

IRSA INVESTMENTS & REPRESENTATIONS INC
Form 20-F
December 30, 2009
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United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 20-F

.. **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended: June 30, 2009

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR

.. **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number: 1-13542

IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA

(Exact name of Registrant as specified in its charter)

IRSA INVESTMENTS AND REPRESENTATIONS INC.

(Translation of Registrant's name into English)

Republic of Argentina

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(Jurisdiction of incorporation or organization)

Bolívar 108

(C1066AAB) Buenos Aires, Argentina

(Address of principal executive offices)

Gabriel Blasi

Chief Financial Officer

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Moreno 877 22nd Floor

(C1091AAQ) Buenos Aires, Argentina

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Global Depositary Shares, each representing ten shares of Common Stock Common Stock, par value one Peso per share	New York Stock Exchange New York Stock Exchange*

* Not for trading, but only in connection with the registration of Global Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of outstanding shares of the issuer's common stock as of June 30, 2009 was 578,676,460.

Indicate by check mark if the registrant is a well known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued Other

by the International Accounting Standards Board

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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DISCLOSURE REGARDING FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements.

This annual report includes forward-looking statements, principally under the captions Summary, Risk Factors, Operating and Financial Review and Prospects and Business Overview. We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed elsewhere in this annual report, could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including, among other things:

changes in general economic, business, political or other conditions in Argentina or changes in general economic or business conditions in Latin America;

changes in capital markets in general that may affect policies or attitudes toward lending to or investing in Argentina or Argentine companies;

changes in exchange rates or regulations applicable to currency exchanges or transfer;

unexpected developments in pending litigation;

increased costs;

unanticipated increases in financing and other costs or the inability to obtain additional debt or equity financing on attractive terms; and

the risk factors discussed under Risk Factors .

The words believe, may, will, aim, estimate, continue, anticipate, intend, expect, forecast and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update publicly or to revise any forward-looking statements after we distribute this annual report because of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this annual report might not occur and are not guarantees of future performance.

CERTAIN MEASUREMENTS AND TERMS

As used throughout this annual report, the terms IRSA, the Company, we, us, and our refer to IRSA Inversiones y Representaciones Sociedad Anónima, together with our consolidated subsidiaries, except where we make clear that such terms refer only to the parent company.

In Argentina the standard measure of area in the real estate market is the square meter (m²), while in the United States and certain other jurisdictions, the standard measure of area is the square foot (sq. ft.). All units of area shown in this annual report (e.g., gross leasable area of buildings and size of undeveloped land) are expressed in terms of square meters. One square meter is equal to approximately 10.764 square feet. One hectare is equal to approximately 10,000 square meters and approximately 2.47 acres.

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PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

In this annual report where we refer to *Peso*, *Pesos*, or *Ps.* we mean Argentine pesos, the lawful currency in Argentina; when we refer to *U.S. dollars*, or *US\$* we mean United States dollars, the lawful currency of the United States of America; and when we refer to *Central Bank* we mean the Argentine Central Bank.

This annual report contains our Audited Consolidated Financial Statements as of June 30, 2009 and 2008 and for the fiscal years ended June 30, 2009, 2008 and 2007 (our Audited Consolidated Financial Statements), which have been audited by Price Waterhouse & Co. S.R.L., Buenos Aires, Argentina, a member firm of PricewaterhouseCoopers, an independent registered public accounting firm, whose report is included herein.

We prepare our consolidated financial statements as of June 30, 2009 and 2008 in thousands of Pesos and in accordance with generally accepted accounting principles in Argentina, as set forth by the *Federación Argentina de Consejos Profesionales de Ciencias Económicas* (*FACPCE*) and as implemented, adapted, amended, revised and/or supplemented by the *Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires* (*CPCECABA*) (collectively, *Argentine GAAP*) and the regulations of the *Comisión Nacional de Valores*, which differ in certain significant respects from accepted accounting principles in the United States of America (*U.S. GAAP*). Such differences involve methods of measuring the amounts shown in our consolidated financial statements as well as additional disclosures required by U.S. GAAP and Regulation S-X of the U.S. Securities and Exchange Commission (*SEC*). See Note 29 to our consolidated financial statements for a description of the principal differences between Argentine GAAP and U.S. GAAP, as they relate to us, and reconciliation to U.S. GAAP of net income and shareholders' equity.

In order to comply with the regulations of the *Comisión Nacional de Valores* (*CNV*), we discontinued inflation accounting as of February 28, 2003. Since Argentine GAAP required companies to discontinue inflation adjustments as from October 1, 2003, the application of the CNV resolution represented a departure from Argentine GAAP. However, due to low inflation rates during the period from March 1, to September 30, 2003, such a departure did not have a material effect on our Audited Consolidated Financial Statements.

Resolution CD 93/2005, issued by the CPCECABA provided for the accounting treatment of differences between the tax basis and book basis of non-monetary items for deferred income tax calculation purposes when companies prepare price-level restated financial statements. This resolution mandated companies to treat these differences as temporary but allowed a one-time accommodation to continue treating these differences as permanent. As a result, we elected to continue treating differences as permanent.

In compliance with Rule 3-09 of Regulation S-X, this annual report includes the Consolidated Financial Statements of Banco Hipotecario S.A. (*Banco Hipotecario*) as of June 30, 2009 and 2008 and for the twelve months ended June 30, 2009, 2008 and 2007.

Also in compliance with Rule 3-09 of Regulation S-X, this annual report includes the Consolidated Financial Statements of Metropolitan 885 Third Avenue LLC. (*Metropolitan*) as of June 30, 2009 and for the year then ended.

