7	-	-	
		Reimbursement of expenses	-	-	-	4,243	-	(1,362))	
		Shared services	-	-	-	15,526	-	(45,948))	
		Dividends	-	-	-	-	-	(903))	
		Loans	-	-	-	171	-	-	
		Sale of real state property	-	-	-	701	-	-	
		Non-convertible Notes – Cresud S.A.C.I.F y A.	23,143	13,318	-	-	-	-	
Futuros y Opciones.com S.A.	(6)	Reimbursement of expenses	-	-	-	82	-	(8))	
FyO Trading S.A.	(4)	Reimbursement of expenses	-	-	-	7	-	-	
Helmir S.A.	(4)	Reimbursement of expenses	-	-	-	1	-	-	
Dolphin Fund Plc.	(7)	shares/Mutual funds	-	138,155	-	-	-	-	
Total			23,143	157,007	958	35,053	(20))	(88,297))	(

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IRSA Inversiones y Representaciones Sociedad Anónima
Notes to the Unaudited Condensed Interim Consolidated Financial Statements (continued)
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
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31. Related party transactions (Continued)

The following is a summary of the results and transactions with related parties for the six-month period ended December 31, 2012:

Related party	Reference	Rental	Fees	Income/expenses of shared services	Legal fees	Interest income / (expenses)	Donations	Others
Estudio Zang, Bergel & Viñes	(5)	-	-	-	(7,169)	-	-	-
Fundación IRSA	(4)	-	-	-	-	-	(1,420)	-
Directors	(5)	-	(41,618)	-	-	-	-	-
Canteras Natal Crespo S.A.	(2)	-	-	48	-	5	-	-
Cyrsa S.A.	(2)	-	-	-	-	(2,792)	-	-
Tarshop S.A.	(3)	2,730	-	153	-	(189)	-	-
Baicom Networks S.A.	(2)	-	6	-	-	47	-	-
Consultores Assets Management S.A.	(4)	80	-	-	-	-	-	-
Puerto Retiro S.A.	(2)	-	-	-	-	189	-	-
Quality Invest S.A.	(2)	-	-	-	-	10	-	108
Inversiones Financieras del Sur S.A.	(6)	-	-	-	-	103	-	-
Cresud S.A.C.I. F. y A.	(1)	704	(12,272)	(33,048)	-	3,241	-	-
Nuevo Puerto Santa Fe S.A.	(2)	-	-	-	-	-	-	705
		3,514	(53,884)	(32,847)	(7,169)	614	(1,420)	813

(1) Shareholder
(2) Joint venture
(3) Associate
(4) Associate related party
(5) Related to the Board of Directors.
(6) Shareholder of Cresud S.A.C.I.F. y A.
(7) Since 1996, the Group maintains an investment in Dolphin Fund Plc, an Investment Fund related to the Group´s president. The investment is recorded as financial instruments at fair value through profit and loss. As of December 31, 2012 this investment amounts to Ps. 138.2 million. During October 2012, there has been additional investment for an amount of US$ 20 million.

32. Negative working capital

As of the period-end, the Group has recorded negative working capital which is currently under consideration of the Board of Directors and Management.

33. Events after the date of the statement of financial position

1. Significant sale of investment properties

On January 8, 2013, IRSA sold several functional units (stores and parking spaces) of the building "Costeros Dique IV". The total price of the transaction was Ps. 9.2 million.

2. Sale of Hersha's shares

During January and February 2013, the Group through its subsidiaries sold 1,619,729 shares of Hersha's common stock for a total of approximately US$ 8.5 million.

3. Partial repayment of amounts owed by Quality Invest S.A. (Quality)

In January 2013, Quality made a partial payment of the third installment of the amounts due for the acquisition of the Nobleza Piccardo S.A.I.C. y F. property, for US$ 2 million.

4. Conversion of APSA´s Convertible notes

On January 24, 2013 one of the holders of APSA´s ONC exercised their conversion right. Therefore, 223,456 ordinary shares were issued of Ps. 0.1 face value each and ONC for US$ 0.07 were derecognized.

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Limited Review Report

To the Shareholders, President and Board of Directors of
IRSA Inversiones y Representaciones Sociedad Anónima
C.U.I.T.: 30-52532274-9
Legal address: Bolívar 108 - 1° floor - Autonomous City of Buenos Aires

1. We have reviewed the accompanying unaudited condensed interim consolidated statement of financial position of IRSA Inversiones y Representaciones Sociedad Anónima and its subsidiaries as of December 31, 2012, and the related unaudited condensed interim consolidated statements of income, unaudited condensed interim consolidated statements of comprehensive income for the six and three-month periods ended December 31, 2012, and the unaudited condensed interim consolidated statements of changes of shareholders' equity and unaudited condensed interim consolidated statements of cash flows for the six-month period ended December 31, 2012 and selected explanatory notes. The balances and other information corresponding to the fiscal year ended June 30, 2012 and the interim periods within that fiscal period are an integral part of these financial statements and, therefore, they should be considered in relation to these financial statements.

2. The Board of Directors of the Company is responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The IFRS as issued by the International Accounting Standard Board (IASB) were adopted as accounting standards by the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) and incorporated by the National Securities Commission (CNV) to its regulations. Therefore, the Board of Directors of the Company is responsible for the preparation and presentation of these unaudited condensed interim consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion based on the review that we have performed with the scope detailed in paragraph 3.

3. We conducted our review in accordance with Technical Resolution No. 7 issued by the FACPCE for a review of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit, the objective of which is to express an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

4. As mentioned in Note 2.1 to the unaudited condensed interim consolidated financial statements, these unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34. The fiscal year ended June 30, 2013 will be the first year of application of IFRS. The adjustments and other effects of the transition to IFRS are presented in Note 2.3 to these unaudited condensed interim consolidated financial statements. The amounts included in the reconciliations shown in Note 2.3 are subject to change as a consequence of potential changes in IFRS which may occur until June 30, 2013, and should only be considered as final upon issuance of the annual financial statements for the fiscal year ended June 30, 2013.

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Limited Review Report (Continued)

5. Nothing came to our attention as a result of our review that caused us to believe that these unaudited condensed interim consolidated financial statements have not been prepared in all material respects in accordance with IAS 34.

6. In accordance with current regulations, we hereby inform that :

a) the unaudited condensed interim consolidated financial statements of IRSA Inversiones y Representaciones Sociedas Anónima are recorded in the "Inventory and Balance Sheet Book" and carried in all formal respects in conformity with legal requirements, and comply, as regards those matters that are within our competence, with the provisions set forth in the Commercial Companies Law and the corresponding resolutions of the National Securities Commission;

b) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima arise from accounting records carried in all formal respects in accordance with applicable legal provisions;

c) we have read the Business Summary ("Reseña Informativa") and the Additional Information to the notes to the unaudited condensed interim consolidated financial statements required by Article 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence, we have no observations to make;

d) at December 31, 2012, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentine Integrated Pension System which arises from accounting records and submissions amounted to Ps. 384,633, which was not callable at that date.

Autonomous City of Buenos Aires, February 18, 2013.

PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. Tº 1 Fº 17
Carlos Martín Barbafina
Public Accountant (U.C.A.)
C.P.C.E.C.A.B.A. T° 175 F° 65

ABELOVICH, POLANO & ASOCIADOS S.R.L.

(Partner)
C.P.C.E. C.A.B.A. T° 1 F° 30
Marcelo Héctor Fuxman
Public Accountant (U.B.A.)
C.P.C.E. C.A.B.A. T° 134 F° 85

IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Separate Financial Statements as of December 31, 2012 and for the six-month periods ended December 31, 2012 and 2011.

IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Separate Statements of Financial Position as of December 31, 2012, June 30, 2012 and July 1, 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
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	Note	12.31.2012	06.30.2012	07.01.2011
ASSETS				
Non-current Assets				
Investment properties, net	6	851,645	890,433	925,906
Property, plant and equipment, net	7	7,891	8,765	10,138
Trading properties	8	64,676	66,997	65,252
Intangible assets, net	9	5,912	5,987	8,724
Investments in subsidiaries, associates and joint ventures	5	3,596,570	3,357,430	3,289,725
Deferred income tax assets	18	24,422	-	-
Trade and other receivables, net	11	139,610	139,449	60,567
Investments in financial assets	12	130	163,594	149,157
Total Non-current Assets		4,690,856	4,632,655	4,509,469
Current Assets				
Trading properties	8	3,296	4,120	10,840
Inventories	10	480	474	427
Trade and other receivables, net	11	85,434	67,854	126,605
Investments in financial assets	12	171,627	20,680	24,302
Cash and cash equivalents	13	120,030	76,872	45,163
Total Current Assets		380,867	170,000	207,337
TOTAL ASSETS		5,071,723	4,802,655	4,716,806
SHAREHOLDERS EQUITY				
Shared capital		578,676	578,676	578,676
Inflation adjustment of share capital		123,329	274,387	274,387
Share premium		793,123	793,123	793,123
Reserve for share-based payments		5,646	2,595	-
Legal reserve…		85,140	71,136	57,031
Other reserves …		492,441	419,783	391,262
Cumulative translation adjustment		25,008	14,502	-
Acquisition of additional interest in the subsidiaries		(16,856)	(15,714)	-
Retained earnings		619,622	510,853	656,525
TOTAL SHAREHOLDERS EQUITY		2,706,129	2,649,341	2,751,004
LIABILITIES				
Non-Current Liabilities				
Trade and other payables	14	13,962	6,699	5,032
Borrowings	17	1,566,148	1,550,369	1,293,259
Deferred income tax liabilities	18	-	19,179	79,464
Provisions	16	7,084	6,198	-
Total Non-Current Liabilities		1,587,194	1,582,445	1,377,755
Current Liabilities				
Trade and other payables	14	138,995	113,228	52,693
Salaries and social security liabilities	15	2,873	5,151	3,086

Borrowings	17	630,968	451,615	531,186
Provisions	16	5,564	875	1,082
Total Current Liabilities		778,400	570,869	588,047
TOTAL LIABILITIES		2,365,594	2,153,314	1,965,802
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,071,723	4,802,655	4,716,806

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

By:	/s/ Eduardo S. Elsztain
	Eduardo S. Elsztain
	President

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IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Separate Statements of Income
for the six and three-month periods beginning on July 1st and October 1st 2012 and 2011
and ended December 31, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina.

		Six months		Three months	
	Note	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Revenues	20	137,461	125,607	67,940	62,224
Costs	21	(54,105)	(46,687)	(26,594)	(21,994)
Gross profit		83,356	78,920	41,346	40,230
Gain from disposal of investment properties	6	55,959	24,727	24,890	24,727
General and administrative expenses	22	(38,918)	(31,305)	(26,026)	(22,170)
Selling expenses	22	(7,305)	(7,085)	(3,548)	(3,393)
Other operating results, net	24	(9,285)	(6,655)	(5,311)	(1,674)
Profit from operations		83,807	58,602	31,351	37,720
Share of profit of subsidiaries, associates, and joint ventures	5	287,671	145,390	221,330	216,075
Profit from operations before financial results and income tax		371,478	203,992	252,681	253,795
Finance income	25	69,196	25,070	43,212	12,982
Finance cost	25	(260,493)	(190,364)	(134,993)	(90,346)
Financial results, net	25	(191,297)	(165,294)	(91,781)	(77,364)
Profit before income tax		180,181	38,698	160,900	176,431
Income tax	18	43,601	42,853	21,740	17,149
Profit for the period		223,782	81,551	182,640	193,580
Profit per share for the period:					
Basic		0.387	0.141	0.316	0.335
Diluted		0.387	0.141	0.316	0.335

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

By: /s/ Eduardo S. Elsztain
Eduardo S. Elsztain
President

IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Separate Statements of Comprehensive Income
for the six and three-month periods beginning on July 1st and October 1st 2012 and 2011
and ended December 31, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina.

	Six months		Three months	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Profit for the period	223,782	81,551	182,640	193,580
Other Comprehensive Income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment of subsidiaries, associates, and joint ventures (Note 5)	23,421	8,784	12,931	4,046
Other comprehensive income for the period (i)	23,421	8,784	12,931	4,046
Total comprehensive income for the period	247,203	90,335	195,571	197,626

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

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

By: /s/ Eduardo S. Elsztain
Eduardo S, Elsztain
President

IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Separate Statements of Changes in Shareholders' Equity
for the six-month periods ended December 31, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina.

	Share capital	Inflation adjustment of share capital	Share premium	Acquisition of additional interest in subsidiaries	Cumulative translation adjustment	Reserve for share-based compensation	Legal reserve	Other reserves	Retained earnings	Total Shareholders' equity
Balance at July 1st, 2012	578,676	274,387	793,123	(15,714)	14,502	2,595	71,136	419,783	510,853	2,649,341
Profit for the period	-	-	-	-	-	-	-	-	223,782	223,782
Other comprehensive income for the period	-	-	-	-	23,421	-	-	-	-	23,421
Total comprehensive income for the period	-	-	-	-	23,421	-	-	-	223,782	247,203
Appropriation of retained earnings approved by Shareholders' meeting held 10.31.12:										
- Legal and other reserves	-	-	-	-	-	-	14,004	72,658	(86,662)	-
- Application of deferred income tax liability	-	(151,058)	-	-	-	-	-	-	151,058	-
- Distribution of dividends	-	-	-	-	-	-	-	-	(180,000)	(180,000)
Reserve for share-based compensation	-	-	-	-	-	3,051	-	-	-	3,051
Reclassified cumulative translation adjustment	-	-	-	-	(12,915)	-	-	-	-	(12,915)
Acquisition of subsidiary	-	-	-	(1,142)	-	-	-	-	-	(1,142)
	-	-	-	-	-	-	-	-	591	591

Reimbursement of expired dividends										
Balance at December 31, 2012	578,676	123,329	793,123	(16,856)	25,008	5,646	85,140	492,441	619,622	2,706,129

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

By: /s/ Eduardo S. Elsztain
Eduardo S. Elsztain
President

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IRSA Inversiones y Representaciones Sociedad Anónima
Unaudited Condensed Interim Separate Statements of Changes in Shareholders' Equity
for the six-month periods ended December 31, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina.

	Share capital	Inflation adjustment of share capital	Share premium	Acquisition of additional interest in subsidiaries	Cumulative translation adjustment	Reserve for share-based compensation	Legal reserve	Other reserves	Retained earnings	Total Shareholders' equity
Balance at July 1st, 2011	578,676	274,387	793,123	-	-	-	57,031	391,262	656,525	2,751,004
Profit for the period	-	-	-	-	-	-	-	-	81,551	81,551
Other comprehensive income for the period	-	-	-	-	8,784	-	-	-	-	8,784
Total comprehensive income for the period	-	-	-	-	8,784	-	-	-	81,551	90,335
Reserve for share-based compensation	-	-	-	-	-	2,312	-	-	-	2,312
Appropriation of retained earnings approved by Shareholders' meeting held 10.31.11	-	-	-	-	-	-	14,105	56,421	(70,526)	-
Distribution of dividends approved by Shareholders' meeting held 10.31.11	-	-	-	-	-	-	-	-	(211,575)	(211,575)
Reimbursement of expired dividends	-	-	-	-	-	-	-	-	3,640	3,640
Acquisition of subsidiary	-	-	-	(15,311)	-	-	-	-	-	(15,311))
Balance at December 31, 2011	578,676	274,387	793,123	(15,311)	8,784	2,312	71,136	447,683	459,615	2,620,405

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

By:	/s/ Eduardo S. Elsztain
	Eduardo S. Elsztain
	President

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IRSA Inversiones y Representaciones Sociedad Anónima

Unaudited Condensed Interim Separate Statements of Cash Flows
for the six-month periods ended December 31, 2012 and 2011
(All amounts in thousands of Argentine Pesos, except shares and per share data and as otherwise indicated)
Free translation from the original prepared in Spanish for publication in Argentina.

	Note	12.31.2012	12.31.2011
Cash flows from operating activities:			
Cash generated from the operations	13	63,139	61,994
Net cash generated by operating activities		63,139	61,994
Net cash generated by investing activities:			
Capital contributions to subsidiaries, associates and joint ventures	5	(82,101)	(1,751)
Additions of investment properties	6	(1,207)	(5,858)
Proceeds from sale of investment properties, net	6	81,731	30,454
Additions of property, plant and equipment	7	(326)	(1,480)
Additions of intangible assets, net	9	(69)	(982)
Additions of investments in financial assets		-	(21,937)
Proceeds from sale of investments in financial assets		72,522	-
Interest received		7,330	13,473
Loans granted to subsidiaries, associates and joint ventures		(23,225)	-
Loans repayments received from subsidiaries, associates and joint ventures		17,520	35,637
Dividends received		142,410	111,580
Net cash generated by investing activities		214,585	159,136
Net cash generated by financing activities:			
Bank overdrafts, net		12,220	29,073
Proceeds from borrowings		-	30,000
Repayments of borrowings		(80,000)	-
Dividends paid	19	(163,216)	(211,575)
Interest paid		(102,086)	(103,073)
Payment of borrowings from subsidiaries, associates and joint ventures		(2,665)	-
Proceeds from borrowings from subsidiaries, associates and joint ventures		96,355	18,190
Net cash used in financing activities:		(239,392)	(237,385)
Net increase /(decrease) in cash and cash equivalents		38,332	(16,255)
Cash and cash equivalents at the beginning of the period	13	76,872	45,163
Foreign exchange gain/(loss) on cash and cash equivalents		4,826	(149)
Cash and cash equivalents at end of period		120,030	28,759

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

By: /s/ Eduardo S. Elsztain
Eduardo S. Elsztain
President

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1. General information and company's business

IRSA Inversiones y Representaciones Sociedad Anónima ("IRSA" or the "Company") was founded in 1943, primarily engaged in managing real estate holdings in Argentina since 1991.

IRSA is a corporation incorporated and domiciled in Argentina. The address of its registered office is Moreno 877, 23rd Floor, Buenos Aires, Argentina.

