

CRESUD INC  
Form 6-K  
February 22, 2007  
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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

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REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15b-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the month of February, 2007

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# CRESUD SOCIEDAD ANONIMA COMERCIAL INMOBILIARIA FINANCIERA Y AGROPECUARIA

(Exact name of Registrant as specified in its charter)

**CRESUD INC.**

(Translation of registrant's name into English)

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**Republic of Argentina**

(Jurisdiction of incorporation or organization)

**Moreno 877, 23<sup>rd</sup> Floor, (C1091AAQ)**

**Buenos Aires, Argentina**

(Address of principal executive offices)

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Form 20-F ü Form 40-F \_\_\_\_\_

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Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes \_\_\_\_\_ No   

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**CRESUD S.A.C.I.F. and A**

**(THE COMPANY )**

**REPORT ON FORM 6-K**

Attached is an English translation of the unaudited consolidated financial statements for the six-month periods beginning on July 1, 2006 and 2005 and ended December 31, 2006 and 2005 filed with the *Comisión Nacional de Valores*.

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**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera**

**y Agropecuaria**

For the six-month periods ended December 31, 2006 and 2005

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**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

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Name of the Company: **Cresud Sociedad Anónima  
Comercial, Inmobiliaria,  
Financiera y Agropecuaria**

Legal Address: Moreno 877, 23rd Floor  
Ciudad Autónoma de Buenos Aires

Principal Activity: Agriculture, livestock and real-estate  
Fiscal year No. 72 started on July 1, 2006

Financial Statements for the six-month period  
ended December 31, 2006. In comparative format with previous fiscal year

**DATES OF REGISTRATION AT THE PUBLIC REGISTRY OF COMMERCE**

Of the by-laws: February 19, 1937

Of the latest amendment: September 22, 1999

Duration of the Company: June 6, 2082

Information on controlled companies in Note 2 to the consolidated Financial Statements

**CAPITAL STATUS ( Note 3 of basic financial statements)**

**SHARES**

| <b>Type of stock</b>   | <b>Authorized<br/>Pesos</b> | <b>Subscribed<br/>pesos</b> | <b>Paid-in<br/>pesos</b> |
|--|-----------------------------|-----------------------------|--------------------------|
| Ordinary certified shares of Ps.1 face value and 1 vote each | 235,372,425                 | 235,372,425                 | 235,372,425              |

**Table of Contents****Cresud Sociedad Anónima****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Consolidated Balance Sheet as of December 31, 2006 and 2005 and June 30, 2006**

