Earnings Release

IIQ 2018

Boston Tower (BA City, Argentina)

IRSA invites you to participate in its IIQ 2018 conference call

Friday, February 16, 2018 NEW TIME: 1:00 PM US EST time

The call will be hosted by:
Alejandro Elsztain, IIVP
Daniel Elsztain, COO
Matias Gaivironsky, CFO

To participate, please call:
1-844-308-3343 (toll free) or
1-412-717-9602 (international)
Conference ID # IRSA

In addition, you can access through the following webcast:

http://webcast.engage-x.com/Cover.aspx?PlatformId=TYClFzo0D8iX17AdFOjuUA%3D%3D

Preferably 10 minutes before the call is due to begin.
The conference will be in English.

PLAYBACK

Available until February 23, 2018

Please call:
1-877-344-7529
1-412-317-0088
Access Code: **10116483**

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Highlights for IIQ FY 2018

- Adjusted EBITDA for the first semester of FY 2018 was ARS 7,166 million (ARS 1,459 million from the center of operations in Argentina and ARS 5,707 million from the center of operations in Israel), increasing by 38.0% compared to the same half of 2017 (20% of increase in the center of operations in Argentina and 44% in the center of operations in Israel).

- Net result for the six months' period registered a gain of ARS 10,831 million compared to a gain of ARS 6,816 million in fiscal year 2017, mainly explained by a higher result due to a change in the fair value of investment properties due to the impact of the tax reform implemented in Argentina and for the effects of the exchange rate on them, offset by the loss recorded in our center of operations in Israel as a result of the partial debt swap made by Discount Corporation Ltd. ("DIC").

- Tenant Sales in our malls grew by 22.6% during the first semester of FY2018 while the average rent of the office portfolio reached USD/sqm 26.9. Adjusted EBITDA of the rental segment increased by 18.6% in the compared semester.

- We reached 99.1% occupancy in our shopping malls, 93.2% occupancy in our offices and 71.5% in our hotels' portfolio.

- In October 2017, we have sold in the secondary market 10.2 million shares of IRSA Commercial Properties for a total amount of USD 138.2 million.

- In December, 2017, IRSA acquired, through Dolphin, the remaining 31.7% of IDBD held by IFISA reaching 100% stake in IDBD's share capital.

Buenos Aires, February 9, 2018 - IRSA Inversiones y Representaciones Sociedad Anónima (NYSE: IRS) (BYMA: IRSA), Argentina's leading real estate company, announces today the results of its operations for the second quarter of FY 2018 ended December 31, 2017.

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

Argentine Tax reform: Main impacts

On December 27, 2017, the Argentine Congress approved the Tax Reform, through Law No. 27,430, which was enacted on December 29, 2017, and has introduced many changes to the income tax treatment applicable to financial income. The key components of the Tax Reform are as follows:

Income tax: Corporate income tax gradually would be reduced to 30% for fiscal periods commencing after January 1st, 2018 through December 31, 2019, and to 25% for fiscal periods commencing after January 1st, 2020, inclusive.

Dividends: Tax on dividends distributed by Argentine companies would be as follows: (i) dividends originated from profits obtained before fiscal year ending June 30, 2018 will not be subject to withholding tax; (ii) dividends derived from profits generated during fiscal years ending June 30, 2019 and 2020 paid to Argentine Individuals and/or foreign residents, will be subject to a 7% withholding tax; and (iii) dividends originated from profits obtained during fiscal year ending June 30, 2021 onward will be subject to withholding tax at a rate of 13%.

Presumptions of dividends: Certain facts will be presumed to constitute dividend payments, such as: i) withdrawals from shareholders, ii) shareholders private use of property of the company, iii) transactions with shareholders at values different from market values, iv) personal expenses from shareholders or shareholder remuneration without substance.

Revaluation of assets: The regulation establishes that, at the option of the companies, tax revaluation of assets is permitted for assets located in Argentina and affected to the generation of taxable profits. The special tax on the amount of the revaluation depends on the asset, being (i) 8% for real estate not classified as inventories, (ii) 15% for real estate classified as inventories, (iii) 5% for shares, quotas and equity interests owned by individuals and (iv) 10% for the rest of the assets. As of the date of these financial statements, the Group has not exercised the option. The gain generated by the revaluation is exempted according to article 291 of Law No. 27,430 and, the additional tax generated by the revaluation is not deductible.

In addition, the Argentine tax reform contemplates other amendments regarding the following matters: social security contributions, tax administrative procedures law, criminal tax law, tax on liquid fuels, and excise taxes, among others. At the date of presentation of these financial statements, many aspects are pending regulation by the National Executive Power.

USA Tax reform: Main impacts

In December 2017, a bill was passed to reform the federal taxation law in the United States. The reform included a reduction of the corporate tax rate from 35% to 21%, for the tax years 2018 and thereafter.

Consolidated Results

In Ps. Million	IITQ 18	IIQ 17	YoY Var	6M 18	6M 17	YoY Var
Revenues	22,827	19,044	19.9%	43,040	36,831	16.9%
Net gain from fair value adjustment of investment properties	8,098	2,074	290.5%	11,502	3,470	231.5%
Profit from operations	10,599	3,415	210.4%	15,957	6,182	158.1%
Depreciation and amortization	1,390	1,261	10.2%	2,627	2,374	10.7%
EBITDA	**11,989**	**4,677**	**156.3%**	**18,584**	**8,557**	**117.2%**
Adjusted EBITDA	**3,951**	**2,689**	**46.9%**	**7,166**	**5,191**	**38.0%**
Profit for the period	10,757	6,472	66.2%	10,831	6,816	58.9%
Attributable to equity holders of the parent	8,365	3,635	130.1%	8,918	3,835	132.5%
Attributable to non-controlling interest	2,392	2,837	-15.7%	1,913	2,981	-35.8%

Consolidated revenues from sales, leases and services increased by 16.9% during the first semester of FY2018 compared to the same semester of FY2017, whereas adjusted EBITDA, which excludes the effect of the net gain from fair value adjustment not realized of investment properties, reached Ps. 7,166 million, 38.0% higher than in the same period of 2017.

Profit for the first semester of fiscal year 2018 reached Ps. 10.831 million, mainly explained by a higher net gain from fair value adjustment on investment properties due to the positive impact of tax reform driven by the Government, mainly in the value of shopping centers valued through the discounted cash flow method, and the changes in the exchange rate of our assets denominated in U.S. dollars. This effect was partially offset by a non-monetary effect in the operations center in Israel in September 2017, Discount Corporation ("DIC"), subsidiary of IDB Development Corporation ("IDBD") made a partial debt exchange, recognizing a loss equal to the difference between the repayment of the existing loan and the fair value of the new debt for an approximate amount of NIS 461 million (equivalent to Ps. 2,228 million) recorded under "Financial Results" as financial costs.

Operations Center in Argentina

II. Shopping Malls (through our subsidiary IRSA Propiedades Comerciales S.A.)

During the first six months of fiscal year 2018, our tenants' sales reached Ps. 21,800.8 million, 22.6% higher than in the same period of 2017. Our portfolio's leasable area totaled 340,111 square meters during the quarter under review, whereas the occupancy rate stood at optimum levels of 99.1%, reflecting the quality of our portfolio.