The Company primarily owns, manages and develops a portfolio of office and other rental properties in Buenos Aires. In addition, IRSA through its subsidiaries, associates and joint ventures manages and develops shopping centers and branded hotels across Argentina, and also office properties in the United States of America.

These Unaudited Condensed Interim Separate Financial Statements have been approved for issue by the Board of Directors on February 18, 2013.

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26")

2.1. Basis of preparation and transition to RT 26

The National Securities Commission, ("CNV", as per its Spanish acronym), through General Resolutions No. 562/9 and 576/10, has provided for the application of Technical Resolutions No. 26 and 29 of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE", as per its Spanish acronym), which adopt the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), for companies subject to the public offering regime ruled by Law 17,811, due to the listing of their shares or corporate notes, and for entities that have applied for authorization to be listed under the mentioned regime.

The Company is required to adopt IFRS as from the fiscal year beginning July 1st, 2012.Consequently, the Company's transition date for the adoption of IFRS as defined by IFRS 1, "First time adoption of IFRS", is July 1st, 2011.

The Unaudited Condensed Interim Separate Financial Statements of the Company for the six and three-month periods ended December 31, 2012 and 2011 have been prepared in accordance with RT 26 of FACPCE, adopted by CNV. This Technical Resolution differs from International Accounting Standard (IAS) 34 "Interim Financial Reporting" issued by IASB, in reference to the accounting measurement criteria of the investments in subsidiaries, joint ventures and associates, which are accounted for under the equity method described by IAS 28 "Investments in associates". This criterion differs from the provisions of paragraph 38 of IAS 27 "Separate Financial Statements", whereby such investments are measured at cost or fair value.

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

The Unaudited Condensed Interim Separate Financial Statements have been prepared in accordance with the accounting policies that the Company expects to adopt in its first annual separate financial statements as of June 30, 2013, issued in accordance with IFRS. The accounting policies are based on IFRS issued by the IASB and the interpretations issued by the IFRS Interpretation Committee ("IFRIC") that the Company expects to become applicable on such date.

The separate financial statements of the Company were prepared in accordance with the Argentine accounting standards (Argentine GAAP) in force, which differ from IFRS in some significant areas. To prepare these Unaudited Condensed Interim Separate Financial Statements, the Management of the Company has modified certain valuation and presentation accounting policies that were previously applied under Argentine GAAP in order comply with the IFRS.

Comparative figures and figures as of the transition date (July 1st, 2011) have been modified to reflect such adjustments. The notes below include a reconciliation of shareholders' equity of separate financial statements prepared in accordance with the Argentine GAAP on the transition date (July 1st, 2011), on the adoption date (June 30, 2012) and on the closing date of the comparative period (December 31, 2011) and the statement of income and other comprehensive income for the fiscal year ended June 30, 2012 and for the six and three-month periods ended December 31, 2011, and those presented in accordance with RT 26 in these Unaudited Condensed Interim Separate Financial Statements, as well as the effects of the adjustments to cash flows.

These Unaudited Condensed Interim Separate Financial Statements should be read together with the annual financial statements of the Company as of June 30, 2012 prepared in accordance with Argentine GAAP in force, and with the Unaudited Condensed Interim Separate Financial Statements as of September 30, 2012, with include an exhibit (the "Exhibit I") which presents additional information as of June 30, 2012 and July 1st, 2011 under IFRS which is considered necessary to understand these Unaudited Condensed Interim Separate Financial Statements. Amounts included in the statement of financial position, statement of income, statement of changes in shareholders' equity and statement of cash flows prepared under IFRS for the year ended June 30, 2012 and the amounts included in the statement of financial position as of July 1st, 2011 are detailed in Note 2.3 to these Unaudited Condensed Interim Separate Financial Statements. These Unaudited Condensed Interim Separate Financial Statements are presented in Argentine Pesos.

Unaudited Condensed Interim Separate Financial Statements corresponding to the six and three-month periods ended December 31, 2012 and 2011 have not been audited. The Company's Management believes they include all necessary adjustments to fairly present the results of each period. The Company's six and three-month periods ended December 31, 2012 and 2011 results do not necessarily reflect the proportion of the Company's full-year results.

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

The format of the primary financial statements under Argentine GAAP is governed by Technical Resolutions 8 and 9 of the FACPCE and Resolutions of the CNV. IAS 1, "Presentation of Financial Statements" requires certain disclosures to be made on the face of the primary statements and other required disclosures may be made in the notes of the financial statements, unless another standard specifies otherwise. The transition to Technical Resolutions No. 26 has resulted in the Company changing the format of its statements of income, statements of financial position and statements of cash flows, as well as the disclosure of certain line items not prescribed by Argentine GAAP.

2.2. Initial elections upon adoption of RT No. 26

As a general rule, the Company is required to establish its IFRS accounting policies for the year ended June 30, 2013 and apply these retrospectively. However, advantage has been taken of certain exemptions and exceptions afforded by IFRS 1.

In Note 2.2. to the Unaudited Condensed Interim Consolidated Financial Statements of the Company indicates the exemptions and exceptions that are applicable in IFRS 1 and that have been applied in the transition from Argentine GAAP to RT 26.

2.3. Reconciliations of Argentine GAAP to Technical Resolution No. 26 ("RT 26")

In accordance with the requirements of Technical Resolution No. 26 and No. 29 of FACPCE, set out below are the reconciliations of shareholders' equity in accordance with Argentine GAAP and RT 26 at June 30, 2012, at December 31, 2011 and July 1st, 2011, and the reconciliations of income, comprehensive income and cash flows for the year ended June 30, 2012 and for the six and three-month periods ended December 31, 2011. The reconciliations included below were prepared based on the IFRS standards that are estimated to be applicable for the Company for the financial statements as of and for the year ended June 30, 2013. The items and amounts in the reconciliations included below are subject to change and should only be deemed final when the consolidated financial statements prepared under RT 26 for the first time as of and for the year ended June 30, 2013 are issued.

The items and amounts included in the reconciliations could be modified to the extent that, when preparing financial statements as of and for the year ended June 30, 2013, applicable standards are different.

The first reconciliation provides an overview of the impact on shareholders' equity of the transition at July 1st, 2011, at December 31, 2011 and June 30, 2012 (Note 2.3.1). The second reconciliation provides an overview of the impact on income for the six and three-month periods ended December 31, 2011 and for the year ended June 30, 2012 (Note 2.3.1). The third reconciliation provides an overview of the impact on other comprehensive income for the six and three-month periods ended December 31, 2011 and for the year ended June 30, 2012 (Note 2.3.1).

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

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

The following reconciliations provide details of the impact of the transition on:

- Statement of financial position as of July 1st, 2011 (Note 2.3.2)
- Statement of financial position as of December 31, 2011 (Note 2.3.3)
- Statement of financial position as of June 30, 2012 (Note 2.3.4)
- Statement of income for the six-month period ended December 31, 2011 (Note 2.3.5)
- Statement of income for the three-month period ended December 31, 2011 (Note 2.3.6)
- Statement of income for the year ended June 30, 2012 (Note 2.3.7)
- Statement of comprehensive income for the six-month period ended December 31, 2011 (Note 2.3.8)
- Statement of comprehensive income for the three-month period ended December 31, 2011 (Note 2.3.9)
- Statement of comprehensive income for the year ended June 30, 2012 (Note 2.3.10)
- Statements of cash flow for the six-month period ended December 31, 2011 and for the year ended June 30, 2012 (Note 2.3.11)

2.3.1. Summary of equity

		07.01.2011	12.31.2011	06.30.2012
Shareholders' equity under Argentine GAAP		2,313,687	2,269,309	2,335,279
Revenue recognition – "scheduled rent increases"	(B)	4,445	4,032	3,616
Trading properties	(C)	(3,620)	(2,196)	(2,913)
Pre-operating and organization expenses	(D)	(41)	(41)	(1,180)
Goodwill	(E)	368,574	358,883	348,865
Non-current investments – financial assets	(F)	10,187	8,260	10,160
Initial direct costs on operating leases	(G)	465	526	595
Tenant deposits	(H)	73	51	217
Present value accounting – tax credits	(I)	-	-	(178)
Investment properties	(J)	-	(16,595)	-
Investments in subsidiaries	(K)	81,874	16,360	(22,634)
Investments in associates	(L)	(3,889)	(4,357)	(7,501)
Investments in joint ventures	(M)	(16,795)	(16,358)	(11,421)
Acquisition of non-controlling interest	(N)	-	-	(33)
Amortization of borrowing costs	(O)	110	681	123
Deferred income tax	(Q)	(4,066)	1,850	(3,654)
Shareholders' equity under RT 26		2,751,004	2,620,405	2,649,341

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

2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.1. Summary of profit

		12.31.11	06.30.12	10.01.11 to 12.31.11
Profit under Argentine GAAP		141,184	280,081	131,094
Revenue recognition – “scheduled rent increases”	(B)	(413)	(829)	(208)
Trading properties	(C)	1,424	707	(28)
Pre-operating and organization expenses	(D)	-	(1,139)	-
Goodwill	(E)	(9,691)	(19,709)	(9,079)
Non-current investments – financial assets	(F)	(1,927)	(27)	4,666
Initial direct costs on operating leases	(G)	61	130	75
Tenant deposits	(H)	(22)	144	(54)
Present value accounting – tax credits	(I)	-	(178)	-
Investment properties	(J)	(16,595)	-	(8,501)
Investments in subsidiaries	(K)	(38,926)	(57,476)	73,658
Investments in associates	(L)	(468)	(3,612)	1,046
Investments in joint ventures	(M)	437	5,374	(468)
Amortization of borrowing costs	(O)	571	12	501
Deferred income tax	(Q)	5,916	413	878
Profit under RT 26		81,551	203,891	193,580

2.3.1. Summary of other comprehensive income

		12.31.11	06.30.12	10.01.11 to 12.31.11
Other comprehensive income under Argentine GAAP		20,061	45,851	20,061
Currency translation adjustment from subsidiaries, associates and joint ventures	(L)	(11,277)	(31,349)	(16,015)
Other comprehensive income under RT 26		8,784	14,502	4,046

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

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.2. Reconciliation of statement of financial position as of July 1st, 2011

	Argentine GAAP balances I	Ref. 2.3.12.1	Reclassifications II	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV
ASSETS						
Non-Current Assets						
Investment properties, net	-	a	925,441	G	465	925,906
Property, plant and equipment, net	930,893	a,b,f,g	(920,755)		-	10,138
Trading properties	-	b,c	68,160	C	(2,908)	65,252
Intangible assets, net	8,473	g	292	D	(41)	8,724
Inventories	61,685	b,c	(61,685)		-	-
Investments in subsidiaries, associates and joint ventures	2,898,095		-	E,K,L,M	391,630	3,289,725
Other investments	144,072	a,b,d,f	(144,072)		-	-
Trade and other receivables, net	59,380		-	B	1,187	60,567
Investments in financial assets	8,255	d	130,715	F	10,187	149,157
Negative Goodwill	(38,134)		-	E	38,134	-
Total Non-Current Assets	4,072,719		(1,904)		438,654	4,509,469
Current Assets						
Trading properties	-	b,c	11,552	C	(712)	10,840
Inventories	11,979	b,c	(11,552)		-	427
Trade and other receivables, net	121,443	f	1,904	B	3,258	126,605
Investments in financial assets	2,170	e	22,132		-	24,302
Cash and cash equivalents	45,163		-		-	45,163
Other investments	22,132	e	(22,132)		-	-
Total Current Assets	202,887		1,904		2,546	207,337
TOTAL ASSETS	4,275,606		-		441,200	4,716,806

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

2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.2. Reconciliation of statement of financial position as of July 1st, 2011 (Continued)

	Argentine GAAP balances I	Ref. 2.3.12.1	Reclassifications II	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV
SHAREHOLDERS' EQUITY						
Share capital	578,676		-		-	578,676
Inflation adjustment of share capital	274,387		-		-	274,387
Share premium	793,123		-		-	793,123
Cumulative translation adjustment	34,124		-	A	(34,124)	-
Legal reserve	57,031		-		-	57,031
Other reserves	391,262		-		-	391,262
Retained earnings	185,084		-		471,441	656,525
TOTAL SHAREHOLDERS' EQUITY	2,313,687		-		437,317	2,751,004
LIABILITIES						
Non-Current Liabilities						
Trade and other payables	5,526		-	H	(494)	5,032
Borrowings	1,293,259		-		-	1,293,259
Deferred income tax liabilities	75,398		-	Q	4,066	79,464
Total Non-Current Liabilities	1,374,183		-		3,572	1,377,755
Current Liabilities						
Trade and other payables	52,272		-	H	421	52,693
Payroll and social security liabilities	3,086		-		-	3,086
Borrowings	531,296		-	O	(110)	531,186
Provisions	1,082		-		-	1,082
Total Current Liabilities	587,736		-		311	588,047
TOTAL LIABILITIES	1,961,919		-		3,883	1,965,802
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,275,606		-		441,200	4,716,806

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2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.3. Reconciliation of statement of financial position as of December 31, 2011

	Argentine GAAP balances I	Ref. 2.3.12.1	Reclassifications II	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV
ASSETS						
Non-current Assets						
Investment properties, net	-	a	935,013	G,J	(16,069)	918,944
Property, plant and equipment, net	922,102	a,f,g	(911,667)		-	10,435
Trading properties	-	b,c	69,625	C	(1,857)	67,768
Intangible assets, net	8,473	g	982	D,E	63	9,518
Inventories	63,253	b,c	(63,253)		-	-
Investments in subsidiaries, associates and joint ventures	3,008,606		-	E,K,L,M	317,329	3,325,935
Trade and other receivables, net	68,931		-	B	2,090	71,021
Investments	159,053	a,b,d	(159,053)		-	-
Investments in financial assets	-	d	145,955	F	8,260	154,215
Negative Goodwill	(37,095)		-	E	37,095	-
Total Non-current Assets	4,193,323		17,602		346,911	4,557,836
Current assets						
Trading properties	-	b,c	5,075	C	(339)	4,736
Inventories	24,770	a,b,c,f	(24,295)		-	475
Trade and other receivables, net	74,816	f	1,618	B	1,942	78,376
Investments in financial assets	2,349	e	29,979		-	32,328
Cash and cash equivalents	28,758		-		-	28,758
Investments	29,979	a,b,e	(29,979)		-	-
Total Current Assets	160,672		(17,602)		1,603	144,673
TOTAL ASSETS	4,353,995		-		348,514	4,702,509

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2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.3. Reconciliation of statement of financial position as of December 31, 2011 (Continued)

	Argentine GAAP balances I	Ref. 2.3.12.1	Reclassifications II	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV
SHAREHOLDERS' EQUITY						
Share capital	578,676		-		-	578,676
Inflation adjustment of share capital	274,387		-		-	274,387
Share Premium	793,123		-		-	793,123
Cumulative Translation Adjustment	54,185		-	A	(45,401)	8,784
Reserve for share-based payments	2,312		-		-	2,312
Legal reserve	71,136		-		-	71,136
Other reserves	447,683		-		-	447,683
Acquisition of non-controlling interest	-		-	K	(15,311)	(15,311)
Retained earnings	47,807		-		411,808	459,615
TOTAL SHAREHOLDERS' EQUITY	2,269,309		-		351,096	2,620,405
LIABILITIES						
Non-Current Liabilities						
Trade and other payables	11,849		-	H	(552)	11,297
Borrowings	38,109		-		(1,850)	36,259
Deferred income tax liabilities	1,348,783		-		-	1,348,783
Total Non-Current Liabilities	1,398,741		-		(2,402)	1,396,339
Current Liabilities						
Trade and other payables	60,777		-	H	501	61,278
Payroll and social security liabilities	2,536		-		-	2,536
Borrowings	617,121		-	O	(681)	616,440
Provisions	5,511		-		-	5,511
Total Current Liabilities	685,945		-		(180)	685,765
Total Liabilities	2,084,686		-		(2,582)	2,082,104
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,353,995		-		348,514	4,702,509

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

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.4. Reconciliation of statement of financial position as of June 30, 2012

	Argentine GAAP balances I	Ref. 2.3.12.1	Reclassifications II	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV
ASSETS						
Non-Current Assets						
Investment properties, net	-	a	889,838	G	595	890,433
Property, plant and equipment, net	894,317	a,f,g	(885,552)		-	8,765
Trading properties	-	b,c	68,854	C	(1,857)	66,997
Intangible assets, net	6,452	g	506	D,E	(971)	5,987
Inventories	63,089	b,c	(63,089)		-	-
Investments in subsidiaries, associates and joint ventures	3,086,419		-	E,K,L,M	271,011	3,357,430
Other investments	165,246	a,b,d	(165,246)		-	-
Trade and other receivables, net	136,472		-	B	2,977	139,449
Investments in financial assets	-	d	153,434	F	10,160	163,594
Negative goodwill	(36,056)		-	E	36,056	-
Total Non-Current Assets	4,315,939		(1,255)		317,971	4,632,655
Current Assets						
Trading properties	-	b,c	5,176	C	(1,056)	4,120
Inventories	5,650	b,c	(5,176)		-	474
Trade and other receivables, net	65,960	f	1,255	B	639	67,854
Investments in financial assets	2,494	e	18,186		-	20,680
Cash and cash equivalents	76,872		-		-	76,872
Other investments	18,186	e	(18,186)		-	-
Total Current Assets	169,162		1,255		(417)	170,000
TOTAL ASSETS	4,485,101		-		317,554	4,802,655

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

2.3.