|   | December 31,<br>2006<br>(Notes 1, 2 and 3) | June 30, 2006<br>(Notes 1, 2 and 3) | December 31,<br>2005<br>(Notes 1, 2 and 3) |
|---|--|-------------------------------------|--|
|   | Pesos                                      | Pesos                               | Pesos                                      |
| <b>ASSETS</b>   |  |                                     |  |
| <b>Current Assets</b>                                       |  |                                     |  |
| Cash and banks (Note 4.a.)                                  | 15,722,360                                 | 25,997,361                          | 1,292,529                                  |
| Investments (Note 4.b.)                                     | 43,868,630                                 | 6,223,788                           | 6,539,129                                  |
| Trade accounts receivable (Note 4.c.)                       | 12,226,807                                 | 11,084,617                          | 10,546,546                                 |
| Other receivables (Note 4.d.)                               | 14,675,747                                 | 22,744,963                          | 12,794,837                                 |
| Inventories (Note 4.e.)                                     | 49,476,568                                 | 28,932,135                          | 49,273,138                                 |
| <b>Total current assets</b>                                 | <b>135,970,112</b>                         | <b>94,982,864</b>                   | <b>80,446,179</b>                          |
| <b>Non-current assets</b>                                   |  |                                     |  |
| Other receivables (Note 4.d.)                               | 41,210,720                                 | 36,005,292                          | 14,964,386                                 |
| Inventories (Note 4.e.)                                     | 66,616,712                                 | 62,712,423                          | 58,600,459                                 |
| Investments on controlled and related companies (Note 4.b.) | 483,917,853                                | 468,371,269                         | 290,753,202                                |
| Other investments (Note 4.b.)                               | 20,717                                     | 37,052,716                          | 100,520,337                                |
| Fixed assets, net (Schedule A)                              | 236,440,473                                | 224,775,512                         | 212,590,018                                |
| Intangible assets, net (Schedule B)                         | 23,581,646                                 | 23,581,646                          |  |
| <b>Subtotal Non-Current Assets</b>                          | <b>851,788,121</b>                         | <b>852,498,858</b>                  | <b>677,428,402</b>                         |
| Goodwill (Note 4.b.)  | (72,145,013)                               | (76,825,838)                        | (5,000,846)                                |
| <b>Total Non-Current Assets</b>                             | <b>779,643,108</b>                         | <b>775,673,020</b>                  | <b>672,427,556</b>                         |
| <b>Total Assets</b>   | <b>915,613,220</b>                         | <b>870,655,884</b>                  | <b>752,873,735</b>                         |
| <b>LIABILITIES</b>  |  |                                     |  |
| <b>Current Liabilities</b>                                  |  |                                     |  |
| <b>Debts:</b>   |  |                                     |  |
| Trade accounts payable (Note 4.f.)                          | 38,330,776                                 | 26,438,528                          | 28,142,275                                 |
| Loans (Note 4.g.)   | 139,817,661                                | 66,421,573                          | 18,424,604                                 |
| Salaries and social security payable (Note 4.h.)            | 1,912,932                                  | 2,293,130                           | 1,073,881                                  |
| Taxes payable (Note 4.i.)                                   | 3,628,241                                  | 3,313,836                           | 1,750,065                                  |
| Other debts (Note 4.j.)                                     | 3,991,740                                  | 3,442,024                           | 2,886,937                                  |
| <b>Total Debts</b>  | <b>187,681,350</b>                         | <b>101,909,091</b>                  | <b>52,277,762</b>                          |
| <b>Total current liabilities</b>                            | <b>187,681,350</b>                         | <b>101,909,091</b>                  | <b>52,277,762</b>                          |
| <b>Non-current liabilities</b>                              |  |                                     |  |
| Trade accounts payable (Note 4.f.)                          | 536,279                                    | 835,292                             |  |

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|  |                    |                    |                    |
|--|--------------------|--------------------|--------------------|
| Taxes payable (Note 4.i.)                        | 40,516,058         | 42,770,882         | 45,171,590         |
| Loans (Note 4.g.)                                | 24,496,000         | 98,096,955         | 111,374,915        |
| Other debts (Note 4.j.)                          | 434,309            | 434,309            | 434,309            |
| Provisions (Schedule E)                          | 522,348            | 183,893            | 104,329            |
| <b>Total Non-current liabilities</b>             | <b>66,504,994</b>  | <b>142,321,331</b> | <b>157,085,143</b> |
| <b>Total Liabilities</b>                         | <b>254,186,344</b> | <b>244,230,422</b> | <b>209,362,905</b> |
| <b>Minority interest</b>                         | <b>576,428</b>     | <b>559,871</b>     | <b>200,444</b>     |
| <b>SHAREHOLDERS EQUITY</b>                       | <b>660,850,448</b> | <b>625,865,591</b> | <b>543,310,386</b> |
| <b>Total Liabilities and Shareholders Equity</b> | <b>915,613,220</b> | <b>870,655,884</b> | <b>752,873,735</b> |

The accompanying notes and schedules are an integral part of the consolidated financial statements

Saul Zang  
Vicepresident



**Table of Contents****Cresud Sociedad Anónima****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Consolidated Statement of Income**