Shopping Malls' Financial Indicators

(in Ps. million)

	IITQ 18	IIQ 17	YoY Var	6M 18	6M 17	YoY Var
Revenues from sales, leases and services	960	812	18.2%	1,810	1,494	21.2%
Net gain from fair value adjustment of investment properties	6,997	812	761.7%	9,041	1,698	432.4%
Profit from operations	7,725	1,412	447.1%	10,410	2,806	271.0%
Depreciation and amortization	6	8	-25.0%	12	13	-7.7%
EBITDA	**7,731**	**1,420**	**444.4%**	**10,422**	**2,820**	**269.6%**
Adjusted EBITDA	**734**	**608**	**20.7%**	**1,381**	**1,121**	**23.1%**

Shopping Malls' Operating Indicators

(in Ps. million, except as indicated)

	IIQ 18	IQ 18	IVQ 17	IIIQ 17	IIQ 17
Total leasable area (sqm)	340,111	339,080	341,289	341,289	340,391
Tenants' sales (3 month cumulative)	12,031.0	9,777.7	9,306.4	7,334.8	9,804.0
Occupancy	99.1%	98.8%	98.6%	98.6%	98.0%

Revenues from this segment grew 21.2% during this three-month period, whereas adjusted EBITDA, which excludes the impact of changes in the fair value of investment properties, reached Ps. 1,381 million (+ 23.1% compared to the same period of 2017). The EBITDA margin was 76.4%, 1.1 pp higher than the figure recorded in the same semester of the previous fiscal year.

Operating data of our Shopping Malls

Shopping Mall	Date of Acquisition	Gross Leasable Area (sqm)(1)	Stores	IRSA Propiedades Comerciales S.A.'s Interest	Occupancy(2)
Alto Palermo	Dec-97	18,633	138	100.0%	98.7%
Abasto Shopping(3)	Nov-99	36,795	171	100.0%	100.0%
Alto Avellaneda	Dec-97	36,039	134	100.0%	99.9%
Alcorta Shopping	Jun-97	15,721	114	100.0%	99.4%
Patio Bullrich	Oct-98	11,503	92	100.0%	99.4%
Buenos Aires Design	Nov-97	13,735	61	53.7%	100.0%
Dot Baires Shopping	May-09	49,407	156	80.0%	99.9%
Soleil	Jul-10	15,214	79	100.0%	100.0%
Distrito Arcos	Dec-14	14,325	69	90.0%	100.0%
Alto Noa Shopping	Mar-95	19,059	90	100.0%	99.4%
Alto Rosario Shopping(4)	Nov-04	31,507	149	100.0%	99.7%
Mendoza Plaza Shopping	Dec-94	42,867	141	100.0%	96.7%
Córdoba Shopping	Dec-06	15,317	106	100.0%	98.6%
La Ribera Shopping(5)	Aug-11	10,530	68	50.0%	96.1%
Alto Comahue	Mar-15	9,459	100	99.1%	97.1%
Patio Olmos(6)	Sep-07				
Total		**340,111**	**1,668**		**99.1%**

(1) Corresponds to gross leasable area in each property. Excludes common areas and parking spaces.
(2) Calculated dividing occupied square meters by leasable area as of the last day of the period.
(3) Excludes Museo de los Niños (3,732 square meters).
(4) Excludes Museo de los Niños (1,261 square meters).
(5) Through our joint venture Nuevo Puerto Santa Fe S.A.
(6) IRSA CP owns the historic building of the Patio Olmos shopping mall in the province of Córdoba, operated by a third party.

Cumulative tenants' sales as of December 31

(per Shopping Mall, for the quarter of each fiscal year, in Ps. million)

Shopping mall	IIQ 18	IIQ 17	YoY Var	6M 18	6M 17	YoY Var
Alto Palermo	1,446.9	1,234.6	17.2%	2,576.7	2,208.0	16.7%
Abasto Shopping	1,573.7	1,322.7	19.0%	2,891.1	2,424.0	19.3%
Alto Avellaneda	1,521.4	1,236.5	23.0%	2,726.8	2,245.0	21.5%
Alcorta Shopping	813.3	682.3	19.2%	1,417.9	1,181.4	20.0%
Patio Bullrich	447.3	376.6	18.8%	782.9	657.1	19.1%
Buenos Aires Design	172.4	139.3	23.8%	342.7	269.7	27.1%
Dot Baires Shopping	1,366.9	1,116.4	22.4%	2,386.1	1,959.2	21.8%
Soleil	610.5	453.1	34.7%	1,141.7	853.2	33.8%
Distrito Arcos	527.5	420.0	25.6%	967.2	739.5	30.8%
Alto Noa Shopping	522.9	424.7	23.1%	968.1	797.0	21.5%
Alto Rosario Shopping	1,089.4	885.2	23.1%	2,008.6	1,626.0	23.5%
Mendoza Plaza Shopping	894.2	706.9	26.5%	1,690.7	1,354.6	24.8%
Córdoba Shopping	415.0	337.6	22.9%	736.3	607.2	21.3%
La Ribera Shopping(1)	274.1	198.4	38.2%	520.1	379.2	37.2%
Alto Comahue	355.6	269.8	31.8%	644.1	486.2	32.5%
Total	**12,031.0**	**9,804.0**	**22.7%**	**21,800.8**	**17,787.3**	**22.6%**

(1) Through our joint venture Nuevo Puerto Santa Fe S.A.

Cumulative tenants' sales as of December 31

(per Type of Business, in Ps. million)

Type of Business	IIQ 18	IIQ 17	YoY Var	6M 18	6M 17	YoY Var
Anchor Store	696.9	527.7	32.1%	1,237.5	945.2	30.9%
Clothes and Footwear	6,701.5	5,586.8	19.4%	11,687.2	9,732.0	20.1%
Entertainment	236.0	201.5	17.1%	651.7	545.5	19.5%
Home	311.7	252.1	23.6%	590.4	471.5	25.2%
Restaurant	1,126.7	871.4	29.3%	2,329.8	1,771.8	31.5%
Miscellaneous	1,465.5	1,208.5	21.3%	2,572.0	2,122.0	21.2%
Services	110.5	53.4	106.9%	213.0	108.2	96.9%
Electronic appliances	1,382.2	1,102.6	25.4%	2,519.2	2,091.1	20.5%
Total	**12,031.0**	**9,804.0**	**22.7%**	**21,800.8**	**17,787.3**	**22.6%**

Revenues from cumulative leases as of December 31

(Breakdown per quarter of each fiscal year, in Ps. million)

	IIQ 18	IIQ 17	YoY Var	6M 18	6M 17	YoY Var
Base rent (1)	503.6	411.0	22.5%	973.9	785.8	23.9%
Percentage rent	247.6	232.4	6.5%	418.5	382.7	9.4%
Total rent	**751.2**	**643.4**	**16.8%**	**1,392.4**	**1,168.5**	**19.2%**
Revenues from non-traditional advertising	27.5	16.2	69.7%	44.3	32.3	37.2%
Admission rights	77.2	63.7	21.1%	150.5	125.6	19.8%
Fees	14.6	11.9	23.2%	28.3	22.6	25.1%
Parking	59.0	48.9	20.5%	119.0	95.0	25.3%
Commissions	27.3	23.7	15.2%	69.3	45.0	54.0%
Others	3.1	4.1	-24.2%	5.8	6.3	-8.7%
Revenues from sales, leases and services	**959.9**	**812.0**	**18.2%**	**1,809.5**	**1,495.3**	**21.0%**