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.4 Reconciliation of statement of financial position as of June 30, 2012 (Continued)

	Argentine GAAP balances I	Ref. 2.3.12.1	Reclassifications II	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV
SHAREHOLDERS' EQUITY						
Share capital	578,676		-		-	578,676
Inflation adjustment of share capital	274,387		-		-	274,387
Share premium	793,123		-		-	793,123
Cumulative translation adjustment	79,975		-	A	(65,473)	14,502
Reserve for share-based payments	2,595		-		-	2,595
Legal reserve	71,136		-		-	71,136
Other reserves	419,783		-		-	419,783
Acquisition of non-controlling interest	-		-	K	(15,714)	(15,714)
Retained earnings	115,604		-		395,249	510,853
TOTAL SHAREHOLDERS' EQUITY	2,335,279		-		314,062	2,649,341
LIABILITIES						
Non-Current Liabilities						
Trade and other payables	7,517		-	H,I	(818)	6,699
Borrowings	1,550,369		-		-	1,550,369
Deferred income tax liabilities	15,525		-	Q	3,654	19,179
Provisions	6,198		-		-	6,198
Total Non-Current Liabilities	1,579,609		-		2,836	1,582,445
Current Liabilities						
Trade and other payables	112,449		-	H	779	113,228
Payroll and social security liabilities	5,151		-		-	5,151
Borrowings...	451,738		-	O	(123)	451,615
Provisions	875		-		-	875
Total Current Liabilities	570,213		-		656	570,869
Total Liabilities	2,149,822		-		3,492	2,153,314
	4,485,101		-		317,554	4,802,655

TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES

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2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.5. Reconciliation of statement of income for the six-month period ended December 31, 2011

	Argentine GAAP balances I	Ref. 2.3.12.1	Reclassifications II	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV
Revenues	130,289	i,ii	(4,598)	B,H	(84)	125,607
Costs	(36,524)	i,ii	(12,034)	C,E	1,871	(46,687)
Gross profit	93,765		(16,632)		1,787	78,920
Gain from disposal of investment properties	-	ii	16,632	J	8,095	24,727
General and Administrative expenses	(31,305)		-		-	(31,305)
Selling expenses	(7,085)		-		-	(7,085)
Gain from recognition of inventories at net realizable value	25,031		-	C,J	(25,031)	-
Other operating results, net	-	iii	(6,655)		-	(6,655)
Profit from operations	80,406		(6,655)		(15,149)	58,602
Share of profit / (loss) of subsidiaries, associates and joint ventures	194,333	iv	(1,232)	K,L,M	(47,711)	145,390
Profit from operations before financial results and income tax	274,739		(7,887)		(62,860)	203,992
Amortization of goodwill, net	1,039		-	E	(1,039)	-
Finance income	25,070		-		-	25,070
Finance cost	(189,946)	iv	1,232	F,H,O	(1,650)	(190,364)
Financial results, net	(164,876)		1,232		(1,650)	(165,294)
Other income and expenses, net	(6,655)	iii	6,655		-	-
Profit / (loss) before Income Tax	104,247		-		(65,549)	38,698
Income tax	36,937		-	Q	5,916	42,853
Profit / (loss) of the period	141,184		-		(59,633)	81,551

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

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.6. Reconciliation of statement of income for the three-month period ended December 31, 2011

	Argentine GAAP balances I	Reclassifications II (*)	Measurement adjustments III (*)	RT 26 balances IV
Revenues	80,484	(18,224)	(36)	62,224
Costs	(23,613)	1,592	27	(21,994)
Gross profit	56,871	(16,632)	(9)	40,230
Gain from disposal of investment properties	-	16,632	8,095	24,727
General and Administrative expenses	(22,170)	-	-	(22,170)
Selling expenses	(3,393)	-	-	(3,393)
Gain from recognition of inventories at net realizable value	16,595	-	(16,595)	-
Other results, net	-	(1,674)	-	(1,674)
Profit /(loss) from operations	47,903	(1,674)	(8,509)	37,720
Share of profit / (loss) of subsidiaries, associates and joint ventures	152,359	(1,232)	64,948	216,075
Profit /(loss) from operations before financial results and income tax	200,262	(2,906)	56,439	253,795
Amortization of goodwill, net	520	-	(520)	-
Finance income	12,982	-	-	12,982
Finance cost	(97,093)	1,232	5,515	(90,346)
Financial results, net	(84,111)	1,232	5,515	(77,364)
Other income and expenses, net	(1,674)	1,674	-	-
Profit before income tax	114,997	-	61,434	176,431
Income tax	16,097	-	1,052	17,149
Profit for the period	131,094	-	62,486	193,580

(*) Corresponds to the same references explained in Notes 2.3.5 and 2.3.7

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2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.7. Reconciliation of statement of income for the year ended June 30, 2012

	Argentine GAAP balances I	Ref. 2.3.12.1	Reclassifications II	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV
Revenues	344,010	i,ii	(90,424)	B,H	(135)	253,451
Costs	(96,207)	i,ii	(1,732)	C,E	4,339	(93,600)
Gross profit	247,803		(92,156)		4,204	159,851
Gain from disposal of investment properties	-	ii	92,156	J	24,532	116,688
General and Administrative expenses	(68,141)		-		-	(68,141)
Selling expenses	(19,142)		-		-	(19,142)
Gain from recognition of inventories at net realizable value	28,033		-	C,J	(28,033)	-
Other operating results, net	-	iii	11,466	D,E	(1,139)	10,327
Profit/(loss) from operations	188,553		11,466		(436)	199,583
Share of profit / (loss) of subsidiaries, associates and joint ventures	368,474	iv	(2,133)	K,L,M	(73,348)	292,993
Profit/(loss) from operations before financial results and income tax	557,027		9,333		(73,784)	492,576
Amortization of goodwill, net	2,078		-	E	(2,078)	-
Finance income	46,429		2,133		-	48,562
Finance cost	(396,791)	iv	-	F,H,O,I	(741)	(397,532)
Financial results, net	(350,362)		2,133		(741)	(348,970)
Other income and expenses, net	11,466	iii	(11,466)		-	-
Profit /(loss) before income tax	220,209		-		(76,603)	143,606
Income tax	59,872		-	Q	413	60,285
Profit/(loss) for the year	280,081		-		(76,190)	203,891

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2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.8. Reconciliation of statement of comprehensive income for the six-month period ended December 31, 2011

	Argentine GAAP balances I	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV
Profit/(loss) for the period	141,184		(59,633)	81,551
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustments of subsidiaries, associates and joint ventures	20,061	L	(11,277)	8,784
Other comprehensive income/(loss) for the period	20,061		(11,277)	8,784
Total comprehensive income / (loss) for the period	161,245		(70,910)	90,335

2.3.9. Reconciliation of statement of comprehensive income for the three-month period ended December 31, 2011

	Argentine GAAP balances I	Measurement adjustments III (*)	RT 26 balances IV
Profit for the period	131,094	62,486	193,580
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustments of subsidiaries, associates and joint ventures	20,061	(16,015)	4,046
Other comprehensive income/(loss) for the period	20,061	(16,015)	4,046
Total comprehensive Income/(loss) for the period	151,155	46,471	197,626

(*) Corresponds to the same references explained in Notes 2.3.8 and 2.3.10.

2.3.10. Reconciliation of statement of comprehensive income for the year ended June 30, 2012

Argentine GAAP balances I	Ref. 2.3.12.2	Measurement adjustments III	RT 26 balances IV

Profit / (Loss) for the year	280,081		(76,190	)	203,891
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation adjustments of subsidiaries, associates and joint ventures	45,851	L	(31,349	)	14,502
Other comprehensive income/(loss) for the year	45,851		(31,349	)	14,502
Total comprehensive income/(loss) for the year	325,932		(107,539	)	218,393

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

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.11. Reconciliation of statements of cash flows for the six-month period ended December 31, 2011 and for the year ended June 30, 2012

Based on IAS 7 "Statement of Cash Flows" requirements, the Company has made the following reclassification between operating, investing and financing activities in the cash flows statements presented under Argentine GAAP and the cash flows statements under RT 26 as further detailed below:

(a) Operating activities

	12.31.2011	06.30.2012
Cash generated by operating activities under Argentine GAAP	92,299	244,489
Proceeds from sale of investment properties and property, plant and equipment	(30,454)	(132,941)
Foreign exchange loss / (gain) on cash and cash equivalents	149	(517)
Cash generated by operating activities under RT 26	61,994	111,031

(b) Investing activities

	12.31.2011	06.30.2012
Cash generated by investing activities under Argentine GAAP	128,682	191,012
Proceeds from sale of investment properties and property, plant and equipment	30,454	132,941
Cash generated by investing activities under RT 26	159,136	323,953

(c) Financing activities

	12.31.2011	06.30.2012
Cash used in financing activities under Argentine GAAP	(237,385)	(403,791)
Cash used in financing activities under RT 26	(237,385)	(403,791)

(d) Net increase / (decrease) in cash and cash equivalents

	12.31.2011	06.30.2012
Net (decrease) / increase in cash and cash equivalents under Argentine GAAP	(16,404)	31,710
Exchange loss/ (gain) on cash and cash equivalents	149	(517)
Net (decrease) / increase in cash and cash equivalents under RT 26	(16,255)	31,193

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.12. Explanation of the transition to RT 26

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the Argentine GAAP accounting policies and the RT No. 26 applied by the Company. Only the differences having an impact on the Company are explained below. The following is not a complete summary of all of the differences between Argentine GAAP and RT No. 26. The descriptive caption next to each numbered item below corresponds to the same numbered and descriptive caption in the summary tables above, which reflect the quantitative impacts from each change. Unless the quantitative impact is disclosed, the change impact is not significant to the Company.

Column I in the tables included on previous pages represents the Argentine GAAP balances prior to transition as published in the latest Company's Argentine GAAP financial statements as of and for the year ended June 30, 2012 compared to the transition date (July 1st, 2011) and in the financial statements of the Company prepared under Argentine GAAP as of and for the six-month period ended December 31, 2011. However, certain reclassifications and/or groupings have already been made to that information in Column I to avoid lengthy explanations of certain format changes introduced in these first financial statements according to RT 26. The following changes have been made to the previous Argentine GAAP statement of financial position included in Column I:

(1) The line items "Trade receivables" and "Other receivables" have been grouped into the new line item "Trade and other receivables, net".

(2) The line items "Trade payables", "Customer advances", "Taxes payable" and "Other liabilities" have been also grouped into the new line item "Trade and other payables", with the exception of income tax and deferred income taxes which have been shown separately.

(3) Goodwill which was previously disclosed separately offsetting negative goodwill has been included as part of "Intangible assets, net".

(4) Cash equivalents previously disclosed as part of the line item current investments have been grouped together with cash and banks, and the resulting line renamed "Cash and cash equivalents".

(5) Derivative financial instruments which were previously included as part of the non-current line items "Other receivables", "Other payables" and/ or "Non-current investments" have been disclosed as separate assets or liabilities as appropriate.

(6) Investments in subsidiaries, associates and joint ventures previously included as part of "Non-current investments" have been separately disclosed in the new line item "Investments in subsidiaries, associates and joint ventures".

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.12. Explanation of the transition to RT 26 (Continued)

The following changes have been made to the statements of income for the year ended June 30, 2012 and for the six and three-month periods ended December 31, 2011:

(1) The format of the statements of income has been restructured to simplify its reading. To that effect, all revenue streams of the Company which were previously disclosed separately (i.e. sale of development properties, leases and services revenue), together with its corresponding costs of sales, have been aggregated into two line items titled "Revenues" and "Costs" in Column I. Revenues and Costs are then cross-referenced to respective notes in the financial statements where a detailed breakdown of the items included is provided per line of business.

(2) According to Argentine GAAP, the share of losses and profits from subsidiaries, associates and joint ventures is shown after the financial results. Likewise, under IFRSs, the share of profits and losses from subsidiaries, associates and joint ventures is generally shown after the financial results. However, where subsidiaries, associates and joint ventures are an integral vehicle to carry out the Company's operations, it is more adequate to show the share of profits and losses of subsidiaries, associates and joint ventures before financial results. In accordance with its strategy, the Company conducts its operations through controlled companies, associates or joint ventures. Therefore, under RT 26, the Company shows the profits or losses from subsidiaries, associates and joint ventures before the financial results. For simplicity, the share of profits and losses from subsidiaries, associates and joint ventures is shown before financial results, in Column I.

(3) According to Argentine GAAP, the financial results are separated between those generated by assets from those generated by liabilities. According to RT 26, the Company adopted the policy based on showing the finance income and the finance cost separately in the statements of income. In order to simplify the explanations, the Company reclassified the accounts according to Argentine GAAP presented in the captions "Financial results generated by assets" and "Financial results generated by liabilities" to "Finance Income" and "Finance Cost", respectively, in Column I.

(4) According to RT 26, income and expense items not recognized in the statements of income (that is, exchange differences related to translation of foreign businesses) are shown in the statement of comprehensive income as "Other comprehensive income". According to Argentine GAAP in force, the statements of comprehensive income are not mandatory and, therefore, such items are recognized as part of shareholders' equity, in a separate reserve account. For simplicity, these items are shown in "Other comprehensive income" in Column I.

2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.12.1 Reclassifications (Column II)

Reclassifications affecting the statements of financial position

The column titled “Reclassifications” reflects the various differences in disclosure and format between the statements of financial position according to Argentine GAAP and RT 26. Unless otherwise stated, amounts have been reclassified for presentational purposes under RT 26 prior to affecting the corresponding RT 26 adjustments, as applicable, to the Argentine GAAP amounts. The impact of the RT 26 adjustments on reclassified balances is included in Column III titled “Measurement Adjustments” and is further discussed in Note 2.3.12.2 below. Unless otherwise stated, these reclassifications affect both the statements of financial position as of the transition date, i.e. July 1st, 2011, December 31, 2011, and as of June 30, 2012.

(a) Investment properties

The reclassification is consistent with the one described in Note 2.3.12.2 a) to the Unaudited Condensed Interim Consolidated Financial Statements.

(b) Trading properties

The reclassification is consistent with the one described in Note 2.3.12.2 b) to the Unaudited Condensed Interim Consolidated Financial Statements.

(c) In-kind receivables from barter transactions

The reclassification is consistent with the one described in Note 2.3.12.2 c) to the Unaudited Condensed Interim Consolidated Financial Statements.

(d) Non-current investments – investments in financial assets

The reclassification is consistent with the one described in Note 2.3.12.2 d) to the Unaudited Condensed Interim Consolidated Financial Statements.

(e) Current investments – investments in financial assets

The reclassification is consistent with the one described in Note 2.3.12.2 e) to the Unaudited Condensed Interim Consolidated Financial Statements.

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.12.1 Reclassifications (Column II) (Continued)

(f) Advances for purchases of property, plant and equipment, inventories and investments in associates and joint ventures

The reclassification is consistent with the one described in Note 2.3.12.2 f) to the Unaudited Condensed Interim Consolidated Financial Statements.

(g) Computer Software

The reclassification is consistent with the one described in Note 2.3.12.2 g) to the Unaudited Condensed Interim Consolidated Financial Statements.

Reclassifications affecting the statements of income for the six and three-month periods ended December 31, 2011 and for the year ended June 30, 2012

(i) Revenues – service income and service charges

The reclassification is consistent with the one described in Note 2.3.12.2 i) to the Unaudited Condensed Interim Consolidated Financial Statements.

(ii) Gain from disposal of investment properties

The reclassification is consistent with the one described in Note 2.3.12.2 ii) to the Unaudited Condensed Interim Consolidated Financial Statements.

(iii) Other operating results, net

The reclassification is consistent with the one described in Note 2.3.12.2 iii) to the Unaudited Condensed Interim Consolidated Financial Statements.

(iv) Investments in financial assets

The reclassification is consistent with the one described in Note 2.3.12.2 iv) to the Unaudited Condensed Interim Consolidated Financial Statements.

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.12.1 Reclassifications (Column II) (Continued)

Reclassifications affecting the statements of cash flows for the six-month period ended December 31, 2011 and for the fiscal year ended June 30, 2012.

Under Argentine GAAP, the effect of changes in exchange rate of cash and cash equivalents were shown as operating activities and were not presented as a forth category in the statement of cash flow, as RT 26 required.

Additionally, pursuant to Argentine GAAP, proceeds derived from sale of property, plant and equipment (including properties classified as investment properties under RT 26) were reported as operating activities. In accordance with RT 26, proceeds derived from sale of investment properties and property, plant and equipment are reported as investment activities.

Finally, according to Argentine GAAP, the acquisition of non-controlling interests was reported as investing activities, while under RT 26 are reported as cash from financing activities.

Thus, cash flows generated by or used in operating, investing and financing activities were different in the statement of cash flow prepared under Argentine GAAP.

2.3.12.2 Measurement adjustments (Column III)

Argentine GAAP differs in certain significant respects from RT 26. Such differences involve methods of measuring the amounts shown in the consolidated financial statements, as further described below:

(A) Foreign currency translation

The Company has applied the one-time exemption to set the foreign currency cumulative translation adjustment ("CTA") to zero as of July 1st, 2011

(B) Revenue recognition – "scheduled rent increases"

The adjustment is consistent with the one described in Note 2.3.12.3 B) to the Unaudited Condensed Interim Consolidated Financial Statement.

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.12.2 Measurement adjustments (Column III) (Continued)

(C) Trading properties

The adjustment is consistent with the one described in Note 2.3.12.3 D) to the Unaudited Condensed Interim Consolidated Financial Statements.

(D) Pre-operating and organization expenses

The adjustment is consistent with the one described in Note 2.3.12.3 E) to the Unaudited Condensed Interim Consolidated Financial Statements.

(E) Goodwill

Goodwill:

The adjustment is consistent with the one described in Note 2.3.12.3 F) to the Unaudited Condensed Interim Consolidated Financial Statements.

Negative goodwill:

The adjustment is consistent with the one described in Note 2.3.12.3 G) to the Unaudited Condensed Interim Consolidated Financial Statements.

(F) Non-current investments – financial assets

The adjustment is consistent with the one described in Note 2.3.12.3 H) to the Unaudited Condensed Interim Consolidated Financial Statements.