For the six-month periods beginning on July 1, 2006 and 2005

and ended December 31, 2006 and 2005

|                                    | December 31, 2006   | December 31, 2005   |
|------------------------------------|---------------------|---------------------|
|                                    | (Notes 1, 2 and 3)  | (Notes 1, 2 and 3)  |
|                                    | Pesos               | Pesos               |
| <b>Production:</b>                 |                     |                     |
| Crops                              | 6,586,411           | 4,316,285           |
| Beef Cattle                        | 11,125,808          | 10,424,135          |
| Milk                               | 5,478,723           | 4,277,258           |
| <b>Total production</b>            | <b>23,190,942</b>   | <b>19,017,678</b>   |
| Cost of production (Schedule F.2): |                     |                     |
| Crops                              | (8,007,741)         | (4,338,167)         |
| Beef cattle                        | (8,258,522)         | (8,115,911)         |
| Milk                               | (3,537,970)         | (2,300,728)         |
| <b>Total cost of production</b>    | <b>(19,804,233)</b> | <b>(14,754,806)</b> |
| <b>Production profit</b>           | <b>3,386,709</b>    | <b>4,262,872</b>    |
| Sales:                             |                     |                     |
| Crops                              | 13,239,915          | 28,938,520          |
| Beef Cattle                        | 15,400,961          | 17,263,647          |
| Milk                               | 4,603,474           | 4,277,258           |
| Feed Lot                           | 3,102,229           | 1,114,648           |
| Others                             | 5,072,774           | 3,106,795           |
| <b>Total sales</b>                 | <b>41,419,353</b>   | <b>54,700,868</b>   |
| Cost of sales (Schedule F.1):      |                     |                     |
| Crops                              | (15,182,678)        | (25,429,546)        |
| Beef Cattle                        | (14,732,739)        | (16,954,631)        |
| Milk                               | (4,603,474)         | (4,277,258)         |
| Feed Lot                           | (2,823,866)         | (920,387)           |
| Others                             | (1,519,840)         | (1,330,725)         |
| <b>Total cost of sales</b>         | <b>(38,862,597)</b> | <b>(48,912,547)</b> |
| <b>Sales profit</b>                | <b>2,556,756</b>    | <b>5,788,321</b>    |
| <b>Gross profit</b>                | <b>5,943,465</b>    | <b>10,051,193</b>   |

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|   |                    |                    |
|---|--------------------|--------------------|
| Selling expenses (Schedule H)                             | (2,639,664)        | (4,997,065)        |
| Administrative expenses (Schedule H)                      | (8,550,529)        | (4,413,487)        |
| Net gain on sale of farms                                 |                    | 9,897,186          |
| Holding gain Beef cattle (Schedules F.1 and F.2)          | 1,469,238          | 2,104,658          |
| Holding gain Crops (Schedules F.1 and F.2)                | 3,396,072          | 2,028,381          |
| <b>Operating (loss) income</b>                            | <b>(381,418)</b>   | <b>14,670,866</b>  |
| Financial gain (loss)                                     |                    |                    |
| Generated by assets:                                      |                    |                    |
| Exchange differences and discounts                        | (336,975)          | 8,777,372          |
| Interest income   | 598,966            | 181,555            |
| Doubtful accounts   |                    | (25,000)           |
| Tax on banking debits and credits                         | (780,573)          | (1,006,687)        |
| Holding gain - bonds                                      | 3,991              |                    |
| Sales bonds profit  |                    | 14,872,000         |
| Interest on bonds   | 1,474,472          | 4,360,671          |
| Others  | 638,201            | 1,730,601          |
| Total   | 1,598,082          | 28,890,512         |
| Generated by liabilities:                                 |                    |                    |
| Reference stabilization index (CER)                       | (7,677)            | (11,688)           |
| Interest loss   | (425,165)          | (7,983)            |
| Financial expenses:                                       |                    |                    |
| Interest on Convertible bonds (Note 7)                    | (2,885,819)        | (4,359,619)        |
| Others  | (3,871,918)        | (1,063,498)        |
| Exchange differences and discounts                        | 1,249,211          | (6,570,945)        |
| Total   | (5,941,368)        | (12,013,733)       |
| Other income and expenses, net                            |                    |                    |
| Gains from other fixed assets sales                       | 28,506             | 13,827             |
| Others  | (361,130)          | (16,757)           |
| Shareholders personal assets tax and miscellaneous        | (872,962)          | (889,640)          |
|   | (1,205,586)        | (892,570)          |
| Income from related companies                             | 22,953,379         | 7,518,343          |
| <b>Management fee</b>                                     | <b>(2,108,111)</b> | <b>(2,653,994)</b> |
| <b>Net Income before income tax and minority interest</b> | <b>14,914,978</b>  | <b>35,519,424</b>  |
| Income tax expense  | 2,140,134          | (11,709,985)       |
| Minority interest   | (16,557)           | 76,503             |
| <b>Net income for the period</b>                          | <b>17,038,555</b>  | <b>23,885,942</b>  |

The accompanying notes and schedules are an integral part of the consolidated financial statements