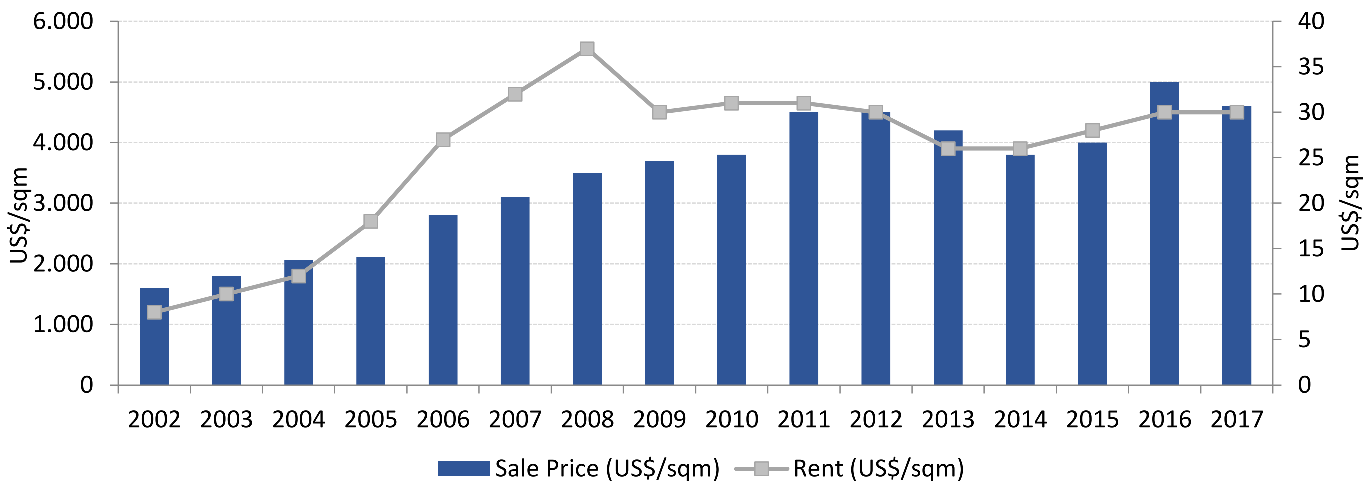
1) Includes Revenues from stands for Ps. 101.6 million

III. Offices

The A+ office market in the City of Buenos Aires remains robust. The price of Premium commercial spaces stood at USD 4,600 per square meter. Rental prices remained at the same levels as in the previous year, averaging USD 30 per square meter for the A+ segment, and vacancy continues to fall, reaching 3.30% as of December 2017.

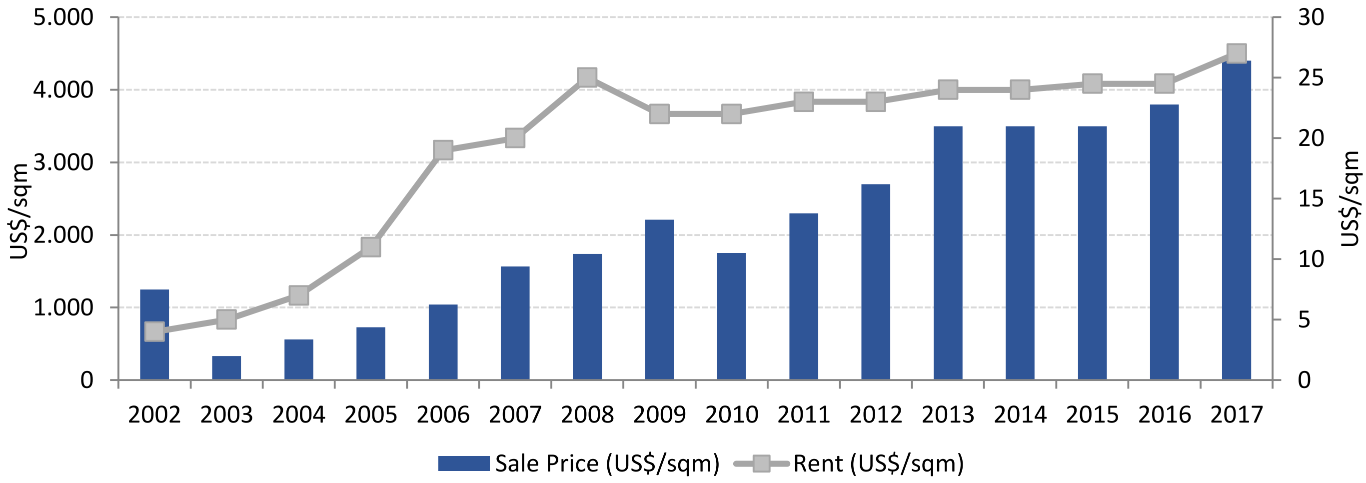
As concerns the A+ office market in the Northern Area, we have noted a significant improvement in the price of units during the last 10 years, and we believe in its potential during the next years. Rental prices have remained at USD 27 per square meter.

Sale and Rental Prices of A+ Offices – City of Buenos Aires



Source: LJ Ramos

Sale and Rental Prices of A+ Offices – Northern Area



Source: LJ Ramos

During the first six months of fiscal year 2018, revenues from the offices segment increased 15.7% as compared to the same period of 2017, whereas Adjusted EBITDA from this segment reached Ps. 211 million, 1.4% lower than in the previous year, mainly due to the realized gain registered in IIQ 17 for the additional purchase of 30% of Entertainment Holdings S.A. whose share, passing to be a controlled company, was revalued at fair value.
Rental prices in USD per sqm increased, reaching USD 26.9 per sqm.

The EBITDA margin from the offices segment reached 84%.

	IIQ 18	IIQ 17	YoY Var	6M 18	6M 17	YoY Var
Revenues	129	116	11.2%	251	217	15.7%
Net gain from fair value adjustment of investment properties	605	1,358	-55.4%	885	1,505	-41.2%
Profit from operations	709	1,489	-52.4%	1,093	1,713	-36.2%
Depreciation and Amortization	3	6	-50.0%	3	6	-50.0%
EBITDA	712	1,495	-52.4%	1,096	1,719	-36.2%
Adjusted EBITDA	107	137	-21.9%	211	214	-1.4%

	IIQ 18	IQ 18	IVQ 17	IIIQ 17	IIQ 17
Gross leasable area	85,378	85,378	85,784	86,682	87,232
Occupancy	93.2%	96.2%	96.2%	97.9%	100.0%
Rent (ARS/sqm)	505	464	436	409	414
Rent (USD/sqm)	26.9	26.8	26.2	26.2	26.1

Below is information on our offices and other rental properties' segment as of December 31, 2017.

	Date of Acquisition	Leasable Area sqm (1)	Occupancy Rate (2)	IRSA's Effective Interest
Offices				
Edificio República(3)	04/28/08	19,885	94%	100%
Torre Bankboston(3)	08/27/07	14,873	86%	100%
Intercontinental Plaza(3)	11/18/97	3,876	100%	100%
Bouchard 710 (3)	06/01/05	15,014	100%	100%
Maipú 1300(4)	09/28/95	397	-	100%
Libertador 498	12/20/95	620	100%	100%
Suipacha 652/64(3)	11/22/91	11,465	86%	100%
Dot Building (3)(7)	11/28/06	11,242	100%	80%
Philips(3)	06/05/17	8,006	24%	100%
Subtotal Offices		**85,378**	**93.2%**	
Other Properties				
Santa María del Plata S.A.	10/17/97	116,100	91%	100%
Ex – Nobleza Piccardo (5)	05/31/11	109,610	89%	50%
Other Properties (6)		22,654	67%	
Subtotal Other Properties		**248,364**	**88%**	
TOTAL OFFICES AND OTHERS		**333,743**	**90%**	

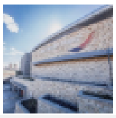
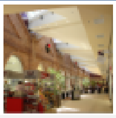
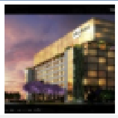
(1) Total leasable area for each property as of December 31, 2017. Excludes common areas and parking.
(2) Calculated dividing occupied sqm by leasable area as of December 31, 2017.
(3) Through IRSA Propiedades Comerciales S.A.
(4) As of December 31, 2017, a sale ticket with possession for the remaining meters of the Maipú 1300 building has been signed. The title deed of the building has not yet been signed.
(5) Through Quality Invest S.A.
(6) Includes the following properties: Dot adjacent plot, Intercontinental plot, Anchorena 665, Chanta IV, Ferro, Puerto Retiro, Abril Manor House, Constitución 1111 and Rivadavia 2774.
(7) As of 12/31/17, 24% of the sqm of the Philips Building had been taken over, which were included in the calculation of the average occupation of IIT 17.