(G) Initial direct costs on operating leases

The adjustment is consistent with the one described in Note 2.3.12.3 I) to the Unaudited Condensed Interim Consolidated Financial Statements.

(H) Tenant deposits

The adjustment is consistent with the one described in Note 2.3.12.3 J) to the Unaudited Condensed Interim Consolidated Financial Statements.

2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.3.12.2 Measurement adjustments (Column III) (Continued)

(I) Present value accounting – tax credits

The adjustment is consistent with the one described in Note 2.3.12.3 L) to the Unaudited Condensed Interim Consolidated Financial Statements.

(J) Investment properties

The adjustment is consistent with the one described in Note 2.3.12.3 M) to the Unaudited Condensed Interim Consolidated Financial Statements.

(K) Impact of adjustments according to RT 26 in investments in subsidiaries

Argentine GAAP - Investment in entities in which the Company exercises control, are accounted for under equity method. Under this method, the investment is recognized at its original cost and periodically increased (decreased) for the investor share in profits (loss) of the subsidiary, and decreased by dividends received from the subsidiary. The Company applies its share to the financial statements of its investments booked under the equity method, prepared in accordance with Argentine GAAP.

As of July 1st, 2011, and June 30, 2012, the subsidiaries of the Company are those detailed in Exhibit I.

RT 26 – The Company has assessed all of its interests in the companies indicated in the preceding paragraph and has determined that it exercises control over all of them. Consequently, under RT 26, the Company also accounts for such investments under the equity method. Nevertheless, the Company has assessed the impact of adjustments to RT 26 to financial statements of such entities prepared under the Argentine GAAP in force, before the application of the equity method.

In Notes 2.3.12.3 (B),(C),(D),(E),(F),(G),(H),(I),(J),(K),(L),(N),(O),(P),(S) and (T) to the Unaudited Condensed Interim Consolidated Financial Statements, there is a description of the most significant adjustments to the shareholders’ equity and profit or loss of subsidiaries, as per RT 26.

2. Basis of preparation and adoption of Technical Resolution No. 26 ("RT 26") (Continued)

2.3.12.2 Measurement adjustments (Column III) (Continued)

(L) Impact of adjustments according to RT 26 in investments in associates

The adjustment is consistent with the one described in Note 2.3.1.12.3 N) to the Unaudited Condensed Interim Consolidated Financial Statements.

(M) Impact of adjustments to RT 26 in investments in joint ventures

The adjustment is consistent with the one described in Note 2.3.1.12.3 O) to the Unaudited Condensed Interim Consolidated Financial Statements.

(N) Acquisition of non-controlling interest

The adjustment is consistent with the one described in Note 2.3.12.3 P) to the Unaudited Condensed Interim Consolidated Financial Statements.

(O) Amortization of borrowing costs

The adjustment is consistent with the one described in Note 2.3.12.3 Q) to the Unaudited Condensed Interim Consolidated Financial Statements.

(P) Currency translation adjustments

The adjustment is consistent with the one described in Note 2.3.12.3 R) to the Unaudited Condensed Interim Consolidated Financial Statements.

(Q) Deferred income tax

The adjustment is consistent with the one described in Note 2.3.12.3 S) to the Unaudited Condensed Interim Consolidated Financial Statements.

2.4. Significant accounting policies

The principal accounting policies adopted for the preparation of these Unaudited Condensed Interim Separate Financial Statements are consistent with those used in preparing the information under RT 26 as of June 30, 2012 (which is shown in Exhibit I), and are based on those IFRS expected to be in force on June 30, 2013 (except for the accounting of investments in subsidiaries, associates and joint ventures, as described in Note 2.1). In addition, the most significant accounting policies are described in Exhibit I.

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2. Basis of preparation and adoption of Technical Resolution No. 26 (“RT 26”) (Continued)

2.5. Use of estimates

The preparation of financial statements at a certain date requires the Management to make estimates 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 the Unaudited Condensed Interim Separate Financial Statements, the main significant judgments made by Management in applying the Company’s accounting policies and the major sources of uncertainty were the same that the Company used in the preparation of financial statements as of and for the fiscal year ended June 30, 2012, which are described in Exhibit I.

3. Acquisitions and disposals

See the summary of acquisitions and disposals made by the Company for the six-month period ended December 31, 2012 in Note 3 to the Unaudited Condensed Interim Consolidated Financial Statements.

4. Financial risk management

4.1. Risk management principles and processes

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

Exhibit I provides information on financial risk management as of June 30, 2012 and July 1st, 2011. Since June 30, 2012 there have been no changes in the risk management or risk management policies applied by the Company.

4.2. Fair value estimates

Since June 30, 2012 there have been no significant changes in business on economic circumstances affecting the fair value of the Company's financial assets or liabilities (either measured at fair value or amortized cost), nor any transfers between the different hierarchies used to assess the fair value of the Company's financial instruments and/ or reclassifications between categories of financial instruments.

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

5. Information about principal subsidiaries, associates and joint ventures

The Company conducts its business through several operating and holding subsidiaries, associates and joint ventures.

Set out below is the summarized financial information for investments in subsidiaries, associates and joint ventures for the six-month period ended December 31, 2012 and for the year ended June 30, 2012:

Subsidiaries

	12.31.2012	06.30.2012
Beginning of the period/year	3,031,541	2,984,283
Acquisition of subsidiaries	-	202
Capital contribution	86,329	68,857
Disposal of subsidiaries	-	(19,448)
Share of profit, net	271,168	274,690
Translation adjustment (iii)	10,506	5,344
Dividend payments (ii)	(139,417)	(284,431)
Reimbursement of expired dividends	591	
Acquisition of non-controlling interest	(1,142)	
Reserve for share-based compensation	2,426	2,044
End of the period/year (i)	3,262,002	3,031,541

(i) Includes (Ps. 209) of investments with negative equity as of December 31, 2012, which are classified to Provisions (Note 16)
(ii) During the period, the Company collected dividends from APSA and Nuevas Fronteras S.A. for an amount of Ps. 133.8 million and Ps. 5.6 million, respectively.
(iii) As of December 31, 2012, corresponds to the translation adjustment of the period plus the reclassification of translation adjustment.

Associates

	12.31.2012	06.30.2012
Beginning of the period/year	206,245	188,317
Acquisition of associates	-	1,429
Share of profit, net	9,344	16,499
Dividend payments	(8,452)	-
End of the period/year	207,137	206,245

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5. Information about principal subsidiaries, associates and joint ventures (Continued)

Joint ventures

	12.31.2012	06.30.2012
Beginning of the period/year	119,644	117,125
Capital contributions	419	715
Share of profit, net	7,159	1,804
End of the period/year	127,222	119,644

6. Investment properties

Changes in Company's investment properties for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31. 2012	06.30.2012
Beginning of the period/year	890,433	925,906
Additions	1,207	12,343
Sales (ii)	(25,772)	(27,365)
Depreciation charge (i)	(14,223)	(20,451)
End of the period/year	851,645	890,433

(i) Depreciation charges of investment properties were included in "Costs" in the Statement of Income (Note 22).
(ii) See Note 3 to the Unaudited Condensed Interim Consolidated Financial Statements.

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

	12.31.2012	12.31.2011
Rental and service income	125,161	110,137
Direct operating expenses	(54,104)	(15,033)
Gain from disposal of investment properties	55,959	24,727

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

7. Property, plant and equipment, net

Changes in Company's property, plant and equipment for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period/year	8,765	10,138
Additions	326	2,705
Disposals of unused property, plant and equipment	(817)	(2,366)
Depreciation charge (i)	(383)	(1,712)
End of the period/year	7,891	8,765

(i) Depreciation charges of property, plant and equipment were included in "General and administrative expenses" and "Costs" in the statement of income (Note 22).

8. Trading properties

Changes in Company's trading properties for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period/year	71,117	76,092
Additions	-	1,886
Sales	(3,145)	(6,861)
End of the period/year	67,972	71,117

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

9. Intangible assets

Changes in Company's intangible assets for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 were as follows:

	12.31.2012	06.30.2012
Beginning of the period/year	5,987	8,724
Additions	69	1,188
Disposals	-	(2,951)
Amortization charge (i)	(144)	(974)
End of the period/year	5,912	5,987

(i) Amortization charges of intangible assets are included in "General and administrative expenses" in the statement of income (Note 22).

10. Inventories

Company's inventories as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Current			
Materials and other inventories (i)	480	474	427
Current inventories	480	474	427
Total inventories	480	474	427

(i) The cost of inventories is recorded in "Costs" in the statement of income (Note 22).

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11. Trade and other receivables, net

Company's trade and other receivables as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Non-current			
Leases and services receivable	9,587	10,322	3,072
Non-current trade receivables	9,587	10,322	3,072
Minimum Presumed Income tax (MPIT)	89,579	76,328	54,278
Others	526	-	366
Non-current other receivables	90,105	76,328	54,644
Related parties (Note 27)	39,918	52,799	2,851
Total non-current trade and other receivables, net	139,610	139,449	60,567
Current			
Sale, leases and services receivable	32,287	29,663	32,700
Checks to be deposited	17	16	6,908
Notes receivable	-	381	-
Debtors under legal proceedings	3,006	2,911	8,596
Less: allowance for sales, leases and services receivable	(5,160)	(4,783)	(9,822)
Trade receivables, net	30,150	28,188	38,382
Gross sales tax credit and others	633	414	-
Other tax receivables	1,221	2,530	2,363
Prepaid expenses	316	4,974	5,417
Expenses and services to recover	1,423	2,369	-
Advance payments	2,352	1,255	1,904
Others	977	1,222	8,395
Less: allowance for other receivables	(23)	-	-
Current other receivables, net	6,899	12,764	18,079
Related parties (Note 27)	48,385	26,902	70,144
Current trade and other receivables, net	85,434	67,854	126,605
Total trade and other receivables, net	225,044	207,303	187,172

Movements on the Company's allowance for trade and other receivables are as follows:

	12.31.2012	06.30.2012
Beginning of the period/year	4,783	9,822
Additions of the period/year	735	938
Unused amounts reversed	(335)	(533)
Used during the period/year	-	(5,444)
End of the period/year	5,183	4,783

The creation and release of provision for impaired receivables have been included in "Selling expenses" in the statement of income (Note 22). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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12. Investments in financial assets

Company's investments in financial assets as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Non-current			
Financial assets at fair value			
Investment in equity securities in TGLT S.A	72	86	105
Investment in equity securities in Hersha	-	19,608	18,337
Other equity securities in public companies	58	221	271
Financial assets at amortized cost			
Convertible notes APSA 2014 (Note 27)	-	143,679	130,444
Total Non-current investments in financial assets	130	163,594	149,157
Current			
Financial assets at fair value			
Mutual funds	8,473	2,494	2,170
Public companies securities	-	11,643	2,892
Financial assets at amortized cost			
Non-convertible notes APSA 2012 (Note 27)	-	-	13,367
Convertible notes APSA 2014 (Note 27)	156,089	-	-
Interest on convertible notes APSA 2014 (Note 27)	7,056	6,534	5,861
Other investments	9	9	12
Total Current investments in financial assets	171,627	20,680	24,302
Total investments in financial assets	171,757	184,274	173,459

13. Cash flow information

The following table shows the amounts of cash and cash equivalents as of December 31, 2012, June 30, 2012 and July 1, 2011:

	12.31.2012	06.30.2012	07.01.2011
Cash at bank and on hand	119,823	76,405	27,276
Mutual funds.	207	467	17,887
Total cash and cash equivalents	120,030	76,872	45,163

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13. Cash flow information (Continued)

Following is a detailed description of cash flows generated by the Company's operations for the six-month periods ended December 31, 2012 and 2011.

	Note	12.31.2012	12.31.2011
Profit for the period		223,782	81,551
Adjustments for:			
Income tax	18	(43,601)	(42,853)
Depreciation and amortization	22	14,750	11,485
Gain from disposal of investment property	6	(55,959)	(24,727)
Disposals of unused property, plant and equipment	7	817	-
Share-based payments	26	625	518
Loss of derivative financial instruments	25	-	876
Changes in fair value of investments in financial assets	25	(26,438)	5,829
Dividends income	25	-	(419)
Interest expense, net		103,270	99,221
Provisions and allowances		28,517	17,584
Share of (profit)/ loss of subsidiaries, associates and joint ventures		(287,671)	(145,390)
Unrealized foreign exchange (gain) / loss, net		109,858	47,611
Increase in inventories		(6)	(47)
Decrease in trading properties		3,145	4,108
Decrease in trade and other receivables, net		2,671	14,451
Decrease in trade and other payables		(6,089)	(7,254)
Decrease in salaries and social security liabilities		(4,532)	(550)
Net cash generated by operating activities		63,139	61,994

Additional information

		12.31.2012	12.31.2011
Increase in investments in financial assets through an increase in borrowings		18,767	-
Dividends receivable		5,615	819
Increase in trade and other receivables, net through an increase in trade and other payables		-	3,032
Borrowing capitalization to subsidiaries, associates and joint ventures		4,647	-
Transfer of trade and other receivables to investment properties		-	2,222
Reserve for share-based payment compensation	5	2,426	1,794
Cumulative translation adjustment		10,506	8,784
Acquisition of non-controlling interest		1,142	15,311
Reimbursement of expired dividends	5	591	3,640
Dividends payable		52,487	-

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

14. Trade and other payables

Company's trade and other payables for the six-month period ended December 31, 2012 and for the year ended June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Non-current			
Sales, rent and services payments received in advance	9,303	617	-
Guarantee deposits	4,277	5,739	4,285
Trade payables	13,580	6,356	4,285
Others	365	327	747
Non-current other payables	365	327	747
Related parties (Note 27)	17	16	-
Non-current trade and other payables	13,962	6,699	5,032
Current			
Trade payables	5,320	7,061	6,635
Invoices to be received	8,104	10,019	6,746
Sales, rent and service payments received in advance	18,700	10,216	4,971
Guarantee deposits	3,349	1,336	2,901
Total current trade payables	35,473	28,632	21,253
VAT payables	1,854	6,961	6,635
Other tax payables	13,597	10,098	6,116
Dividends payable to non-controlling shareholders	51,583	28,632	-
Others	2,801	3,254	1,302
Current other payables	69,835	48,945	14,053
Related parties (Note 27)	33,687	35,651	17,387
Current trade and other payables	138,995	113,228	52,693
Total trade and other payables	152,957	119,927	57,725

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

15. Salaries and social security liabilities

Company's Salaries and social security liabilities as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

	12.31.2012	06.30.2012	07.01.2011
Current			
Provision for vacation and bonuses	2,254	4,475	2,720
Salaries payable	18	252	72
Social security payable	601	424	294
Total current salaries and social security liabilities	2,873	5,151	3,086
Total salaries and social security liabilities	2,873	5,151	3,086

16. Provisions

The table below shows the movements in Company's provisions categorized by type of provision:

	Labor, legal and other claims	Investments in subsidiaries (*)	Total
At July 1st, 2011	1,082	-	1,082
Additions	5,992	99	6,091
Used during year	(100)	-	(100)
At June 30, 2012	6,974	99	7,073
Additions	5,782	110	5,892
Used during period	(317)	-	(317)
At December 31, 2012	12,439	209	12,648

(*) Corresponds to investments in subsidiaries, associates and joint ventures with negative equity.

The analysis of total provisions is as follows:

	12.31.2012	06.30.2012	07.01.2011
Non-current	7,084	6,198	-
Current	5,564	875	1,082
	12,648	7,073	1,082

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17. Borrowings

Company's borrowings as of December 31, 2012, June 30, 2012 and July 1st, 2011 were as follows:

							Book value	
	Secured/ unsecured	Currency	Fixed/ floating	Effective interest rate %	Nominal value	12.31.2012	06.30.2012	07.01.2011
Non-current								
IRSA NCN due 2013	Unsecured	Ps.	Floating	Badlar +2.49%	153,152	-	51,032	-
IRSA NCN due 2014	Unsecured	US$	Fixed	7.45 %	33,832	41,587	114,665	-
IRSA NCN due 2017 (Note 27)	Unsecured	US$	Fixed	8.50 %	150,000	734,930	675,852	612,419
IRSA NCN due 2020	Unsecured	US$	Fixed	11.50 %	150,000	719,553	661,078	598,116
Long-term loans	Secured	US$	Fixed	12 %	-	-	-	27,585
Related parties (Note 27)	Unsecured	Ps.	Floating	Badlar	13,532	13,996	-	-
Related parties (Note 27)	Unsecured	US$	Floating	Libor 3m +200	8,012	39,403	36,271	55,139
Related parties (Note 27)	Unsecured	US$	Fixed	7.50 %	2,224	16,645	11,418	-
Finance lease obligations	Secured	US$	Fixed	7.50 %	25	34	53	-
Total non-current borrowings						1,566,148	1,550,369	1,293,259
Current								
IRSA NCN due 2013	Unsecured	Ps.	Floating	Badlar +2.49 %	153,152	156,319	102,888	-
IRSA NCN due 2014	Unsecured	US$	Fixed	7.45 %	33,832	125,556	38,278	-
IRSA NCN due 2017 (Note 27)	Unsecured	US$	Fixed	8.5 %	150,000	25,252	23,175	20,960
IRSA NCN due 2020	Unsecured	US$	Fixed	11.5 %	150,000	37,000	34,003	30,800
Bank overdrafts	Unsecured	Ps.	Floating		153,935	155,271	143,997	365,198
Short-term loans	Unsecured	Ps.	Floating	18.85% the lowest	-	-	50,004	50,240
Short-term loans	Unsecured	Ps.	Fixed	14 %	-	-	30,335	29,890

Short-term loans	Secured	US$	Fixed	12	%	968	1,004	914	28,728
Finance lease obligations	Secured	US$	Fixed	7.50	%	24	116	157	-
Related parties (Note 27)	Unsecured	Ps.	Floating	Badlar		67,369	70,162	7	-
Related parties (Note 27)	Unsecured	Ps.	Fixed	7.50	%	6,000	29,763	-	-
Related parties (Note 27)	Unsecured	US$	Floating	Libor 3m +200bps		8,012	404	410	198
Related parties (Note 27)	Unsecured	US$	Fixed	5	%	5,950	30,121	27,447	5,172
Total Current borrowings							630,968	451,615	531,186
Total borrowings							2,197,116	2,001,984	1,824,445

NCN: Non-convertible Notes

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

18. Current and deferred income tax

The details of the provision for the Company's income tax are as follows:

	12.31.2012	12.31.2011
Current income tax	-	-
Deferred income tax	43,601	42,853
Income tax	43,601	42,853

The gross movement on the deferred income tax account is as follows:

	12.31.2012	06.30.2012
Beginning of period/year	(19,179)	(79,464)
Income tax gain	43,601	60,285
End of period/year	24,422	(19,179)

Below is a reconciliation between income tax expense and the amount that would arise using the income tax rate applicable to Profit Before Income Tax for the six-month periods ended December 31, 2012 and 2011:

	12.31.2012	12.31.2011
Net income at tax rate	63,063	13,544
Permanent differences:		
Share of profit / (loss) from subsidiaries, associates and joint ventures	(100,685)	(50,887)
Others	(6,043)	(3,074)
Non-deductible items	64	(2,436)
Income tax expense	(43,601)	(42,853)

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

19. Dividends

During the period ended December 31, 2012 the Company has paid dividends for an amount of Ps. 163.2 million.