Certain amounts which appear in this annual report (including percentage amounts) may not sum due to rounding. Solely for the convenience of the reader, we have translated certain Peso amounts into U.S. dollars at the exchange rate quoted by the Central Bank for June 30, 2009, which was Ps.3.797 = US\$ 1.00. We make no representation that the Peso or U.S. dollar amounts actually represent or could have been or could be converted into U.S. dollars at the rates indicated, at any particular rate or at all.

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References to fiscal years 2005, 2006, 2007, 2008 and 2009 are to the fiscal years ended June 30 of each such year.

MARKET DATA

Market data used throughout this annual report were derived from reports prepared by unaffiliated third-party sources. Such reports generally state that the information contained therein has been obtained from sources believed by such sources to be reliable. Certain market data which appear herein (including percentage amounts) may not sum due to rounding.

Table of Contents**PART I****ITEM 1. Identity of Directors, Senior Management and Advisers**

This item is not applicable.

ITEM 2. Offer Statistics and Expected Timetable

This item is not applicable.

ITEM 3. Key Information**A. Selected Financial Data**

The following selected consolidated financial data has been derived from our Audited Consolidated Financial Statements as of the dates and for each of the periods indicated below. This information should be read in conjunction with and is qualified in its entirety by reference to our Audited Consolidated Financial Statements and the discussion in Operating and Financial Review and Prospects included elsewhere in this annual report. The selected consolidated statement of income data for the years ended June 30, 2009, 2008, and 2007 and the selected consolidated balance sheet data as of June 30, 2009 and 2008 have been derived from our Audited Consolidated Financial Statements which have been audited by Price Waterhouse & Co. S.R.L., Buenos Aires, Argentina, a member firm of PricewaterhouseCoopers, an independent registered public accounting firm.

The selected consolidated income statement data for the years June 30, 2006 and 2005 and the selected consolidated balance sheet data as of June 30, 2007 and 2006 have been derived from our Audited Consolidated Financial Statements as of June 30, 2007 and 2006 and for each of the three years in the period ended June 30, 2007 which are not included herein. Certain reclassifications have been made to these figures to conform to the presentation of our fiscal year ended June 30, 2009. The reclassifications had no impact on previously reported net income, net income per share, shareholders' equity or cash flows.

The selected consolidated balance sheet data as of June 30, 2005 have been derived from our Audited Consolidated Financial Statements as of June 30, 2006 and 2005 and for each of the three years in the period ended June 30, 2006, which are not included herein. Certain reclassifications have been made to these figures to conform to the presentation of our fiscal year ended June 30, 2009. The reclassifications had no impact on previously reported net income, net income per share, shareholders' equity or cash flows.

The management of Alto Palermo Sociedad Anónima s (APSA) subsidiary Tarshop S.A. (Tarshop) has reassessed the method for allocating its expenses between Costs , Selling expenses and Administrative expenses . This change was made taking into account the expansion of the company's commercial force driven by its commercial strategy, which has led to an increase in the loan portfolio and in the number of branches. Consequently, as a result of a study mainly based on the distribution of the number of employees assigned to each task, expenses have been allocated on the basis of that structure, which according to management projections and representations will be maintained in the future. Below is a detail of the captions affected at year end:

	As of June 30, 2008		As of June 30, 2007		As of June 30, 2006		As of June 30, 2005	
	As adjusted	As originally issued	As adjusted	As originally issued	As adjusted	As originally issued	As adjusted	As originally issued
Costs	(464,223)	(489,661)	(295,108)	(311,647)	(233,928)	(243,831)	(162,641)	(168,074)
Gross profit	620,019	594,581	443,648	427,109	343,752	333,849	207,248	201,815
Selling expenses	(247,297)	(163,986)	(168,848)	(113,709)	(92,491)	(60,105)	(55,037)	(36,826)
Administrative expenses	(122,121)	(179,994)	(102,827)	(141,427)	(74,399)	(96,882)	(57,892)	(70,670)

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	As of and for the year ended June 30,					
	(in thousands of US\$, except ratios, number of shares and Capital Stock) 2009 ⁽¹⁾	(in thousands of Ps., except ratios, number of shares and Capital Stock ⁽²⁾)				
	2009	2008	2007	2006	2005	
STATEMENT OF INCOME DATA						
<i>Argentine GAAP</i>						
Revenues:						
Development and sale of properties	73,838	280,362	196,811	75,751	103,966	32,311
Office and other non-shopping center rental properties	38,912	147,749	102,159	57,093	30,565	19,431
Shopping centers	104,486	396,733	345,395	270,266	215,003	165,529
Consumer financing	62,372	236,827	291,030	212,965	122,969	64,558
Hotel operations	41,852	158,913	148,847	122,681	103,763	87,120
Financial operations and others					1,414	940
Total revenues	321,460	1,220,584	1,084,242	738,756	577,680	369,889
Costs	(133,922)	(508,506)	(464,223)	(295,108)	(233,928)	(162,641)
Gross profit (loss):						
Development and sale of properties	34,776	132,044	45,917	17,928	49,766	14,769
Office and other non-shopping center rental properties	31,188	118,419	75,812	39,592	21,578	11,685
Shopping centers	75,707	287,458	246,220	179,154	137,621	95,748
Consumer financing	30,059	114,133	187,443	153,253	88,939	46,889
Hotel operations	15,808	60,024	64,627	53,721	45,792	38,196
Financial operations and others					56	(39)
Total gross profit	187,538	712,078	620,019	443,648	343,752	207,248
Gain from recognition of inventories at net realizable value	3,175	12,056	2,832	20,737	9,063	17,317
Selling expenses	(62,207)	(236,201)	(247,297)	(168,848)	(92,491)	(55,037)
Administrative expenses	(38,801)	(147,329)				