IV. Sales and Developments

	IQ 18	IVQ 17	IIIQ 17	IIQ 17	IQ 17	IQ 18
Revenues from sales, leases and services	20	0	100.0%	54	1	5,300.0%
Net gain from fair value adjustment of investment properties	353	-195	-281.0%	550	-158	-448.1%
Profit from operations	342	-245	-239.6%	523	-229	-328.4%
Depreciation and amortization	0	0	0.0%	0	0	0.00%
EBITDA	342	-245	-239.6%	523	-229	-328.4%
Adjusted EBITDA	-11	-50	-78.0%	-27	-71	-62,0%

For the six months' period of fiscal year 2018, adjusted EBITDA from the Sales and Developments segment was a loss of Ps. 27 million as compared to a loss of Ps. 71 million during the first semester of 2017, due to the sale of apartment units and parking spaces in Astor Beruti, a floor and parking spaces from the building Maipú 1300 and the sale of the Baicom plot.

V. CAPEX 2018

	Developments						
	Shopping malls: Expansions					*Offices: New*	
	Alto Comahue (Cinemas)	Alto Avellaneda	Alto Palermo	Alto Rosario (ingreso Zara + amp. ABL)	Mendoza Plaza (Sodimac & Falabella)	Polo Dot (1st stage)	Catalinas
							
Start of works	FY2017	FY2017	FY2017	FY2018	FY2018	FY2017	FY2017
Estimated opening date	FY2019	FY2018	FY2019	FY2019	FY2019/20	FY2019	FY2020
GLA (sqm)	2,200	3,000	3,900	2,400	12,800	32,000	16,000
% held by IRSA Propiedades Comerciales	100%	100%	100%	100%	100%	80%	45%
Investment amount (million)	~ARS 180	ARS 33	USD 28.5	USD 2.1	USD 13.7	~ARS 1,000	~ARS 720
Work progress (%)	49%	100%	0%	0%	0%	44%	8.6%
Estimated stabilized EBITDA (USD milllion)	N/A	USD 0,7	USD 6-8	USD 0,4	USD 1,3	USD 8-10	USD 6-8

Alto Palermo Expansion

The expansion project of Alto Palermo shopping mall will add a gross leasable area of approximately 4,000 square meters to the shopping mall with the highest sales per square meter in our portfolio and it consists in moving the food court to a third level by using the area of an adjacent building acquired in 2015. Demolition was completed in FY2017, and the expansion works are estimated to start during this fiscal year 2018.

First Stage of Polo Dot

The project called "Polo Dot", located in the commercial complex adjacent to our Dot Baires shopping mall, has experienced significant growth since our first investments in the area. The total project will consist in 3 office buildings (one of them could include a hotel) in land reserves owned by the Company and the expansion of the shopping mall by approximately 15,000 square meters of gross leasable area. At a first stage, we will develop an 11-floor office building with an area of approximately 32,000 square meters on an existing building, in respect of which we have already executed lease agreements for almost all the footage. As of December 31, 2017, degree of progress was 44%. The second stage of the project will include two office/hotel buildings that will add 38,400 square meters of gross leasable area to the complex. We have seen a significant demand for Premium office spaces in this new commercial hotspot, and we are confident that we will be able to open these buildings with attractive rent levels and high occupancy.

Catalinas Building

The building to be constructed will have 35,000 square meters of gross leasable area consisting of 30 office floors and 316 parking spaces, and will be located in the "Catalinas" area in the City of Buenos Aires, one of the most sought-after spots for Premium office development in Argentina. The company owns 16,000 square meters consisting of 14 floors and 142 parking spaces in the building project. Construction works started during the second quarter of FY2017, and are expected to be completed in about 3 years. As of December 31, 2017, work progress was 8.6%.

Other Projects

We will build 2,200 sqm to add 6 cinema screens in Alto Comahue, a large store of 2,400 sqm in Alto Rosario shopping mall, 12,800 sqm mainly in a Sodimac store in Mendoza Plaza Shopping, and we will expand by 3,000 sqm Alto Avellaneda, our shopping mall located in the southern region of Buenos Aires. In addition, we will continue working on optimizing the performance of our current properties through improvements that allow us to take best advantage of their GLA potential and to furnish them with increased functionality and appeal for the benefit of consumers and tenants alike.

VI. Hotels

For the first six months of fiscal year 2018, revenues from the hotel segment grew 28.2%, mainly due to the increase in the average rate per room and a 3.1% rise in the occupancy rate, which reached 71.5% in IIQ18. However, this segment's EBITDA totaled Ps. 29 million during the quarter under review.

Hotels (in millions of ARS)	IITQ 18	IIQ 17	YoY Var	6M 18	6M 17	YoY Var
Revenues	264	200	32.0%	478	373	28.2%
(Loss) / profit from operations	24	23	4.3%	22	27	-18.5%
Depreciation and amortization	3	3	0.0%	7	7	0.0%
EBITDA	27	26	3.8%	29	33	-14.7%

	IIQ 18	IQ 18	IVQ 17	IIIQ 17	IIQ 17
Average Occupancy	71.5%	68.4%	67.3%	69.6%	69.1%
Average Rate per Room (ARS/night)	3,420	3,290	2,803	2,873	2,784
Average Rate per Room (USD/night)	195	190	181	186	182

The following is information on our hotel segment as of December 31, 2017:

Hotels	Date of Acquisition	IRSA's Interest	Number of Rooms	Average Occupancy (1)	Average Rate(2)
Intercontinental (3)	11/01/97	76.34%	309	74.6%	2,538
Sheraton Libertador (4)	03/01/98	80.00%	200	81.1%	2,416
Llao Llao (5)	06/01/97	50.00%	205	57.6%	6,520
Total	**-**		**714**	**71.5%**	**3,420**

1) Cumulative average for the 6-months period.
2) Cumulative average for the 6-months period.
3) Through Nuevas Fronteras S.A. (IRSA's subsidiary).
4) Through Hoteles Argentinos S.A. (IRSA's subsidiary).
5) Through Llao Llao Resorts S.A. (IRSA's subsidiary).

VII. International

Lipstick Building, New York, United States

The Lipstick Building is a landmark building in the City of New York, located at Third Avenue and 53th Street in Midtown Manhattan, New York. It was designed by architects John Burgee and Philip Johnson (Glass House and Seagram Building, among other renowned works) and it is named after its elliptical shape and red façade. Its gross leasable area is approximately 57,500 sqm and consists of 34 floors.

As of December 31, 2017, the building reached an occupancy rate of 94.7%, thus generating an average rent of USD 71.6 per sqm.

Lipstick	Dec-17	Dec-16	YoY Var
Gross Leasable Area (sqm)	58,092	58,092	0.0%
Occupancy	94.7%	96.6%	-1.93
Rental price (USD/sqm)	71.6	68.9	3.9%

Investment in Condor Hospitality Inc.

We maintain our 28.2% investment in the Condor Hospitality Trust hotel REIT's voting rights (NASDAQ: CDOR) through our subsidiary Real Estate Strategies L.P. ("RES"), in which we hold a 66.83% interest. Condor is a REIT listed in Nasdaq focused on medium-class and long-stay hotels located in various states of the United States of America, operated by various operators and franchises.

During the quarter under review, the company's results have shown an improvement in operating levels and it has continued with its strategy of selectively disposing of lower-class hotels at very attractive prices and replacing them with higher-class hotels.

VIII. Financial Operations and Others

Interest in Banco Hipotecario S.A. ("BHSA") through IRSA

BHSA is a leading bank in the mortgage lending industry, in which IRSA held an equity interest of 29.91% as of December 31, 2017 (excluding treasury shares). During the first three months of fiscal year 2018, the investment in Banco Hipotecario generated income of Ps. 410.0 million, compared to income of Ps. 38 million in the same period of 2017, mainly due to the increase in the present value of the bank's financial assets. For further information, visit http://www.cnv.gob.ar or http://www.hipotecario.com.ar.