Dividends for the year ended June 30, 2012 amounted to Ps. 180.0 million, which were approved at the Annual General Ordinary Shareholders' Meeting on October 31, 2012.

20. Revenues

	12.31.2012	12.31.2011
Rental and scheduled rent increases	90,440	82,993
Expenses	32,777	26,024
Property management fee	1,775	1,095
Others	170	26
Total rental and service income	125,162	110,138
Sale of trading properties	12,299	15,469
Total other revenue	12,299	15,469
Total revenues	137,461	125,607

21. Costs

	12.31.2012	12.31.2011
Leases and service costs	49,841	41,058
Cost of sales and development	4,264	5,629
Total cost of property operations	54,105	46,687
Total costs	54,105	46,687

22. Expenses by nature

The Company disclosed expenses in the statements of income by function as part of the line items "Costs", "General and administrative expenses" and "Selling expenses".

The following tables provide the additional required disclosure of expenses by nature and their relationship to the function within the Group.

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

22. Expenses by nature (Continued)

For the period ended December 31, 2012:

	Costs				
	Cost of property operations	Cost of sale of trading properties	General and administrative expenses	Selling expenses	Total
Leases and service charges	6,684	561	189	-	7,434
Depreciation and amortization	14,288	1	441	20	14,750
Allowances for trade and other receivables	-	-	-	400	400
Salaries, social security costs and other personnel expenses	5,243	59	12,856	2,130	20,288
Director´s fees	-	-	18,596	-	18,596
Fees and payments for services	1,463	40	3,277	544	5,324
Maintenance, security, cleaning, repairs and others	17,912	29	1,181	67	19,189
Taxes, rates and contributions	3,720	419	187	2,961	7,287
Advertising and others selling expenses	-	-	-	1,043	1,043
Cost of sale of trading properties	-	3,145	-	-	3,145
Others	531	10	2,191	140	2,872
Total expenses by nature	49,841	4,264	38,918	7,305	100,328

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

22. Expenses by nature (Continued)

For the period ended December 31, 2011:

	Costs				
	Cost of property operations	Cost of sale of trading properties	General and administrative expenses	Selling expenses	Total
Leases and service charges	5,604	745	362	3	6,714
Depreciation and amortization	11,144	-	341	-	11,485
Allowances for trade and other receivables	-	-	-	179	179
Salaries, social security costs and other personnel expenses	5,553	42	13,882	1,743	21,220
Director´s fees	-	-	9,755	-	9,755
Fees and payments for services	771	269	3,433	615	5,088
Maintenance, security, cleaning, repairs and others	13,503	35	942	79	14,559
Taxes, rates and contributions	4,104	430	80	2,869	7,483
Advertising and others selling expenses	-	-	-	1,525	1,525
Cost of sale of trading properties	-	4,108	-	-	4,108
Others	379	-	2,510	72	2,961
Total expenses by nature	41,058	5,629	31,305	7,085	85,077

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

23. Employee costs

	12.31.2012	12.31.2011
Salaries, bonuses and social security costs	18,895	19,786
Share-based compensation	625	518
Pension costs – defined contribution plan	29	64
Other expenses and benefits	739	852
Employee costs	20,288	21,220

24. Other operating results, net

	12.31.2012	12.31.2011
Related parties management fees (Note 27)	324	360
Personal assets tax	(1,901)	(1,948)
Donations	(178)	(2,050)
Lawsuits and other contingencies (1)	(5,868)	(4,461)
Others	(1,662)	1,444
Total other operating results, net	(9,285)	(6,655)

(1) Includes judicial costs and expenses

25. Financial results, net

	12.31.2012	12.31.2011
Finance income:		
- Interest income	9,959	11,010
- Foreign exchange gains	32,799	13,641
- Fair value gains of investments in financial assets	26,438	-
- Dividends income	-	419
Total finance income	69,196	25,070
Finance costs:		
- Interest expense	(114,486)	(110,231)
- Foreign exchange losses	(140,378)	(67,358)
- Loss on derivatives financial instruments	-	(876)
- Fair value loss of investments in financial assets	-	(5,829)
- Other finance costs	(5,629)	(6,070)
Total finance costs	(260,493)	(190,364)
Total financial results, net	(191,297)	(165,294)

26. Share-based payments

For more details on share-based payments, see Note 30 to the Unaudited Condensed Interim Consolidated Financial Statements.

IRSA Inversiones y Representaciones Sociedad Anónima
Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)
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27. Related party transactions

The following is a summary of the balances with related parties as of December 31, 2012:

Related party	Ref.	Description of transaction	Investments in financial assets	Trade and other receivables, net	Trade and other receivables net	Trade and other payables	Trade and other payables	Borrowings	Borrowings
			Current	Non-current	Current	Current	Non-current	Current	Non-Current
Consultores Asset Management S.A.	(5)	Reimbursement of expenses	-	-	2,330	(36)	-	-	-
Estudio Zang, Bergel & Viñes	(6)	Advances	-	-	53	-	-	-	-
		Legal service fees	-	-	-	(377)	-	-	-
Fundación IRSA	(5)	Reimbursement of expenses	-	-	30	(3)	-	-	-
Museo de los Niños	(5)	Reimbursement of expenses	-	-	34	(12)	-	-	-
Directors	(6)	Reimbursement of expenses	-	-	157	-	-	-	-
		Fees	-	-	686	(17,385)	-	-	-
		Guarantee deposits	-	-	-	-	(8)	-	-
Quality Invest S.A.	(10)	Reimbursement of expenses	-	-	7	(48)	-	-	-
New Lipstick LLC	(5)	Reimbursement of expenses	-	-	1,180	-	-	-	-
Banco Hipotecario S.A.	(3)	Reimbursement of expenses	-	-	-	(81)	-	-	-
Cyrsa S.A.	(4)	Reimbursement of expenses	-	-	701	(19)	-	-	-
		Borrowings	-	-	-	-	-	(70,155)	-
Tarshop S.A.	(8)	Reimbursement of expenses	-	-	6	-	-	-	-
Alto Palermo S.A.	(2)	Reimbursement of expenses	-	-	3,581	(664)	-	-	-
		Convertible Notes 2014	163,145	-	-	-	-	-	-

		Share-based payment	-	-	12	-	-	-	-
		Share services	-	-	-	(236)	-	-	-
		Borrowings	-	-	-	-	-	(29,763)	-
Doneldon S.A.	(2)	Reimbursement of expenses	-	-	16	-	-	-	-
Arcos del Gourmet S.A.	(7)	Reimbursement of expenses	-	-	7	-	-	-	-
E-Commerce Latina S.A.	(2)	Reimbursement of expenses	-	-	17	-	-	-	-
		Borrowings	-	-	-	-	-	-	(9,989)
Efanur S.A.	(2)	Reimbursement of expenses	-	-	43	-	-	-	-
		Borrowings	-	39,913	-	-	-	-	

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)
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27. Related party transactions (Continued)

Related party	Ref.	Description of transaction	Investments in financial assets	Trade and other receivables, net	Trade and other receivables, net	Trade and other payables	Trade and other payables	Borrowings	Borrowings
			Current	Non-current	Current	Current	Non-current	Current	Non-current
Emprendimientos Recoleta S.A.	(7)	Reimbursement of expenses	-	-	-	(1)	-	-	-
		Non-Convertible Note IRSA Class I 2017	-	-	-	-	-	(341)	(6,460)
Fibesa S.A.	(7)	Reimbursement of expenses	-	-	35	(5)	-	-	-
Hoteles Argentinos S.A.	(2)	Reimbursement of expenses	-	-	54	-	-	-	-
		Other liabilities	-	-	-	(987)	-	-	-
Imadison LLC	(5)	Reimbursement of expenses	-	-	824	-	-	-	-
Inversora Bolivar S.A.	(2)	Reimbursement of expenses	-	-	36	(67)	-	-	-
		Borrowings	-	-	-	-	-	-	(11,941)
IRSA International LLC	(11)	Reimbursement of expenses	-	-	885	(657)	-	-	-
Jiwin S.A.	(2)	Reimbursement of expenses	-	-	3	-	-	-	-
Llao Llao Resorts S.A.	(2)	Reimbursement of expenses	-	-	2,084	-	-	-	-
		Guarantee deposits	-	-	-	-	(9)	-	-
		Borrowings	-	-	84	-	-	-	-
Nuevas Fronteras S.A.	(2)	Reimbursement of expenses	-	-	-	(7)	-	-	-
		Management fees	-	-	67	-	-	-	-
		Borrowings	-	-	-	-	-	(30,120)	-
Palermo Invest S.A.	(2)	Reimbursement of expenses	-	-	31	-	-	-	-
		Borrowings	-	-	80	-	-	(8)	(5,059)
Panamerican Mall S.A.	(7)	Reimbursement of expenses	-	-	137	-	-	-	-
		Non-Convertible Note IRSA Class I 2017	-	-	-	-	-	(581)	(10,999)

Real Estate Investment Group LP	(3)	Reimbursement of expenses	-	-	35	(25)	-	-	-
Real Estate Investment Group LP V	(3)	Reimbursement of expenses	-	-	11	-	-	-	-
Real Estate Strategies Group LP	(3)	Reimbursement of expenses	-	-	1,230	-	-	-	-

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27. Related party transactions (Continued)

Related party	Ref.	Description of transaction	Investments in financial assets Current	Trade and other receivables, net Non current	Trade and other receivables, net Current	Trade and other payables Current	Trade and other payables Non Current	Borrowings Current	Borrowings Non Current
Ritelco S.A.	(2)	Reimbursement of expenses	-	-	16	(15)	-	-	-
		Borrowings	-	-	-	-	-	(404)	(43,055)
Sedelor S.A.	(2)	Reimbursement of expenses	-	-	16	-	-	-	-
Solares Santa María S.A.	(2)	Reimbursement of expenses	-	-	3,359	-	-	-	-
		Borrowings	-	5	-	-	-	-	-
Torodur S.A.	(7)	Reimbursement of expenses	-	-	148	-	-	-	-
Tyrus S.A.	(2)	Reimbursement of expenses	-	-	101	(1)	-	-	-
		Borrowings	-	-	21,118	-	-	-	-
Unicity S.A.	(2)	Reimbursement of expenses	-	-	5	-	-	-	-
Zetol S.A.	(5)	Reimbursement of expenses	-	-	136	-	-	-	-
Codalis S.A.	(2)	Reimbursement of expenses	-	-	24	-	-	-	-
Canteras Natal Crespo S.A.	(4)	Reimbursement of expenses	-	-	838	-	-	-	-
		Capital contribution to be received	-	-	4	-	-	-	-
		Borrowings	-	-	93	-	-	-	-
		Management fee	-	-	164	-	-	-	-
Baicom Networks S.A.	(5)	Reimbursement of expenses	-	-	12	-	-	-	-
Puerto Retiro S.A.	(9)	Reimbursement of expenses	-	-	154	-	-	-	-
Cresud S.A.C.I.F. y	(1)	Reimbursement of expenses	-	-	2,746	(207)	-	-	-

A.

		Share services	-	-	4,093	(11,949)	-	-	-
		Dividends	-	-	-	(903)	-	-	-
		Borrowings	-	-	171	-	-	-	-
		Sale of properties	-	-	701	-	-	-	-
Futuros y Opciones .Com S.A.	(5)	Reimbursement of expenses	-	-	-	(2)	-	-	-
Alafox S.A.	(2)	Reimbursement of expenses	-	-	26	-	-	-	-
Helmir S.A.	(5)	Reimbursement of expenses	-	-	1	-	-	-	-
Nuevo Puerto Santa Fe S.A.	(10)	Reimbursement of expenses		-	3	-	-	-	-
Total			163,145	39,918	48,385	(33,687)	(17)	(131,372)	(87,503)

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)
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Free translation from the original prepared in Spanish for publication in Argentina.

27. Related party transactions (Continued)

The following is a summary of the results and transactions with related parties for the six-month period ended December 31, 2012:

Related party	Ref.	Leases	Fees	Income from services and share expenses	Legal services	Interest Income / (Loss)
Alto Palermo S.A.	(2)	2,223	1,100	178	-	7,176
Canteras Natal Crespo S.A.	(4)	-	-	48	-	5
Consultores Assets Management S.A.	(5)	80	-	-	-	-
Cresud S.A.C.I.F. y A.	(1)	704	(12,272)	43	-	297
Cyrsa S.A.	(4)	-	-	-	-	(2,792)
Directors	(6)	-	(4,366)	-	-	-
E-Commerce Latina S.A.	(2)	-	-	3	-	(360)
Estudio Zang, Bergel & Viñes	(6)	-	-	-	(516)	-
Fibesa S.A.	(7)	437	-	35	-	-
Inversora Bolivar S.A.	(2)	-	-	-	-	(405)
Llao Llao Resorts S.A.	(2)	60	-	-	-	83
Nuevas Fronteras S.A.	(2)	-	-	273	-	(694)
Tyrus S.A.	(2)	-	-	-	-	87
Efanur S.A.	(2)	-	-	-	-	650
Palermo Invest S.A.	(2)	-	-	-	-	(156)
Emprendimiento Recoleta S.A.	(7)	-	-	-	-	(214)
Ritelco S.A.	(2)	-	-	-	-	(509)
Tarshop S.A.	(8)	1,608	-	153	-	-
Panamerican Mall S.A.	(7)	-	-	-	-	(365)
Total		5,112	(15,538)	733	(516)	2,803

(1) Shareholder
(2) Subsidiary
(3) Associate
(4) Joint venture
(5) Related
(6) Related to the Board of Directors
(7) Subsidiary of APSA
(8) Associate of APSA
(9) Joint venture through Inversora Bolívar S.A.
(10) Joint venture of APSA
(11) Associate of Tyrus

28. Negative working capital

At the end of the period, the Company had negative working capital. This situation is presently being considered by the Board of Directors and by Management.

29. Subsequent Events

Acceptance of repurchase offer

On January 14, 2013, IRSA accepted the offer submitted by APSA to repurchase all of the Series I convertible notes issued by APSA, which mature in July 2014 and amount as of the date of these financial statements to a par value of US$ 31.7 million, for a total price of US$ 35.4 million, or US$ 1.1148554 per each convertible note. According to the terms of the offer received, the total price will be adjusted at the date of actual payment.

See other subsequent events in Note 33 to Unaudited Condensed Interim Consolidated Financial Statements.

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

1. Specific and significant legal systems that imply contingent lapsing or rebirth of benefits envisaged by such provisions.

None.

2. Significant changes in the Company´s activities or other similar circumstances that occurred during the fiscal years included in the financial statements, which affect their comparison with financial statements filed in previous fiscal years, or that could affect those to be filed in future fiscal years.

See Note 2.1.

3. Receivables and liabilities by maturity date.

		Falling due (Point 3a.)	Without term (Point 3.b.)	Without term (Point 3.b.)	To be due (Point 3.c.)							
Items		12.31.12	Current	Non-current	Up to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	Fr ye
Accounts receivable, net	Trade and other receivables, net	3,445	473	89,894	67,698	11,47	1,187	1,161	8,496	562	40,283	3
	Total	3,445	473	89,894	67,698	11,47	1,187	1,161	8,496	562	40,283	3
Liabilities	Trade and other payables	1,058	-	-	121,968	4,458	890	10,621	13,689	251	22	-
	Borrowings	-	-	-	275,149	92,902	91,891	171,026	41,615	58,7	11,35	1
	Salaries and social security liabilities	-	-	-	1,654	-	1,219	-	-	-	-	-
	Provisions	-	5,564	-	-	-	-	-	6,875	-	-	-
	Total	1,058	5,564	-	398,771	97,36	94	181,647	62,179	58,951	11,372	1

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4.a. Breakdown of accounts receivable and liabilities by currency and maturity.

Concepts		Current			Non-current			Totals		
		Local currency	Foreign currency	Total	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Accounts receivables	Trade and other receivables, net	68,107	17,327	85,434	90,108	49,502	139,61	158,215	66,829	225,044
	Total	68,107	17,327	85,434	90,108	49,502	139,61	158,215	66,829	225,044
Liabilities	Trade and other payables	123,407	15,588	138,995	8,625	5,337	13,962	132,032	20,925	152,957
	Borrowings	379,273	251,695	630,968	11,933	1,554,215	1,566,148	391,206	1,805,910	2,197,11
	Salaries and social security liabilities	2,873	-	2,873	-	-	-	2,873	-	2,873
	Provisions	5,564	-	5,564	6,875	-	6,875	12,439	-	12,439
	Total	511,117	267,283	778,400	27,433	1,559,552	1,586,985	538,55	1,826,835	2,365,38

4.b. Breakdown of accounts receivable and liabilities by adjustment clause.

As of December 31, 2012 there are not receivable and liabilities subject to adjustment clause.

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4.c. Breakdown of accounts receivable and liabilities by interest clause.

		Current				Non-current				
		Accruing interest		Non-accruing interest	Total	Accruing interest		Non-accruing interest	Total	Accruing inte
Concepts		Fixed rate	Floating rate			Fixed rate	Floating rate			Fixed rate
Accounts receivables	Trade and other receivables, net	1,227	-	84,207	85,434	39,913	5	99,692	139,61	41,14
	Total	1,227	-	84,207	85,434	39,913	5	99,692	139,61	41,14
Liabilities	Trade and other payables	-	-	138,995	138,995	-	-	13,962	13,962	-
	Borrowings	184,667	220,523	225,778	630,968	1,512,026	58,055	-3,933	1,566,148	1,696,693
	Salaries and social security liabilities	-	-	2,873	2,873	-	-	-	-	-
	Provisions	-	-	5,564	5,564	-	-	6,875	6,875	-
	Total	184,667	220,523	373,210	778,400	1,512,026	58,055	16,904	1,586,985	1,696,693

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)
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5. Related parties.

Interest in related parties:

Name of the entity	% of ownership interest held by the Group	
Direct Controlling interest of IRSA:		
Alafox S.A.	100.00	%
APSA	95.67	%
Codalis S.A.	100.00	%
Doneldon S.A.	100.00	%
E-Commerce Latina S.A.	100.00	%
Efanur S.A.	100.00	%
Hoteles Argentinos S.A.	80.00	%
Inversora Bolívar S.A.	100.00	%
Llao Llao Resorts S.A. (1	50.00	%
Nuevas Fronteras S.A.	76.34	%
Palermo Invest S.A.	100.00	%
Ritelco S.A.	100.00	%
Sedelor S.A.	100.00	%
Solares de Santa María S.A.	100.00	%
Tyrus S.A.	100.00	%
Unicity S.A.	100.00	%

1) Related parties debit/credit balances. See Note 27.

6. Loans to directors.

See Note 27.

7. Inventories.

In view of the nature of the inventories, no physical inventories are performed and there are no slow turnover assets.

8. Current values.

See Notes 6, 7, 8 and 10 of these Unaudited Condensed Interim Separate Financial Statements.

9. Appraisal revaluation of property, plant and equipment.

None.

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Notes to the Unaudited Condensed Interim Separate Financial Statements (Continued)
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10. Obsolete unused property, plant and equipment.

None.

11. Equity interest in other companies in excess of that permitted by section 31 of law N° 19,550.

None.

12. Recovery values.

See Notes 6, 7, 8 and 10 of these Unaudited Condensed Interim Separate Financial Statements.

13. Insurances.

Insured Assets

Real Estate	Insured amounts (1)	Accounting values	Risk covered
EDIFICIO REPÚBLICA	96,361	209,477	All operational risk with additional coverage and minor risks
BOUCHARD 551	63,303	124,327	All operational risk with additional coverage and minor risks
MORENO 877	49,508	66,674	All operational risk with additional coverage and minor risks
BOUCHARD 710	39,587	63,589	All operational risk with additional coverage and minor risks
MAIPU 1300	25,787	35,305	All operational risk with additional coverage and minor risks
SUIPACHA 652	17,041	9,580	All operational risk with additional coverage and minor risks
CASONA ABRIL	11,753	2,530	All operational risk with additional coverage and minor risks
AVDA. DE MAYO 595	5,148	3,650	All operational risk with additional coverage and minor risks
LIBERTADOR 498	3,423	3,764	All operational risk with additional coverage and minor risks
DIQUE IV	3,056	63,045	All operational risk with additional coverage and minor risks
RIVADAVIA 2768	369	153	All operational risk with additional coverage and minor risks
MADERO 1020	216	166	All operational risk with additional coverage and minor risks
CONSTITUCIÓN 1159	98	6,948	All operational risk with additional coverage and minor risks

CONSTITUCIÓN 1111	93	790	All operational risk with additional coverage and minor risks
SUBTOTAL	315,743	589,998	
SINGLE POLICY	15,000	-	Third party liability

(1) The insured amounts are in thousands of U.S. dollars.

In our opinion, the above-described insurance policies cover current risks adequately.

14. Allowances and provisions that, taken individually or as a whole, exceed 2% of the shareholder´s equity.

None.

15. Contingent situations at the date of the financial statements which probabilities are not remote and the effects on the Company´s financial position have not been recognized.

Not applicable.

16. Status of the proceedings leading to the capitalization of irrevocable contributions towards future subscriptions.

Not applicable.

17. Unpaid accumulated dividends on preferred shares.

None.

18. Restrictions on distributions of profits.

See Note 27 of Exhibit I to the Unaudited Condensed Interim Consolidated Financial Statements.

Autonomous City of Buenos Aires, February 18, 2013.

IRSA Inversiones y Representaciones Sociedad Anónima
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1. Brief comments on the Company's activities during the period, including references to significant events occurred after the end of the period.

See attached.

2. Comparative summarized consolidated shareholders' equity structure

	12.31.12	06.30.12	07.01.11
Non-Current Assets	1,208,407	6,050,293	5,812,347
Current Assets	6,680,475	839,328	819,565
Total Assets	7,888,882	6,889,621	6,631,912
Non-Current Liabilities	1,509,024	2,644,108	2,372,540
Current Liabilities	3,208,496	1,205,744	1,176,759
Total Liabilities	4,717,520	3,849,852	3,549,299
Non-controlling interest	465,233	390,428	331,609
Shareholders' Equity	2,706,129	2,649,341	2,751,004
Total	7,888,882	6,889,621	6,631,912

3. Comparative summarized consolidated income structure

	12.31.12	12.31.11
Operating result	558,874	372,271
Share of profit of associates and joint ventures	14,384	16,224
Profit before financial results and income tax	573,258	388,495
Finance income	121,586	50,033
Finance cost	(378,881)	(305,660)
Financial loss, net	(257,295)	(255,627)
Profit Before Income Tax	315,963	132,868
Income tax	(70,084)	(53,484)
Profit for the period	245,879	79,384
Attributable to:		
Equity holders of the parent	223,782	81,551
Non-controlling interest	22,097	(2,167)

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

4. Statistical data as compared with the same period of previous year.

Summary of properties sold in units and in thousands of pesos.

	12.31.12	12.31.11
Apartments & Loft Buildings		
Torres Jardín	-	-
Torres de Abasto (1)	-	-
Barrio chico		371
Caballito Nuevo	6,168	7,119
Edificios Cruceros	-	-
Torres Renoir	-	-
Torres Renoir II	-	-
Alto Palermo Park	-	-
San Martín de Tours	-	-
Terreno Caballito	-	-
Torres de Rosario	4,260	3,503
Libertador 1703 and 1755 (Horizons)	69,120	53,928
Others	811	-
Residential Communities		
Abril / Baldovinos (2)	1,113	-
El Encuentro	4,207	7,979
Villa Celina I, II and III	-	-
Undeveloped plots of land		
Pereiraola	-	-
Santa María del Plata	-	-
Terreno Rosario (1)	-	20,587
Caballito Mz 35 (1)	-	-
Neuquén (1)	-	-
Aguero 596 (1)	-	-
Canteras Natal	56	12
C.Gardel 3134 (1)	-	-
Thames	-	20,022
C.Gardel 3128 (1)	-	-
Terreno Beruti (1)	-	-
Club de Campo Valle Escondido (1)	-	-
Terreno Mendoza	-	-
Torres Jardín IV	-	-
Others		
Dique III	-	-
Bouchard 551	-	-

Madero 1020	-	-
Della Paolera 265	-	-
Madero 942	-	-
Dock del Plata	-	-
Libertador 498	-	10,600
Edificios Costeros	-	-
Sarmiento 517	-	-
Libertador 602	-	-
Laminar	-	-
Museo Renault	-	-
Reconquista 823	-	-
Locales Crucero I	-	-
Others	-	45
	85,735	124,166

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

5. Key ratios as compared.

	12.31.2012		06.30.2012	
Liquidity				
Current assets	1,208,407		839,328	
Current liabilities	1,509,024	=0.80	1,205,744	=0.70
Debt				
Total liabilities	4,717,520		3,849,852	
Shareholders’ Equity	2,706,129	=1.74	2,649,341	=1.45
Solvency				
Shareholders’ Equity	2,706,129		2,649,341	
Total liabilities	4,717,520	=0.57	3,849,852	=0.69
Non-Current Assets to total Assets				
Non-Current Assets	6,680,475		6,050,293	
Total assets	7,888,882	=0.85	6,889,621	=0.88

6. Brief comment on the outlook for the coming period.

See attached.

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Limited Review Report

To the Shareholders, President and Board of Directors of
IRSA Inversiones y Representaciones Sociedad Anónima
C.U.I.T.: 30-52532274-9
Legal address: Bolívar 108 - 1° floor - Autonomous City of Buenos Aires

1. We have reviewed the accompanying unaudited condensed interim separate statement of financial position of IRSA Inversiones y Representaciones Sociedad Anónima as of December 31, 2012, and the related unaudited condensed interim separate statements of income, unaudited condensed interim separate statements of comprehensive income for the six and three-month periods ended December 31, 2012 and the unaudited condensed interim separate statements of changes of shareholders' equity and unaudited condensed interim separate statements of cash flows for the six-month period ended December 31, 2012 and selected explanatory notes. The balances and other information corresponding to the fiscal year ended June 30, 2012 and the interim periods within that fiscal period are an integral part of these financial statements and, therefore, they should be considered in relation to these financial statements.

2. The Board of Directors of the Company is responsible for the preparation and presentation of these unaudited condensed interim separate financial statements in accordance with professional accounting standards of Technical Pronouncement No. 26 of the Argentine Federation of Professional Councils in Economic Sciences (FACPCE) added by the National Securities Commission (CNV) to its regulations. Those standards differ from the International Financial Reporting Standards (IFRS) and, especially, from the International Accounting Standard No 34 "Interim Financial Reporting" (IAS 34) approved by the International Accounting Standard Board (IASB) and used for the preparation of the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima with its subsidiary as to the aspects mentioned in note 2.1 to the unaudited condensed interim separate financial statements attached. Our responsibility is to express a conclusion based on the review that we have performed with the scope detailed in paragraph 3.

3. We conducted our review in accordance with Technical Resolution No. 7 issued by the FACPCE for a review of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of personnel responsible for financial and accounting matters. It is substantially less in scope than an audit, the objective of which is to express an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

4. As mentioned in Note 2.1 to the unaudited condensed interim separate financial statements, these unaudited condensed interim separate financial statements have been prepared in accordance to Technical Pronouncement No. 26 of the Argentine Federation of Professional Councils in Economic Sciences, which differ from the International Financial Reporting Standards, and especially, from the International Accounting Standard No 34 used in the preparation of the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima with its subsidiaries as to the aspects mentioned in Note 2.3 to the unaudited condensed interim separate financial statements attached. The fiscal year ended June 30, 2013 will be the first year of application of IFRS. The adjustments and other effects of the transition to IFRS are presented in Note 2.3 to these unaudited condensed interim separate financial statements. The amounts included in the reconciliations shown in Note 2.3 are subject to change as a consequence of potential changes in IFRS which may occur until June 30, 2013, and should only be considered as final upon issuance of the annual financial statements for the fiscal year ended June 30, 2013.

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Limited Review Report (Continued)

5. Nothing came to our attention as a result of our review that caused us to believe that these unaudited condensed interim separate financial statements have not been prepared in all material respects in accordance with Technical Pronouncement No. 26 of the FACPCE for separate financial statements of a parent company.

6. In accordance with current regulations, we hereby inform that :

a) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima are recorded in the "Inventory and Balance Sheet Book" and carried in all formal respects in conformity with legal requirements, and comply, as regards those matters that are within our competence, with the provisions set forth in the Commercial Companies Law and the corresponding resolutions of the National Securities Commission;

b) the unaudited condensed interim separate financial statements of IRSA Inversiones y Representaciones Sociedad Anónima arise from accounting records carried in all formal respects in accordance with applicable legal provisions;

c) we have read the Additional Information to the notes to the unaudited condensed interim separate financial statements required by Article 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence, we have no observations to make;

d) at December 31, 2012, the debt of IRSA Inversiones y Representaciones Sociedad Anónima owed in favor of the Argentine Integrated Pension System which arises from accounting records and submissions amounted to Ps. 384,663, which was callable at that date.

Autonomous City of Buenos Aires, February 18, 2013.

PRICE WATERHOUSE & Co. S.R.L.

(Partner)
C.P.C.E.C.A.B.A. Tº 1 Fº 17
Carlos Martín Barbafina
Public Accountant (UCA)
C.P.C.E.C.A.B.A. T° 175 F° 65

ABELOVICH, POLANO & ASOCIADOS S.R.L.

(Partner)
C.P.C.E. C.A.B.A. T° 1 F° 30
Marcelo Héctor Fuxman
Public Accountant (U.B.A.)
C.P.C.E. C.A.B.A. T° 134 F° 85

IRSA Inversiones y Representaciones Sociedad Anónima
Summary as of December 31, 2012

I. Brief comment on the Company's activities during the period, including references to significant events occurred after the end of the period.

Buenos Aires, February 18, 2013 - IRSA Inversiones y Representaciones Sociedad Anónima (NYSE: IRS) (BASE: IRSA), Argentina's leading real estate company, announces today the results of its operations for the six-month period ended December 31, 2012.

Consolidated Income
(In millions of ARS, excluding joint businesses)

	IIQ 13	IIQ 12	YoY var		6M 13	6M 12	YoY var	
Revenues	599.7	481.3	24.6	%	1.086.0	912.9	19.0	%
Operating Income / (Loss)	360.9	198.3	82.0	%	558.9	372.3	50.1	%
Depreciation and Amortization	74.9	57.8	29.5	%	107.1	85.8	24.8	%
EBITDA	435.8	256.1	70.2	%	666.0	458.1	45.4	%
Net Income for the period	195.1	227.2	(14.2	)%	245.9	74.9	209.7	%

„ Revenues grew by 24.6% in the second quarter of 2013 compared to the same quarter of 2012, and by 19.0% compared to the first six months of the previous fiscal year.

„ Consolidated operating income for the first six months of 2013 amounted to ARS 558.9 million, 50.1% higher than in the same semester of 2012. The growth in operating income, which outpaced revenues, is mainly explained by the sale of Investment Properties during this period, which was 126.3% higher than in the first six months of 2012. EBITDA recorded a similar behavior, as it grew 45.4% in the first six months of 2013 compared to the same period of 2012.

„ Profit for the period increased by 209.7% for the first six months of the year compared to the same period last year mainly due to the results of the investment in Madison 183 Building in Manhattan, NY.

II. Shopping Centers (through our subsidiary Alto Palermo S.A.)

During the second quarter of 2013, our shopping centers maintained their growth rate in terms of sales and reached a 98.8% occupancy level, one percentage point higher than in the same period of 2012.

According to the Shopping Centers' poll made by the INDEC1, as of December 31, 2012, cumulative tenants' sales for the past twelve months recorded a 22.5% increase compared to the same period of the previous year.

Our tenants' sales grew 23.2% compared to the same period of the previous fiscal year, and 24.1% if we compare the second quarter of 2013 to the same quarter of 2012, driven by the growth in sales from the shopping centers in Greater Buenos Aires and the interior of Argentina. In this way, Revenues and EBITDA from this segment recorded increases of 20.4% and 17.1%, respectively.

Financial indicators of the Shopping Centers segment
(In millions of ARS)

	IIQ 13	IIQ 12	YoY var		6M 13	6M 12	YoY var	
Revenues	450.2	367.1	22.6	%	809.0	671.7	20.4	%
Operating Income	196.5	157.4	24.8	%	353.4	298.9	17.4	%

Depreciation and Amortization	44.7	34.5	29.6	%	76.3	68.9	10.8	%
EBITDA	241.2	191.8	25.6	%	429.6	367.7	16.8	%

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IRSA Inversiones y Representaciones Sociedad Anónima
Summary as of December 31, 2012

Operating indicators of the Shopping Centers segment
(In millions of ARS, except as indicated)

	IIQ 13	IQ 13	IVQ 12	IIIQ 12	IIQ 12
Gross Leaseable Area (sqm)[2]	309,021	309,021	309,021	307,685	308,597
Tenants' Sales (12 month cumulative)	13,967	10,471	9,966	9,393	8,975
Tenants' Sales in the same Shopping Centers [1] (12 month cumulative)	13,397	10,037	9,577	9,056	8,689
Occupancy [2]	98.8 %	98.4 %	98.4 %	97.8 %	97.8 %

[1] Excludes "Soleil" and "Ribera Shopping" shopping centers.
[2] Percentage over gross leaseable area as of period end.