Operations Center in Israel

IX. Investment in IDB Development Corporation

As of December 31, 2017, IRSA's indirect equity interest reached 100% of IDBD's stock capital.

Below is comparative segment information on our operations center in Israel for the period from July 1 to September 30 of both fiscal years.

Real Estate (Property & Building - PBC) - Ps. MM	IIQ 18	IIQ 17	YoY Var	6M 18	6M 17	Var a/a
Revenues	1,506	1,443	4.4%	2,503	2,492	0.4%
Net gain from fair value adjustment of investment properties	228	637	-64.3%	1,150	973	18.2%
Profit from operations	1,118	1,194	-6.4%	2,700	2,086	29.4%
Depreciation and amortization	5	5	0.0%	14	12	16.7%
EBITDA	1,123	1,199	-6.3%	2,714	2,098	29.4%
Adjusted EBITDA	895	562	59.3%	1,564	1,125	39.0%

It should be clarified that the Argentine peso suffered a 21% devaluation on the one year period that started on September 2016. The real estate segment recorded a decrease in its revenues in the first half of fiscal year 2018 compared with the same semester of 2017 (taking into account the devaluation) mainly due to less availability of apartments available for sale offset by an increase in rents of projects completed in 2017 and an increase in the value of rents. Adjusted EBITDA for the first semester of 2018 reached Ps. 1,624 million, increasing 42.0% with respect to the same semester of 2017.

Supermarkets (Shufersal) - $ MM	IIQ 18	IIQ 17	YoY Var	Var a/a	6M 18	6M 17
Revenues	14,672	11,972	22.6%	27,854	23,439	18.8%
Profit from operations	519	358	45.0%	1,008	743	35.7%
Depreciation and amortization	428	327	30.9%	801	629	27.3%
EBITDA	947	685	38.2%	1,809	1,372	31.9%

The supermarket segment recorded an increase of 18.8% in revenues and 31.9% in EBITDA in the six months FY18 compared to the same period of 2017. The higher results in pesos are explained by the devaluation. The growth was lower than the devaluation mainly due to the seasonality of the Jewish holidays, which are within the semester 2018 but not so during the first semester of 2017, this fall in sales is offset by a better sales mix and growth of the own brand of Shufersal.

Telecommunications (Cellcom) - $ MM	IIQ 18	IIQ 17	YoY Var	6M 18	6M 17	Var a/a
Revenues	4,839	3,907	23.9%	9,065	7,748	17.0%
Profit from operations	27	-51	-152.9%	199	12	1,558.3%
Depreciation and amortization	932	822	13.4%	1,762	1,602	10.0%
EBITDA	959	771	24.4%	1,961	1,614	21.5%

The Telecommunications segment recorded a 17% rise in its revenues due to the effect of the devaluation of the Argentine peso. In Israeli currency, revenues fell slightly in IIQ18 in comparison to IIQ17 as a result of a decline in revenues from the mobile segment offset by an increase in fixed line segment revenues. Operating Income increased by 1,558.3% reaching Ps. 199 million, of which Ps. 145 million comes from the sale of Rimon, a subsidiary of Cellcom.

Others (Corporate expenses and other subsidiaries) - $ MM	IIQ 18	IIQ 17	YoY Var	6M 18	6M 17	Var a/a
Revenues	10	200	-95.0%	199	342	-41.8%
Loss from operations	329	-138	-338.4%	291	-264	-210.2%
Depreciation and amortization	10	92	-89.1%	23	106	-78.3%
EBITDA	339	-46	-837.00%	314	-158	-298.7%

As concerns “Clal”, the Group values its holding in this insurance company as a financial asset at market value. The variation in the share price of CLAL during the semester 2018 generated a profit for the period of Ps. 368 million, while in the first semester of 2017 the profit was Ps. 1,278.

X. Reconciliation with Consolidated Income Statement (ARS million)

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 ventures included in the segment but not in the income statement.

	Total as per Segment information	Adjustment for share of profit/(loss) of Joint Ventures *	Expenses and Collective Promotion Funds	Adjustment to income for elimination of inter-segment transactions	Total as per Statement of Income
Revenues	42,214	-28	860	-6	43,040
Costs	-28,413	11	-876	1	-29,277
Gross profit	**13,801**	**-17**	**-16**	**-5**	**13,763**
Net gain from fair value adjustment of investment properties	11,626	-124	-	-	11,502
General and administrative expenses	-2,214	13	-	6	-2,195
Selling expenses	-7,721	4	-	-	-7,717
Other operating results, net	589	16	-	-1	604
Profit / (loss) from operations	**16,081**	**-108**	**-16**	**-**	**15,957**
Share of profit of associates and joint ventures	233	160	-	-	393
Net segment profit before financial results and income tax	**16,314**	**52**	**-16**	**-**	**16,350**

*Includes Puerto Retiro, Baicom, CYRSA, Nuevo Puerto Santa Fe and Quality (San Martín plot).

XI. Financial Debt and Other Indebtedness

Operations Center in Argentina

Financial debt as of December 31, 2017:

Description	Currency	Amount (1)	Interest Rate	Maturity
Bank overdrafts	ARS	5.6	Floating	< 360 days
IRSA 2020 Series II Non-Convertible Notes.	USD	71.4	11.50%	Jul-20
Series VII Non-Convertible Notes	ARS	20.6	Badlar + 299	Sep-19
Series VIII Non-Convertible Notes	USD	184.5	7.00%	Sep-19
ICBC Dubai Loan	USD	50.0	5,95%	Feb-22
ICBC Loan	ARS	6,7	21.20%	May-18
IRSA’s Total Debt		**338.9**		
IRSA’s Cash + Cash Equivalents + Investments (2)	USD	4.0		
IRSA’s Net Debt	**USD**	**334.9**		
Bank overdrafts	ARS	1.3	Floating	< 360 d
CAPEX Citi 5600 loan	ARS	0.1	Fixed	Jan-18
ICBC loan	ARS	4.0	Fixed	May-18
IRCP Class IV Non-Convertible Notes	USD	140.0	5.0%	Sep-20
IRSA CP Class II Non-Convertible Notes	USD	360.0	8.75%	Mar-23
IRSA CP’s Total Debt		**505.4**		
Cash + Cash Equivalents + Investments (3)		314.8		
IRSA CP’s Net Debt		**190.6**		

(1) Principal amount in USD (million) at an exchange rate of Ps. 18,65/USD, without considering accrued interest or eliminations of balances with subsidiaries.
(2) “IRSA’s Cash & Cash Equivalents plus Investments” includes IRSA’s Cash & Cash Equivalents + IRSA’s Investments in current and non-current financial assets.

(3) "IRSA CP's Cash & Cash Equivalents plus Investments" includes IRSA CP's Cash and cash equivalents + Investments in Current Financial Assets and our holding in TGLT's convertible Notes.

Operations Center in Israel

Net financial debt (USD million)

Indebtedness(1)	Amount
IDBD	704
DIC	978

(1) Net Debt as of September 30, 2017 according to the companies Solo Statutory Financial Statements.

On September 28, 2017, DIC made a partial exchange offer to the holders of series F NCN, proposing them to swap such notes for series J bonds. Series J have substantially different terms from those applicable to series F; therefore, a payment for series F was booked, and a new financial commitment at fair value was recorded in respect of series J NCN. Additionally, the previous debt (Series F) was registered since October 11, 2015 (IDBD consolidation date) at its price with discount to its face value. As a result of this exchange, DIC recorded a loss equal to the difference between the amount cancelled and the amount of the new debt, for approximately NIS 461 million (equivalent to approximately Ps. 2,228 million as of such date) which was included under "Financial costs".