Operating data of our Shopping Centers

Shopping Center	Date of Acquisition	Gross Leaseable Area (sqm)[1]	Stores	APSA's Interest	Occupancy [2]	Book Value (ARS thousand) [3]
Alto Palermo	Nov-97	18,701	146	100.0 %	98.9 %	245,728
Abasto Shopping[4]	Jul-94	37,711	173	100.0 %	100.0 %	303,744
Alto Avellaneda	Nov-97	36,943	140	100.0 %	97.6 %	148,916
Paseo Alcorta	Jun-97	14,107	111	100.0 %	99.8 %	128,155
Patio Bullrich	Oct-98	11,684	82	100.0 %	100.0 %	128,478
Alto Noa Shopping	Mar-95	19,038	92	100.0 %	99.7 %	36,890
Buenos Aires Design	Nov-97	13,769	62	53.7 %	97.7 %	18,170
Alto Rosario Shopping[5]	Nov-04	27,691	146	100.0 %	97.9 %	131,442
Mendoza Plaza Shopping	Dec-94	42,237	148	100.0 %	96.2 %	119,158
Córdoba Shopping	Dec-06	15,191	106	100.0 %	100.0 %	74,891
Dot Baires Shopping	May-09	49,527	152	80.0 %	100.0 %	466,959
Soleil	Jul-10	14,712	70	100.0 %	100.0 %	83,552
La Ribera Shopping	Aug-11	7,710	48	50.0 %	100.0 %	15,780
Total Shopping Centers		309,021	1,476		98.8 %	1,901,863

[1] Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.
[2] Calculated dividing occupied square meters by leaseable area on the last day of the period.
[3] Cost of acquisition plus improvements, less cumulative depreciation, plus adjustment for inflation, less allowance for impairment in value, plus recovery of allowances, if applicable. Excludes works in progress.
[4] Excludes Museo de los Niños (3,732 sqm).
[5] Excludes Museo de los Niños (1,261 sqm).

Cumulative tenants' sales as of December 31
(By Shopping Center, for the quarter and for the first six months of each fiscal year, in millions of ARS)

Shopping Center	IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var
Alto Palermo	458.2	378.9	20.9 %	813.5	687.5	18.3 %

Abasto Shopping	550.8	436.9	26.1	%	989.8	801.2	23.5	%
Alto Avellaneda	530.0	420.6	26.0	%	953.0	741.2	28.6	%
Paseo Alcorta	245.0	199.0	23.1	%	420.1	351.8	19.4	%
Patio Bullrich	159.5	145.4	9.7	%	283.0	267.6	5.8	%
Alto Noa Shopping	166.2	134.6	23.5	%	306.4	249.0	23.1	%
Buenos Aires Design	62.7	59.6	5.2	%	119.9	118.7	1.0	%
Alto Rosario Shopping	292.6	226.5	29.2	%	535.7	416.6	28.6	%
Mendoza Plaza Shopping	318.0	242.8	31.0	%	587.4	457.5	28.4	%
Córdoba Shopping	125.1	96.2	29.8	%	221.1	174.5	26.7	%
Dot Baires Shopping	452.1	371.0	21.9	%	798.0	654.2	22.0	%
Soleil	88.4	70.8	24.9	%	158.5	133.3	18.9	%
La Ribera Shopping [1]	47.8	34.9	37.0	%	101.1	51.0	98.2	%
Total	3,496.4	2,817.4	24.1	%	6,287.5	5,104.1	23.2	%

[1] APSA took possession of this Shopping Center on August 15, 2011.

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IRSA Inversiones y Representaciones Sociedad Anónima
Summary as of December 31, 2012

Cumulative tenants' sales as of December 31
(By Type of Business, for the quarter and for the first six months of each fiscal year, in millions of ARS)

Type of Business	IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var
Anchor Store	250.8	208.4	20.3 %	438.8	369.8	18.7 %
Clothes and Footwear	1.827.9	1.457.0	25.5 %	3.144.4	2.554.4	23.1 %
Entertainment	84.0	68.9	21.9 %	219.1	163.2	34.3 %
Home	620.5	490.9	26.4 %	1.141.4	909.1	25.6 %
Restaurant	270.3	224.2	20.6 %	558.6	457.0	22.2 %
Miscellaneous	425.9	354.5	20.1 %	751.6	625.3	20.2 %
Services	17.1	13.5	26.7 %	33.7	25.3	33.2 %
Total	3,496.4	2,817.4	24.1 %	6,287.5	5,104.1	23.2 %

Cumulative revenues from leases as of December 31
(Detailed revenues, for the quarter and for the first six months of each fiscal year, in millions of ARS)

Detailed Revenues	IIQ13	IIQ12	YoY var	6M 13	6M 12	YoY var
Base Rent	153,834	124,673	23.4 %	287,351	235,647	21.9 %
Percentage Rent	88,002	69,617	26.4 %	144,673	122,262	18.3 %
Total Rent	241,836	194,290	24.5 %	432,024	357,909	20.7 %
Admission rights	27,227	21,805	24.9 %	51,337	41,624	23.3 %
Fees	4,165	8,524	(51.1)%	13,053	17,076	(23.6)%
Parking	15,702	10,518	49.3 %	30,792	21,408	43.8 %
Management fees	4,420	3,550	24.5 %	8,564	6,060	41.3 %
Other	915	(1,013)	-	1,625	310	423.9 %
Total Revenues before Common Expenses and Common Promotional Fund	294,265	237,673	23.8 %	537,395	444,387	20.9 %
Common Expenses and Common Promotional Fund	155,895	129,532	20.4 %	271,607	227,279	19.5 %
Total Revenues	450,160	367,205	22.6 %	809,002	671,666	20.4 %

III. Offices

During the second quarter of fiscal year 2013, average rental prices and the occupancy rate in the A+ market stood at 31 USD/sqm, whereas the vacancy rate decreased slightly in the last months of the calendar year, reaching levels close to 9%.

Rent and Vacancy of A and A+ Offices in the City of Buenos Aires

Source: LJ Ramos

IRSA Inversiones y Representaciones Sociedad Anónima
Summary as of December 31, 2012

in ARS MM	IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var
Revenues	70.1	62.0	13.1 %	140.4	120.2	16.8 %
Operating Income	24.4	22.9	6.6 %	53.8	47.5	13.2 %
Depreciation and Amortization	18.2	11.5	58.3 %	18.3	11.6	58.1 %
EBITDA	42.6	34.4	23.8 %	72.1	59.1	22.0 %

	IIQ 1313	IQ 13	IVQ12	IIIQ12	IIQ12
Premium Portfolio Occupancy	96.4 %	96.8 %	96.5 %	97.0 %	96.0 %

„ Revenues from the Offices segment increased by 13.1% in the second quarter of fiscal year 2013 compared to the same period of the previous fiscal year and 16.8% compared to the first six months of the previous fiscal year.

„ The Premium portfolio's occupancy level reached 96.4% during the period under review, in line with the trend observed during the previous quarters.

„ EBITDA grew 22.0% in the first six months of 2013 compared to 2012 and the EBITDA/Revenue margin for the period, excluding revenues from common maintenance expenses, stood at 69.2%, similar to the margin recorded in the same period of 2012.

Below is information on our offices and other rental properties segment as of December 31, 2012.

Operating Data of the Offices segment
(In millions of ARS, except as indicated)

	Date of Acquisition	Gross Leaseable Area sqm (1)	Occupancy (2)	Interest	Book Value(3)
Offices					
Edificio República	Apr-08	19,884	90.3 %	100 %	209,477
Torre Bankboston	Aug-07	14,873	96.4 %	100 %	148,111
Bouchard 551	Mar-07	21,021	100.0 %	100 %	124,327
Intercontinental Plaza	Nov-97	22,535	100.0 %	100 %	50,691
Bouchard 710	Jun-05	15,014	100.0 %	100 %	63,589
Dique IV, Juana Manso 295	Dec-97	11,298	91.7 %	100 %	63,045
Maipú 1300	Sep-95	10,280	97.5 %	100 %	35,305
Libertador 498	Dec-95	620	100.0 %	100 %	3,764
Suipacha 652/64	Nov-91	11,453	89.9 %	100 %	9,580
Madero 1020	Dec-95	101	100.0 %	100 %	166
Dot Building (7)	Nov-06	11,242	100.0 %	96 %	106,068
Other(4)	N/A	2,966	90.8 %	-	2,190
Subtotal Offices		141,287	96.4 %	-	816,313
Other Properties					
Commercial Properties(5)	N/A	312	-	-	3,147
Santa María del Plata S.A.	Jul-97	60,100	100.0 %	100 %	12,494
Nobleza Piccardo (8)	May-11	80,028	100.0 %	50 %	78,421
Catalinas Norte Plot	Dec-09	N/A	-	-	109,162

Other Properties(6)	N/A	2,072	100.0	%	-	6,948
Subtotal Other Properties		142,512	99.8	%		210,171
TOTAL OFFICES AND OTHER		283,799	98.1	%	-	1,026,484

1 Survey of Shopping Centers. December 2012. INDEC www.indec.gov.ar

Notes:

(1) Total leaseable area for each property as of December 31, 2012. Excludes common areas and parking.

(2) Calculated dividing occupied square meters by leaseable area as of December 31, 2012.

(3) Cost of acquisition, plus improvements, less accumulated depreciation, plus adjustment for inflation, less allowance for impairment.

(4) Includes the following properties: Av. de Mayo 595, Rivadavia 2774, and Costeros Dique IV.

(5) Includes the following properties: Constitución 1111 and Casona de Abril.

(6) Includes the following properties: Constitución 1159 and Canteras.

(7) Through Alto Palermo S.A.

(8) Through Quality Invest S.A.

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IRSA Inversiones y Representaciones Sociedad Anónima
Summary as of December 31, 2012

		Annual cumulative rental income(2)							
	Monthly Income (1)	IIQ 13	IIQ 12	YoY var		6M 13	6M 12	YoY var	
Offices									
Edificio República	2,591	9,707	8,470	14,6	%	20,401	17,391	17.3	%
Torre Bankboston	2,103	8,815	7,897	11,6	%	17,467	13,902	25.6	%
Bouchard 551	2,440	9,023	9,647	(6,5	)%	19,798	18,374	7.8	%
Intercontinental Plaza	2,486	10,241	8,150	25,7	%	20,961	16,961	23.6	%
Bouchard 710	2,196	8,013	6,288	27,4	%	15,933	12,456	27.9	%
Dique IV, Juana Manso 295	1,513	5,599	4,739	18,1	%	11,014	10,110	8.9	%
Maipú 1300	1,205	5,298	4,491	18,0	%	10,330	9,024	14.5	%
Libertador 498	201	724	1,240	(41,6	)%	2,034	2,623	(22.5	)%
Suipacha 652/64	738	2,690	2,437	10,4	%	5,313	4,775	11.3	%
Madero 1020	6	6	10	(40,0	)%	12	19	(36.8	)%
Dot Building	1,016	4,837	4,045	19,6	%	9,283	5,505	68.6	%
Other Offices	265	5	3,745	(99,9	)%	559	4,491	(87.6	)%
Subtotal Offices	16,760	64,955	61,159	6,2	%	133,105	115,631	15.1	%
Other Properties									
Santa María del Plata S.A.	118	1,766	274	544,5	%	2,090	562	271.9	%
Nobleza Piccardo	1,556	2,404	2,034	18,2	%	4,452	3,999	11.3	%
Other Properties	15	744	16	-		744	15	-	
Subtotal Other Properties	1,689	4,624	2,324	99,0	%	7,286	4,576	59.2	%
TOTAL OFFICES AND OTHER	18,449	70,062	63,483	10,4	%	140,391	120,207	16.8	%

Notes:
(1) Agreements in force as of December 31, 2012 for each property were computed.
(2) Represents the total consolidated rents.

IV. Sales and Developments

In terms of prices, the price per new square meter in the City of Buenos Aires continues its upward trend. The following chart shows the development of the price per square meter in dollars in two residential areas in the City of Buenos Aires.

Price of a new apartment in a residential area of Buenos Aires (USD/sqm)

Source: Reporte Inmobiliario

Sales and Developments in ARS MM	IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var
Revenues	33.2	10.2	225.5%	85.7	65.7	30.6%
Operating Income	11.1	18.1	(38.6)%	41.2	29.3	41.1%
Depreciation and Amortization	-	-	-	-	-	-
EBITDA	11.1	18.1	(38.6)%	41.2	29.3	41.1%

During the first six months of 2013, sales totaled ARS 85.7 million, mainly explained by the recognition of higher revenues from the “Horizons” project recorded in the second quarter of the period, offset by lower revenues from the Terreno Rosario project, which was sold during the first half of 2012. EBITDA for the first six months of fiscal year 2013 grew 41.1%, driven by the sale of the investment properties Libertador 498 (“El Rulero”) and “Bouchard 551” (“La Nación”).

Sales and progress of development projects

Partial Sale of “La Nación” Building, City of Buenos Aires

On October 4, 2012, IRSA executed the deed of conveyance of title for the sale of functional unit No. 359, in floor 20, and functional units (parking spaces) No. 290 to 294, in the first basement, and No. 42 to 44, in the third basement, of the building located at Avda. Libertador 498. The transaction price was fixed at USD 2.9 million, USD 1.9 million of which had been collected on September 14, 2012, the date of execution of the preliminary sale agreement, and the balance was paid upon execution of the title deed.

Torre Caballito, City of Buenos Aires

This property, with a surface area of 8,404 square meters, is situated in the northern area of Caballito’s residential neighborhood in the City of Buenos Aires. On May 4, 2006, IRSA and KOAD S.A. (“KOAD”), an Argentine developer, entered into an asset barter agreement valued at USD 7.5 million in connection with plot number 36 of “Terrenos de Caballito” whereby KOAD agreed to develop a residential complex called “Caballito Nuevo”, at its cost, consisting of two 34-story towers containing 220 apartments each, consisting of one, two and three bedroom residential units with surface areas ranging from 40 to 85 sqm, totaling approximately 28,000 saleable sqm. The project offers a wide variety of amenities and services. As a result of this transaction, Koad delivered to IRSA 118 apartments and 61 parking spaces in the first tower, representing 25% of the total square meters for sale. As of December 31, 2012, 1 apartment and 16 parking spaces were available for sale.

Abril, Hudson, Greater Buenos Aires

Abril is a 312-hectare private residential community located near Hudson City, approximately 34 kilometers south of the City of Buenos Aires. We have developed this property into a private residential community for the construction of single family homes targeting the upper-middle income market. The project includes 20 neighborhoods subdivided into 1,273 lots of approximately 1,107 square meters each. Abril also includes an 18-hole golf course, 130 hectares of woodlands, a 4,000-square meter mansion and entertainment facilities. A bilingual school, horse stables and sports centers and the construction of the shopping center were concluded in 1999. The neighborhoods have been completed, and as of December 31, 2012, 4 plots extending over an area of 5,137 sqm, were available for sale.

El Encuentro, Benavidez, Tigre

In the district of Benavidez, Municipality of Tigre, 35 kilometers north from downtown Buenos Aires, a 110-hectare gated residential complex known as "El Encuentro" is located, consisting of a total of 527 lots with a total saleable area of 610,785.15 sqm with two privileged accesses: the main one to Vía Bancalari and the service one to Highway No. 9, allowing an easy way to and from the city. On May 21, 2004 a barter deed was signed for the original lot whereby DEESA agreed to pay USD 4.0 million to our subsidiary Inversora Bolívar, USD 1.0 million of which was paid in cash and the balance of USD 3.0 million was paid on December 22, 2009, through the transfer of 110 residential plots already chosen, totaling a saleable area of 127,795 sqm. The development of the project is completed and equipped with power supply, water, sewage, effluent treatment plant, public lighting, finished driveways and accesses, buildings, sports facilities, etc.

As of December 31, 2012, 14 lots extending over a total area of 13,690 sqm, were available for sale.

Torres Rosario Project (through APSA) – City of Rosario, Province of Santa Fe

Condominios del Alto I – (parcel 2-G)

The project is composed of two opposite blocks of buildings, commercially divided into 8 sub-blocks. Apartments (97 units) are distributed into 6 stories with parking spaces (98 units) in the basement. Condominios del Alto I's amenities include a swimming pool with solarium, a multiple use room, sauna, a gym with dressroom and a laundry. Given its excellent location and construction quality, this development is targeted at a medium-high income segment.

As of December 31, 2012, the project had been completed and was in process of sale, with 4 apartments and 4 parking spaces being available for sale.

Condominios del Alto II – (parcel 2-H)

The project will be composed of two opposite blocks of buildings, commercially divided into 10 sub-blocks. The project will include a total of 189 apartments distributed into 6 stories and 195 parking spaces located in two basements. The amenities will include a swimming pool with solarium, a multiple use room, sauna, a gym with dressroom and a laundry. As of December 31, 2012, 17 apartments (approximately 2,100 sqm), 36 parking spaces and 6 storage spaces are available for sale.

IRSA Inversiones y Representaciones Sociedad Anónima
Summary as of December 31, 2012

Sales and Developments Table
(In thousands of ARS, except as indicated)

DEVELOPMENT	6M 13	6M 12	YoY var	
Residential Apartments				
Caballito Nuevo	6,169	7,119	(13.3	)%
Torres de Rosario (7)	4,259	3,503	21.6	%
Libertador 1703 & 1755 (Horizons) (11)	69,120	26,101	164.8	%
Other Residential Apartments(8)	811	371	118.6	%
Subtotal Residential Apartments	80,359	37,094	116.6	%
Residential Communities				
Abril/Baldovinos (9)	1,113	-		
El Encuentro	4,207	7,979	(47.3	)%
Subtotal Residential Communities	5,320	7,979	(33.3	)%
Land Reserves				
Terreno Rosario(7)	-	20,587	-	
Canteras Natal Crespo	56	12	366.7	%
Subtotal Land Reserves	56	20,599	(99.7	)%
TOTAL	85,735	65,672	30.6	%

IRSA Inversiones y Representaciones Sociedad Anónima
Summary as of December 31, 2012

DEVELOPMENT	Date of Acquisition	Area intended for sale (sqm) (2)	Total Units / Lots (3)	IRSA's Effective Interest		Percentage Built		Percentage Sold (4)		Book Value (7)
Residential Apartments										
Torres Renoir	Sep-99	5,383	28	100.0	%	100.0	%	100.0	%	-
Caballito Nuevo	Nov-97	67	1	100.0	%	100.0	%	81.2	%	582
Torres de Rosario(7)	Apr-99	3,003	21	95.7	%	100.0	%	31.4	%	6,760
Libertador 1703 y 1755 (Horizons) (11)	Jan-07	44,648	467	50.0	%	100.0	%	100.0	%	55,352
Otros Viviendas (8)	N/A	138,234	1,437							84,394
Subtotal Residential Apartments		191,335	1,954							147,088
Residential Communities										
Abril/Baldovinos (9)	Jan-95	5,137	4	100.0	%	100.0	%	99.5	%	521
El Encuentro	Nov-97	13,690	14	100.0	%	100.0	%	64.7	%	2,176
Villa Celina I, II y III	May-92	75,970	219	100.0	%	100.0	%	100.0	%	-
Subtotal Residential Communities		94,797	237							2,697
Land Reserves										
Puerto Retiro	May-97	82,051	-	50.0	%	-		-		51,337
Santa María del Plata	Jul-97	715,951	-	100.0	%	-		10.0	%	158,951
Pereiraola	Dec-96	1,299,630	-	100.0	%	-		100.0	%	-
Terreno Rosario (7)	Apr-99	31,000	-	95.7	%	-		100.0	%	-
Terreno Caballito	Nov-97	7,451	-	100.0	%	-		100.0	%	-
Neuquén (7)	Jul-99	4,332	1	95.7	%	-		100.0	%	32,181
Terreno Baicom	Dec-09	34,500	1	50.0	%	-		-		4,459
Canteras Natal Crespo	Jul-05	4,320,000	-	50.0	%	-		-		5,969
Terreno Beruti (7)	Jun-08	3,207	-	95.7	%	-		100.0	%	-
UOM Lujan										41,508
Pilar	May-97	740,237	-	100.0	%	-		-		1,550
Espacio Aéreo Coto (7)	Sep-97	24,000	-	95.7	%	-		-		8,946
Torres Jardín IV	Jul-96	3,176	-	100.0	%	-		100.0	%	-

Terreno Caballito (7)	Oct-98	23,389	-	95.7	%	-		-	45,814
Patio Olmos (7)	Sep-07	5,147	0	95.7	%	100.0	%	-	32,404
Otras Res. de Tierra (10)	N/A	13,680,711	1						94,987
Subtotal Land Reserves		20,974,782	3						478,106
TOTAL		21,260,914	2,194						627,891

Notes:

(2) Total property area intended for sale upon completion of the development or acquisition and before sale of any of the units (including parking and storage spaces, but excluding common areas). In the case of Land Reserves, the land area was considered.

(3) Represents the total units or plots upon completion of the development or acquisition (excludes parking and storage spaces).

(4) The percentage sold is calculated dividing the square meters sold by the total saleable square meters.

(6) Corresponds to the company’s total sales consolidated by the RT4 method adjusted for inflation as of 02/28/03. Excludes turnover tax deduction.

(7) Through Alto Palermo S.A.-

(8) Includes the following properties: Torres de Abasto through APSA (fully sold), units to be received in Beruti through APSA, Torres Jardín, Edificios Cruceros (fully sold), San Martin de Tours, Rivadavia 2768, Alto Palermo Park (fully sold), Minetti D (fully sold), Dorrego 1916 (fully sold), Padilla 902 (fully sold), Caballito swap receivable and Pereiraola plots through IRSA.

(9) Includes sales of shares in Abril.-

(10) Includes the following land reserves: Terreno Pontevedra, Isla Sirgadero, Terreno San Luis, Mariano Acosta, Merlo and Intercontinental Plaza II through IRSA, Zetol and Vista al Muelle through Liveck and C.Gardel 3134 (fully sold), C.Gardel 3128 (fully sold), Aguero 596 (fully sold), República Arabe Siria (fully sold), Terreno Mendoza (fully sold), Zelaya 3102, Conil, Soleil air space and Others APSA (through APSA).-

(11) Owned by CYRSA S.A.

V. Hotels

Several months after having suffered the eruption of the Chilean volcano that resulted in the closing down of the Bariloche airport for most of calendar year 2012, our Llao Llao hotel has recovered its income and occupancy levels, whereas the company's hotels in the City of Buenos Aires recorded a slight fall in sales and occupancy levels during this six-month period as compared to the previous quarters, explained by the lower number of visitors from Brazil and Chile.

Hotels (in ARS MM)	IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var
Revenues	63.0	45.5	38.5%	116.8	85.0	37.4%
Operating Income	(1.1)	(0.9)	22.2%	(6.9)	(1.2)	475.0%
Depreciation and Amortization	5.3	3.3	60.1%	9.9	6.5	52.2%
EBITDA	4.2	2.4	75.0%	3.0	5.3	(42.9)%

	IIQ 13	IQ 13	IVQ 12	IIIQ 12	IIQ 12
Average Occupancy	69.4%	62.4%	53.4%	72.6%	52.3%
Average Rate per Room (ARS/night)	882	862	688	714	692

During the first six months of 2013 the hotel segment recorded an increase in revenues of 37.4%. However, operating income decreased as compared to the same period of 2012 due to higher costs and management and selling expenses, which had not been recorded in the previous year due to the hotel's reduced activity.

The following is information on our hotels as of December 31, 2012:

	Date of Acquisition	IRSA's Interest	Number of Rooms	Average Occupancy (1)	Average Rate per Room (ARS)(2)	Book Value (in thousands of ARS)
Intercontinental (3)	Nov-97	76.3%	309	66.4%	719	49,954
Sheraton Libertador(4)	Mar-98	80.0%	200	71.9%	694	35,233
Llao Llao(5)	Jun-97	50.0%	201	59.3%	1,350	67,575
Terrenos Bariloche(5)	Dec-06	50.0%	-	-	-	21,900
Total		76.3%	710	65.9%	872	174,662

Notes:
1) Cumulative average for the 6-month period.
2) Cumulative average for the 6-month period.
3) Through Nuevas Fronteras S.A. (IRSA's subsidiary).
4) Through Hoteles Argentinos S.A.
5) Through Llao Llao Resorts S.A.

Revenues
(In thousands of ARS)

	IIQ 13	IIQ 12	YoY var	6M 13	6M 12	YoY var

Intercontinental	25,116	24,476	2.6	%	43,782	45,876	(4.6	)%
Sheraton Libertador	15,004	14,850	1.0	%	26,674	29,064	(8.2	)%
Llao Llao	22,894	6,152	272.1	%	46,351	10,094	359.1	%
Terrenos Bariloche	-	-	-		-	-	-	
Total	63,014	45,478	38.6	%	116,807	85,034	37.4	%

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VI. International

Interest in Metropolitan 885 Third Ave. LLC (“Metropolitan”) through New Lipstick LLC (“New Lipstick”)

IRSA indirectly holds a 49% interest in New Lipstick LLC, a holding company that is owner of Metropolitan, a company whose main asset is the so-called “Lipstick” office building, and the debt associated to this asset, which amounts to approximately USD 115.0 million, following a restructuring previously reported by IRSA.

The Lipstick Building is a landmark building in the City of New York, located in Midtown Manhattan. As of December 31, 2012, its gross leaseable area increased compared to the previous quarter due to the reforms carried out after its acquisition, generating an average rental price of 63.8 USD/sqm. In the month of December past, a lease agreement was entered into in connection with the entire 18th floor (1792 sqm) for a term of 10 years, at a monthly base rent of USD 62 per sqm for the first 5 years and 67 USD/sqm for the rest of the contract term.

Lipstick	Dec-12	Dec-11	YoY var
Gross Leaseable Area (sqm)	58,079	57,824	0.4 %
Occupancy	89.0 %	89.6 %	(0.7)%
Rental price (USD/sqm)	63.8	60.8	4.9 %

Purchase of Building located at 183 Madison Ave, New York, NY

During the period, through our subsidiary IRSA International LLC, we executed an agreement whereby IRSA agreed to purchase Rigby Madison LLC’s 33.36% interest in the company that owns the building located at Madison 183, Manhattan. Accordingly, IRSA’s interest in Rigby 183 LLC reached 74.50% of its stock capital. The transaction amount was USD 24.5 million.

The property has 19 floors. As of December 31, 2012, 95.9% of the building was occupied, at an average rental price of approximately 39.1 USD/sqm.

Madison 183	Dec-12	Dec-11	YoY var
Gross Leaseable Area (sqm)	23,489	24,020	(2.2)%
Occupancy	95.9 %	68.0 %	41.0 %
Rental price (USD/sqm)	39.1	38.1	2.6 %

Interest in Hersha Hospitality Trust (“Hersha”)

Hersha is a Real Estate Investment Trust (REIT) listed on the New York Stock Exchange (NYSE: HT), and is the holder of an indirect controlling interest in 77 hotels, mainly distributed in the northeastern coast of the United States, totaling 9,951 rooms.

As of December 31, 2012, IRSA’s interest in Hersha HT’s stock capital was 8.12%.

Investment in Supertel Hospitality Inc.

In March 2012, IRSA, through its subsidiary Real Estate Strategies, L.P., in which it holds a 66.8% interest, completed the transaction for the acquisition of 3,000,000 Series C convertible preferred shares issued by Supertel Hospitality Inc. (SHI) in an aggregate amount of USD 30,000,000. Supertel is a REIT listed in NASDAQ with the symbol "SPPR" and is focused on middle-class and long-stay hotels in 23 states in the United States of America, which are operated by various operators and franchises such as Comfort Inn, Days Inn, Hampton Inn, Holiday Inn, Sleep Inn and Super 8, among others. As of December 31, 2012, IRSA's interest in this REIT amounted to 34%.

VII. Financial Transactions and Others

Interest in Banco Hipotecario S.A. ("BHSA")

BHSA is a leading bank in the mortgage lending segment, in which IRSA held a 29.77% interest as of December 31, 2012 (excluding portfolio shares). For further information please refer to http://www.cnv.gob.ar or http://www.hipotecario.com.ar. During the first six months of fiscal year 2013, BHSA's contribution to IRSA's income amounted to ARS 44.0 million. On October 10, 2012, Banco Hipotecario paid dividends for ARS 100 million, as resolved upon by the shareholders' meeting held in April 2011.

VIII. Reconciliation with Consolidated Income Statement as of December 31*

Below is an explanation of the reconciliation of the company's income by segment with its consolidated income statement. The difference lies in the presence of joint businesses included in the segment but not in the income statement.

	Total Segment Information		Interest in Joint Businesses		Income Statement		YoY var
	6M 13	6M 12	6M 13	6M 12	6M 13	6M 12	
Revenues	1,165.4	945.8	(79.4)	(32.9)	1,086.0	912.9	19.0 %
Costs	(601.4)	(464.7)	60.7	24.3	(540.7)	(440.4)	22.8 %
Gross Profit /(Loss	564.0	481.1	(18.7)	(8.6)	545.3	472.5	15.4 %
Income / (loss) from sale of investment properties	56.0	24.7	-	-	56.0	24.7	126.3 %
General and administrative expenses	(110.3)	(83.0)	1.3	1.0	(111.8)	(82.0)	36.4 %
Selling expenses	(54.8)	(37.7)	6.3	3.2	(48.5)	(34.5)	40.7 %
Other operating income, net	115.1	(9.6)	0.0	1.1	116.1	(8.5)	-
Operating Income / (Loss) before income / (loss) from interests in equity investees and joint businesses	570.0	375.5	(11.1)	(3.3)	557.5	372.2	49.6 %
Income / (loss) from interests in equity investees and joint businesses	8.0	18.1	6.4	(1.9)	14.4	16.2	(11.3)%
	578.0	393.6	(4.7)	(5.2)	571.9	388.4	47.1 %

Operating Income / (Loss) before financial income / (loss) and income tax

*Includes Puerto Retiro, Baicom, CYRSA, Canteras Natal Crespo, Nuevo Puerto Santa Fe and Quality (San Martín Plot).

There is an accumulated result of ARS 115.1 million mainly due to the results generated by the consolidation of our investment in the building located in Madison 183, in Manhattan, NY.

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IX. Financial Debt and Other Indebtedness

Consolidated Financial Debt as of December 31, 2012

Description	Currency	Amount (USD MM) 1	Interest Rate		Maturity
Bank Overdraft	ARS	40.3	Variable		< 180 days
IRSA's Tranche I Series I Notes	USD	150.0	8.50	%	Feb-17
IRSA's Tranche II Series II Notes2	USD	150.0	11.50	%	Jul-20
IRSA's Tranche III Series III Notes	ARS	31.2	Badlar + 249 bps		Aug-13
IRSA's Tranche III Series IV Notes	USD	33.8	7.45	%	Feb-14
Other Loans	USD	0.2	12.00	%	Apr-13
IRSA's Total Debt		405.5			
Bank Overdraft	ARS	17.4	Variable		< 30 days
APSA's Tranche I Series I Notes3	USD	120.0	7.88	%	May-17
Other Loans	USD	20.2	5.00	%	2013/2017
Other Loans	ARS	29.9			
Total APSA's Debt4		187.5			
Total Consolidated Debt		593.1			
Consolidated Cash		(74.5)			
Repurchase of Debt		(23.2)			
Net Consolidated Debt		495.4			

1 Principal face value in USD at an exchange rate of 4.913 ARS = 1 USD, without considering elimination of balances with subsidiaries.
2 As of December 31, 2012 APSA had repurchased USD 3.9 million in principal amount.
3 As of December 31, 2012 APSA had repurchased USD 10.0 million in principal amount.
4 APSA excludes Convertible Notes due 2014. Outstanding principal balance: USD 31.7 million.

Significant Events

- At the meeting held on October 31, 2012, the shareholders resolved to pay a cash dividend for ARS 180,000,000, equivalent to an amount per share of ARS 0.3110546 and an amount per ADR of ARS 3.110546. The record date was November 27 and the execution date was November 29. This dividend has been made available to the local shareholders, whereas the payment date to the ADR holders is in process of being determined.

- On November 16, 2012 we took a syndicated loan from our subsidiary APSA among several local banks for an amount of ARS 118 million. The loan is repayable in 9 quarterly consecutive installments beginning in November 2013, at an annual fixed rate of 15.01%. Interest will be paid monthly.

- On November 27, 2012, the closing of the transaction agreed on August 31, 2012 took place. Under this transaction the Group, acting through IRSA International LLC, acquired the entire 33.36% interest held by Rigby Madison LLC in Rigby 183 LLC, the company that owns the building located at Madison 183, Manhattan. The transaction amount was fixed in USD 32.5 million, which were fully paid. As of to date, IRSA's direct and indirect interest in

Rigby 183 LLC reaches 74.50% of its stock capital.

- On December 3, 2012, IRSA collected dividends from Alto Palermo S.A. for ARS 133.8 million.

Subsequent Events

- On January 16, 2013, IRSA accepted APSA's repurchase offer for all its Convertible Series I Notes for a principal amount of USD 31,738,262, for a total price of USD 35,362,817.54 or USD 1.11420145 per Convertible Note.

X. Brief comment on prospects for the next period

Our shopping centers have continued to exhibit sound invoicing figures and occupancy rates remain close to 100%, hand in hand with our tenants' strong commitment, who keep choosing our spaces both in the City of Buenos Aires and the inner regions of Argentina to position their brands.

We expect that during fiscal year 2013 we will continue to consolidate as the leading shopping center company in Argentina, adding new properties and footage to our current portfolio, including new top brands among our tenants and devising new ways to continue offering the best commercial proposals to our visitors.

In this sense, we will continue to work in the development of our "Arcos del Gourmet" project located in the neighborhood of Palermo, in the City of Buenos Aires. This project will follow an urban model, offering a variety of premium brands in an open-air environment, with approximately 13,000 sqm of gross leaseable area and 70 stores. This future shopping center, the fourteenth in our portfolio, started to be developed in December 2011 and it is expected to be opened in Spring 2013. Over the last months the project has been eagerly accepted among tenants, and we expect that this new proposal, which also introduces a cultural space in the retail concept, will achieve the same degree of success of our former developments.

On the other hand, we continue working on the development of a new shopping center in the City of Neuquén. We hope to have suitable business, financial and governmental conditions for making progress in this development during the second half of this fiscal year.

In addition, we will continue making efforts to improve our shopping centers' service offerings, so as to maintain our successful occupancy rates and visitors' traffic.

Regarding the Offices business, we expect to continue our sales of non-strategic portfolio assets for attractive prices as we have actively done during the past months. In addition, we will strive to achieve maximum occupancy in our buildings and the best possible lease agreements, trying to attract new firms wishing to relocate in the spaces we offer. Moreover, we are deciding on the most suitable timing for launching our "Catalinas Norte" project, which is strategically located and will add approximately 35,000 sqm of gross leaseable area to our portfolio.

Our hotel business showed improved indicators during the first six months of 2013 as our Llao Llao hotel, affected in 2012 by the eruption of the Chilean volcano, recovered its income and occupancy levels, whereas occupancy rates in our hotels in Buenos Aires have decreased as a result of the smaller number of tourists, mainly from Brazil and Chile. Betting on the growth of local tourism, we expect to recover occupancy levels in our Sheraton and Intercontinental hotels in the second half of this fiscal year.

Regarding the Sales and Developments segment, we expect to continue selling non-strategic assets and small land reserves and to make progress in the sale of units received following barter agreements in the residential projects Caballito Nuevo, Torres Rosario and El Encuentro.

As concerns our investments outside Argentina, operating indicators in our New York buildings have improved in the first six months of fiscal year 2013, thanks to our management's experience in managing real estate assets. We will continue to work towards increasing occupancy and income levels in our Lipstick and Madison buildings. Moreover, we retained our share in the hotel REITs Hersha Hospitality Trust and Supertel Hospitality Inc., listed in the New York Stock Exchange (NYSE) and NASDAQ, respectively. We expect to obtain a satisfactory return from these highly opportune investments at the shares' present values.

Given the quality of the real estate assets in our portfolio, the Company's financial position and low indebtedness level, its experience in taking advantage of market opportunities and its credentials in the capital markets, we are confident that that we will remain on the growth track, consolidating the best real estate portfolio of Argentina and taking advantage of opportunities that may arise abroad.

	Inversiones y Representaciones Sociedad Anónima (IRSA)	
March 11, 2013	By:	/s/ Saúl Zang Saúl Zang Responsible for the Relationship with the Markets