XII. Material and Subsequent Events

Operations Center in Argentina

October 2017: Lipstick's Debt Refinancing

In October 2017, in light of the approaching maturity of the USD 113.1 million non-recourse-to-IRSA debt owed by Metropolitan 885 3rd Ave ("Metropolitan"), owner of the Lipstick Building, the term of such debt was extended to April 30, 2020 with respect to an amount of USD 53.1 million, and USD 50 million were repaid in cash. Out of this sum, IRSA contributed USD 20 million, and an additional reduction of debt in an amount of USD 20 million was obtained from the lender bank.

In addition, as a result of the negotiations held, a reduction in the interest rate of this loan from Libor + 4% to Libor + 2% was achieved.

October 2017: Sale of Equity Interest in IRSA Propiedades Comerciales

On October 26, 2017, IRSA completed the sale in the secondary market of 10,240,000 ordinary shares of IRSA CP, N.V. Ps. 1 per share, represented by American Depositary Shares ("ADSs"), representing four ordinary shares each, which represents nearly 8.1% of IRSA CP capital for a total amount of Ps. 2,440 million (USD 138 million). After the transaction, IRSA's direct and indirect interest in IRSA CP amounts to approximately 86.5%. This transaction was accounted in equity as an increase in the equity holders of the parent for an amount of Ps. 271 million (net of taxes).

October 2017: General Ordinary and Extraordinary Shareholders' Meeting

At the General Ordinary and Extraordinary Shareholders' Meeting held on October 31, 2017, the following matters, *inter alia,* were resolved:

- Distribution of a cash dividend for Ps. 1,400 million.
- Fees payable to the Board of Directors and Supervisory Committee for fiscal year 2017 closed as of June 30, 2017.
- Renewal of regular and alternate directors due to expiration of their terms and appointment of new alternate director.
- Creation of a new Global Note Program for up to USD 350 million.

November 2017: Payment of cash dividend

At the Board meeting held on November 1, 2017, it was resolved to make available to the shareholders, as from November 14, 2017, a cash dividend of Ps. 1,400,000,000 (Argentine legal tender) equivalent to 241,931389433% of the Stock Capital, i.e., an amount per share (ARS 1 par value) of $2.41931389433 and an amount per ADR (Argentine Pesos per ADR) of $24.1931389433 to be charged against the fiscal year ended June 30, 2017, which was paid to all the shareholders recorded as such as of November 13, 2017, according to the register kept by Caja de Valores S.A.

Operations Center in Israel

November 2017: Purchase of DIC shares by Dolphin

As mentioned in Note 7 to the Consolidated Financial Statements as of June 30, 2017, in connection with the Promotion of Competition and Reduction of Concentration Law in Israel, after June 30, 2017, Dolphin Netherlands B.V. made a non-binding tender offer for the acquisition of all DIC shares held by IDBD. For purposes of the transaction, a committee of independent directors has been set up to assess the tender offer and negotiate the terms and conditions. The Audit Committee has issued an opinion without reservations as to the transaction in accordance with the terms of section 72 et al. of the Capital Markets Law N° 26,831.

In November 2017, Dolphin IL Investment Ltd. (Dolphin IL), a subsidiary of Dolphin Netherlands B.V., has subscribed the final documents for the acquisition of the total shares owned by IDBD in DIC.

The transaction has been made for an amount of NIS 1,843 million (equivalent to NIS 17.20 per share of DIC). The consideration was paid NIS 70 million in cash (equivalent to Ps. 348 million as of the date of the transaction) and NIS 1,773 million (equivalent to Ps. 8,814 million as of the date of the transaction) was financed by IDBD to Dolphin, maturing in five years, with the possibility of an extension of three additional years in tranches of one year each, that will accrue an initial interest of 6.5% annually, which will increase by 1% annually in case of extension for each year. In addition to these payment conditions the payment of NIS 70 million in cash is added. Furthermore, guarantees have been implemented for IDBD, for IDBD bondholders and their creditors, through pledges of different degree of privilege over DIC shares resulting from the purchase. Moreover, a pledge will be granted in relation to 9,636,097 (equivalent to 6.38%) of the shares of DIC that Dolphin currently holds in the first degree of privilege in favor of IDBD and in second degree of privilege in favor of IDBD's creditors. This transaction has no effect in the Groups consolidation structure and has been accounted in equity as a decrease in the equity holders of the parent for an amount of Ps. 114 million.

It should be noted that the financial position of IDBD and its subsidiaries at the Operations Center in Israel does not affect the financial position of IRSA and subsidiaries at the Operations Center in Argentina. In addition, the commitments and other covenants resulting from IDBD’s financial debt do not have impact on IRSA since such indebtedness has no recourse against IRSA and it is not granted by IRSA’s assets.

November 2017: Purchase offer by Clal

In July 2017, IDBD received a non-binding offer from an international group for the potential acquisition of its entire interest in Clal. For consideration that will be based on the equity value of Clal, in accordance with Clal Financial Statement at the time of specifying the transaction and is subject to the performance of a due diligence and the execution of an agreement, as well as getting the approvals required by law. IDBD is analyzing the offer. On June 30, 2017, this value amounted to NIS 4,880 million (equivalent to approximately Ps. 23,278 million as of the date of these Financial Statements), at the proportionate equity interest as of the date of the transaction. In November 2017 the period to perform each party undertaking expired. However, the parties are continuing to conduct negotiations in connection with the sale of the sold shares. There is no certainty that the offer will go forward under the terms offered, or that the transaction will be completed.

December 2017: Purchase of shares of IDBD to IFISA

In December 1, 2017, Dolphin Netherlands BV (Dolphin), has executed a share purchase agreement for all of the shares that IFISA held of IDBB, which amounted to 31.7% of the capital stock. In this way, as of the end of December 31, 2017, Dolphin controls 100% of IDBD's shares.

The transaction was made at a price of NIS 398 million (equivalent to NIS 1.968 per share and approximately to Ps. 1,968 million as of the date of the transaction). As consideration of the transaction all receivables from Dolphin to IFISA have been canceled plus a payment of USD 33.7 million (equivalents to Ps. 588 million as of the date of the transaction). This transaction was accounted in equity as a decrease in the equity holders of the parent for an amount of Ps. 2,923 million.

December 2017: Sale of Shufersal shares

On December 24, 2017, DIC sold shares of Shufersal, in a manner whereby its equity interest decreased from 53.30% to 50.12%. The consideration with respect to the sale of the aforementioned shares amounted to approximately NIS 169.5 million (equivalent to Ps 847 million as of the date of the transaction). This transaction was accounted in equity as an increase in the equity holders of the parent for an amount of Ps 385 million.

December 2017: New Pharm Acquisition

As mentioned in Note 4.G to the Consolidated Financial Statements as of June 30, 2017, Shufersal entered into an agreement (the "agreement") for the purchase of the shares of New Pharm Drugstores Ltd. ("New Pharm"), representative of 100% of that Company’s share capital. On December 20, 2017, the transaction was completed and Shufersal is the sole shareholder of New Pharm, after the sale of one of its stores and the approval by the antitrust agency. The total consideration was NIS 151 millones (equivalent to Ps. 734 millones as of the date of the transaction).

The purchase price allocation of the net assets acquired is in process. The information below is preliminar and is subject to change

The following table summarizes the consideration, the fair values of the assets acquired and the liabilities assumed.

	December 2017
Identified assets and liabilities:	
Assets	850
Liabilities	926
Total identified net assets	-76
Goodwill (pending allocation)	810
Total consideration	734

February 2018: Eurocom purchase offer

On February 4, 2018, DIC made a binding acquisition offer in stages of Eurocom Communications Ltd ("Eurocom"), a private Israeli group whose business is developed in the communications, real estate and renewable energy industries. Eurocom is Bezeq's parent company (an Israel's leading telecommunications company). The proposal must be approved by Eurocom and by the authorities and creditors involved in the Eurocom debt restructuring process. Should the proposal succeed, this transaction requires the approval of different regulatory authorities and a divestment of the group's holding in Cellcom.

XIII. Comparative Summary Consolidated Balance Sheet Data

	12.31.17	12.31.16
Non-current assets	180,626	144,551
Current assets	79,912	58,690
Total Assets	**260,538**	**203,241**
Capital and reserves attributable to equity holders of the parent	30,585	25,293
Non-controlling interest	27,221	18,868
Total shareholders' equity	**57,806**	**44,161**
Non-current liabilities	154,680	117,917
Current liabilities	48,052	41,163
Total Liabilities	**202,732**	**159,080**
Total liabilities and shareholders' equity	**260,538**	**203,241**

XIV. Summary Consolidated Income Statement Data

	12.31.17	12.31.16
Profit from operations	**15,957**	**6,182**
Share of profit of associates and joint ventures	393	62
Profit before financial results and income tax	**16,350**	**6,244**
Finance income	650	510
Finance expenses	-8,069	-4,715
Other financial results	1,196	1,531
Financial results, net	**-6,223**	**-2,674**
Income before income tax	**10,127**	**3,570**
Income tax expense	497	-1,027
Profit for the period from continuing operations	**10,624**	**2,543**
Income / (loss) for the period from discontinued operations after income tax	207	4,273
Profit for the period	**10,831**	**6,816**
Other comprehensive (loss) / income for the period	161	550
Comprehensive net (loss) / income for the period	**10,992**	**7,366**
Attributable to:		
Equity holders of the parent	8,918	3,835
Non-controlling interest	1,913	2,981

XV. Comparative Summary Consolidated Cash Flow Data

	12.31.17	12.31.16
Net cash generated by operating activities	6,807	4,862
Net cash used in investing activities	-9,863	2,156
Net cash generated by financing activities	7,185	2,177
Net increase in cash and cash equivalents	**4,129**	**9,195**
Cash and cash equivalents at beginning of fiscal year	24,854	13,866
Cash and cash equivalents reclassified to held for sale	-74	0
Foreign exchange gain on cash and cash equivalents	586	639
Cash and cash equivalents at the end of the period	**29,495**	**23,700**

XVI. Comparative Ratios

	12.31.17		12.31.16	
Liquidity				
CURRENT ASSETS	79,912	1.66	58,690	1.43
CURRENT LIABILITIES	48,052		41,163	
Indebtedness				
TOTAL LIABILITIES	202,732	6.63	159,080	6.29
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	30,585		25,293	
Solvency				
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	30,585	0.15	25,293	0.16
TOTAL LIABILITIES	202,732		159,080	
Restricted Assets				
NON-CURRENT ASSETS	180,626	0.69	144,551	0.71
TOTAL ASSETS	260,538		203,241	

XVII. Brief comment on prospects for the next period

Our businesses in the operations center in Argentina and Israel have posted sound operating results in the first semester of fiscal year 2018. We believe that the diversification of our business, with real estate assets in Argentina and abroad, favorably positions us to face all the challenges and opportunities that may arise in the coming years.

As concerns our operations center in Argentina and our subsidiary IRSA Propiedades Comerciales S.A., Prospects for fiscal year 2018 are positive, in light of the rebound in economic activity and consumption, which decelerated in 2017 as compared to 2016. We hope to continue growing in terms of sales, visitors to our shopping malls and tenants in our office spaces, as well as maintaining optimum occupancy levels

During the second semester of the fiscal year 2018, we expect to consummate certain acquisitions of new lands or existing commercial properties, and we plan to make progress in the commercial developments already launched, including the 4,000 sqm expansion of our Alto Palermo shopping mall, the development of the 32,000 sqm office building in the commercial complex adjoining our Dot Baires shopping mall, and the "Catalinas" building in Buenos Aires, in which we own 16,012 sqm. In addition, in fiscal year 2018 and 2019 we expect to finish the expansion works in some of our shopping malls for approximately 21,000 of GLA. We will build 2,200 sqm to add 6 cinema screens in Alto Comahue, a large store of 2,400 sqm in Alto Rosario shopping mall, 12,800 sqm mainly in a Sodimac store in Mendoza Plaza Shopping, and we will expand by 3,500 sqm Alto Avellaneda, our shopping mall located in the southern region of Buenos Aires. In addition, we will continue working on optimizing the performance of our current properties through improvements that allow us to take best advantage of their GLA potential and to furnish them with increased functionality and appeal for the benefit of consumers and tenants alike.

We will continue to promote marketing actions, events and targeted promotions at our shopping malls to attract consumers, through the joint endeavors of the Company, the retailers and the credit card issuer banks, as these actions have proved to be highly effective and are welcomed by the public.

We are optimistic about the opportunities that may arise in Argentina for the second semester fiscal year 2018. We have a large reserve of lands for future shopping mall and office development projects in an industry scenario with high growth potential.

As concerns our investments outside Argentina, we will continue working in the improvement of the operating ratios of our "Lipstick" building in New York and backing the new strategy of selectively selling low-class hotels and replacing them with higher-class hotels, that is being developed by the "Condor Hospitality Trust" hotel REIT (NASDAQ: CDOR).

Regarding our investment in the Israeli company IDBD, we are much pleased with the results obtained in the first semester of FY18 we will continue to work towards deleveraging the company, selling non-strategic assets in its portfolio and improving the operating margins of each of its operating subsidiaries.

Taking into account the quality of the real estate assets in our portfolio, the Company's financial position and low indebtedness level and its franchise for accessing the capital markets, we remain confident that we will continue consolidating the best real estate portfolio in Argentina and Israel. Moreover, in line with our continuous pursuit of business opportunities and having in mind the general and specific conditions of the national and international markets, we keep evaluating different actions to optimize our capital structure. As concerns our operations center in Argentina, to keep increasing the liquidity of our controlled company IRSA Propiedades Comerciales S.A., the Company could make additional sales of the shares held by it in such company, in one or more tranches, in the over-the-counter market or through a private sale, aps agreed by the Company's shareholders in due course.

Consolidated Condensed Interim Balance Sheets
as of December 31, 2017 and June 30, 2017

(Amounts stated in millions, unless otherwise indicated)

	Note	12.31.2017	06.30.2017
ASSETS			
Non-current Assets			
Investment properties	8	113,465	99,953
Property, plant and equipment	9	28,015	27,113
Properties held for sale	10, 21	3,496	4,532
Intangible assets	11	12,809	12,387
Investments in associates and joint ventures	7	8,195	7,885
Deferred tax assets	18	306	285
Income tax and minimum presumed income tax credit		43	145
Restricted assets	12	1,048	448
Trade and other accounts receivable	13	5,316	4,974
Investments in financial assets	12	1,266	1,772
Financial assets held for sale	12	6,667	6,225
Derivative financial instruments	12	-	31
Total non-current assets		**180,626**	**165,750**
Current assets			
Properties held for sale	10, 21	2,962	1,249
Inventories	21	4,184	4,260
Restricted assets	12	1,157	506
Income tax and minimum presumed income tax credit		83	339
Pool of assets held for sale	26	3,062	2,681
Trade and other accounts receivable	13	17,094	17,264
Investments in financial assets	12	19,312	11,951
Financial assets held for sale	12	2,503	2,337
Derivative financial instruments	12	60	51
Cash and cash equivalents	12	29,495	24,854
Total current assets		**79,912**	**65,492**
TOTAL ASSETS		**260,538**	**231,242**
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the parent (as per applicable statement)		30,585	25,864
Non-controlling interest		27,221	21,472
TOTAL SHAREHOLDERS' EQUITY		**57,806**	**47,336**
LIABILITIES			
Non-current liabilities			
Loans	16	128,088	109,489
Deferred tax liabilities	18	22,396	23,024
Trade and other accounts payable	15	2,379	3,040
Provisions	17	795	943
Employee benefits		823	763
Derivative financial instruments	12	103	86
Salaries and social security charges		96	127
Total non-current liabilities		**154,680**	**137,472**
Current liabilities			
Trade and other accounts payable	15	23,120	20,839
Loans	16	19,307	19,926
Provisions	17	941	890
Pool of liabilities held for sale	26	2,087	1,855
Salaries and social security charges		2,036	2,041
Income tax and minimum presumed income tax liability		420	797
Derivative financial instruments	12	141	86
Total current liabilities		**48,052**	**46,434**
TOTAL LIABILITIES		**202,732**	**183,906**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**260,538**	**231,242**

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

Consolidated Condensed Statements of Income and Other Comprehensive Income for the six- and three-month periods ended December 31, 2017 and 2016

(Amounts stated in millions, unless otherwise indicated)

	Note	Six months 12.31.2017	Six months 12.31.2016 (adjusted)	Three months 12.31.2017	Three months 12.31.2016 (adjusted)
Revenues	19	43,040	36,831	22,827	19,044
Costs	20, 21	(29,277)	(25,625)	(15,550)	(13,299)
Gross profit		**13,763**	**11,206**	**7,277**	**5,745**
Net gain from fair value adjustment of investment properties	8	11,502	3,470	8,098	2,074
General and administrative expenses	20	(2,195)	(1,809)	(1,200)	(957)
Selling expenses	20	(7,717)	(6,564)	(4,156)	(3,395)
Other operating results, net	22	604	(121)	580	(52)
Profit from operations		**15,957**	**6,182**	**10,599**	**3,415**
Share of profit / (loss) of associates and joint ventures	7	393	62	(5)	53
Profit before finance results and income tax		**16,350**	**6,244**	**10,594**	**3,468**
Finance income	23	650	510	355	230
Finance cost (i)	23	(8,069)	(4,715)	(3,026)	(2,684)
Other financial results	23	1,196	1,531	903	1,269
Financial results, net		**(6,223)**	**(2,674)**	**(1,768)**	**(1,185)**
Profit before income tax		**10,127**	**3,570**	**8,826**	**2,283**
Income tax	18	497	(1,027)	1,737	(435)
Profit from continuing operations		**10,624**	**2,543**	**10,563**	**1,848**
Profit from discontinued operations	28	207	4,273	194	4,624
Profit for the period		**10,831**	**6,816**	**10,757**	**6,472**
Other comprehensive income / (loss):					
Items that may be reclassified subsequently to profit or loss:					
Currency translation adjustment		457	2,502	944	277
Share of other comprehensive income / (loss) of joint ventures and associates		(208)	(1,923)	(352)	(207)
Change in the fair value of hedging instruments net of income taxes		(33)	(10)	(24)	(66)
Items that may not be reclassified subsequently to profit or loss, net of income tax:					
Actuarial loss from defined benefit plans		(47)	(19)	(34)	3
Other income / (loss) generated from associates		-	-	-	3
Other comprehensive income for the period from continuing operations		**169**	**550**	**534**	**10**
Other comprehensive income / (loss) for the period from discontinued operations		(8)	-	78	-
Total other comprehensive income for the period		**161**	**550**	**612**	**10**
Profit and other comprehensive income for the period		**10,992**	**7,366**	**11,369**	**6,482**
Comprehensive income from continuing operations		10,793	3,093	11,097	1,858
Comprehensive income from discontinued operations		199	4,273	272	4,624
Profit and other comprehensive income for the period		**10,992**	**7,366**	**11,369**	**6,482**
Profit for the period attributable to:					
Equity holders of the parent		8,918	3,835	8,365	3,635
Non-controlling interest		1,913	2,981	2,392	2,837
Profit for the period from continuing operations attributable to:					
Equity holders of the parent		8,778	1,503	8,233	1,044
Non-controlling interest		1,846	1,040	2,330	804
Comprehensive income attributable to:					
Equity holders of the parent		8,646	3,857	8,374	3,429
Non-controlling interest		2,346	3,509	2,995	3,053
Profit for the period attributable to equity holders of the parent per share:					
Basic		15.51	6.67	14.55	6.32
Diluted		15.40	6.62	14.45	6.28
Profit for the period from continuing operations attributable to equity holders of the parent per share:					
Basic		15.27	2.61	14.32	1.82
Diluted		15.16	2.60	14.22	1.80

(i) As of December 31, 2017, it includes $ (2,228) as proceeds of DIC's debt swap (see Note 16).

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

The previous period has been adjusted due to the change in the accounting policy for investment properties as described in Note 2.3.

Consolidated Condensed Interim Cash Flow Statements
for the six-month periods ended December 31, 2017 and 2016

(Amounts stated in millions, unless otherwise indicated)

	Note	12.31.2017	12.31.2016 (adjusted)
Operating activities:			
Net cash generated from continuing operating activities before income tax paid	14	6,792	5,559
Income tax and minimum presumed income tax paid		(231)	(488)
Net cash generated from continuing operating activities		**6,561**	**5,071**
Net cash generated from / (used in) discontinued operating activities		246	(209)
Net cash generated from operating activities		**6,807**	**4,862**
Investing activities:			
Decrease / (increase) of equity interest in associates and joint ventures		12	(360)
Acquisition and improvement of investment properties		(1,247)	(1,346)
Financial advance payments		(146)	-
Proceeds of disposal of investment properties		258	171
Acquisition and improvement of property, plant and equipment		(1,715)	(1,302)
Proceeds of sales of property, plant and equipment		4	-
Purchases of intangible assets		(323)	(209)
Purchase of subsidiaries, net of cash acquired		(719)	(46)
Increase in restricted assets, net		(624)	-
Dividends received		75	60
Proceeds from sale of equity interest in associates and joint ventures		241	-
Collection of loans granted		558	-
Proceeds from liquidation of associate		65	-
Acquisition of investments in financial assets		(13,113)	(1,582)
Collections from realization of investments in financial assets		7,168	2,679
Interest received on financial assets		137	68
Loans to related parties		(345)	(4)
Loans		(88)	-
Net cash used in continuing investing activities		**(9,802)**	**(1,871)**
Net cash (used in) generated from discontinued investing activities		(61)	4,027
Net cash (used in) generated from investing activities		**(9,863)**	**2,156**
Financing activities:			
Borrowings		14,831	13,657
Repayment of borrowings		(6,183)	(9,422)
Repayment of borrowings from related parties		-	(9)
Interest paid		(2,636)	(2,407)
Capital distribution to non-controlling interest in subsidiaries		(18)	(43)
Capital contributions of non-controlling interest in subsidiaries		82	2
Acquisition of non-controlling interest in subsidiaries		(612)	(990)
Proceeds from sale of non-controlling interest in subsidiaries		3,303	2,440
Dividends paid		(1,400)	(515)
Dividends paid to non-controlling interest in subsidiaries		(179)	-
Acquisition of derivative financial instruments		(29)	(90)
Proceeds from derivative financial instruments		137	69
Net cash generated from continuing financing activities		**7,296**	**2,692**
Net cash used in discontinued financing activities		(111)	(515)
Net cash generated from financing activities		**7,185**	**2,177**
Net increase in cash and cash equivalents from continuing operations		4,055	5,892
Net increase in cash and cash equivalents from discontinued operations		74	3,303
Net increase in cash and cash equivalents		**4,129**	**9,195**
Cash and cash equivalents at beginning of year	13	24,854	13,866
Cash and cash equivalents reclassified to held for sale		(74)	-
Foreign exchange gain on cash and net gain from fair value adjustment of cash equivalents		586	639
Cash and cash equivalents at period end	**13**	**29,495**	**23,700**

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

The previous period has been adjusted due to the change in the accounting policy for investment properties as described in Note 2.3.

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