Saul Zang  
Vicepresident

**Table of Contents****Cresud Sociedad Anónima****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Consolidated Statement of Cash Flow**

For the six-month periods beginning on July 1, 2006 and 2005

and ended December 31, 2006 and 2005

|   | December 31, 2006<br>(Notes 1, 2 and 3)<br>Pesos | December 31, 2005<br>(Notes 1, 2 and 3)<br>Pesos |
|---|--|--|
| <b>Changes in cash and cash equivalents</b>                                     |  |  |
| Cash and cash equivalents at the beginning of the period                        | 27,377,050                                       | 67,462,547                                       |
| Cash and cash equivalents at the end of the period                              | 21,346,768                                       | 2,302,721  |
| Net decrease in cash and cash equivalents                                       | (6,030,282)                                      | (65,159,826)                                     |
| <b>Causes of changes in cash and cash equivalents</b>                           |  |  |
| <b>Operating activities</b>   |  |  |
| Income for the period   | 17,038,555                                       | 23,885,942                                       |
| Accrued interest  | 6,554,447  | 4,598,203  |
| Income tax  | (2,140,134)                                      | 11,709,985                                       |
| <b>Adjustments made to reach net cash flow from operating activities</b>        |  |  |
| Income from interest in related companies                                       | (22,953,379)                                     | (7,518,343)                                      |
| Minority interest   | 16,557   | (76,503)   |
| Increase in allowances, provisions and accruals                                 | 5,276,826  | 9,773,228  |
| Amortization and depreciation   | 2,155,559  | 2,262,504  |
| Holding gain - Inventory  | (4,865,310)                                      | (4,133,039)                                      |
| Financial results   | (1,479,332)                                      | (3,556,598)                                      |
| Gain from sale of permanent investments   |  | (14,872,000)                                     |
| Gain from sale of fixed assets  | (28,506)   | (9,911,013)                                      |
| <b>Changes in operating assets and liabilities</b>                              |  |  |
| Decrease in current investments   | 4,681,248  | 5,625,352  |
| Increase in trade accounts receivable   | (1,142,190)                                      | (733,234)  |
| Decrease in other receivables   | 585,422  | 9,819,018  |
| Increase in inventories   | (19,583,412)                                     | (106,476)  |
| Decrease in social security payables, taxes payable and advances from customers | (180,483)  | (24,952,305)                                     |
| Increase (decrease) in trade accounts payable                                   | 8,811,227  | (4,129,381)                                      |
| Dividends collected   | 811,784  | 867,691  |
| Increase in other debts   | 623,911  | 7,136  |
| <b>Cash flows applied to operating activities</b>                               | <b>(5,817,210)</b>                               | <b>(1,439,833)</b>                               |
| <b>Investment activities</b>  |  |  |
| Increase in non-current investments   |  | (3,850,173)                                      |
| Acquisition and upgrading of fixed assets                                       | (13,844,652)                                     | (45,798,517)                                     |
| Collection of receivables from sale of fixed assets                             | 3,290,752  |  |
| Sale of fixed assets  | 52,638   | 9,807,742  |
| <b>Cash flows applied to investment activities</b>                              | <b>(10,501,262)</b>                              | <b>(39,840,948)</b>                              |

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|   |                    |                     |
|---|--------------------|---------------------|
| <b><u>Financing activities</u></b>  |                    |                     |
| Exercise of Warrant   | 8,358,757          | 308,350             |
| Dividends paid  | (5,500,000)        | (10,000,000)        |
| Increase in financial loans   | 53,427,182         | 17,038,931          |
| Decrease in financial loans   | (43,767,189)       | (14,712,326)        |
| Decrease in other liabilities   | (2,230,560)        | (16,514,000)        |
| <b>Cash flows provided by (applied to) financing activities</b>                     | <b>10,288,190</b>  | <b>(23,879,045)</b> |
| <b><u>Net decrease in cash and cash equivalents</u></b>                             | <b>(6,030,282)</b> | <b>(65,159,826)</b> |
| <b><u>Items not involving changes in cash and cash equivalents</u></b>              |                    |                     |
| Transfer of inventory to fixed assets   |                    | 202,737             |
| Increase in other receivables by sale of fixed assets                               |                    | 8,572,080           |
| Increase in fixed assets by increase in other liabilities                           |                    | 7,160,617           |
| Decrease in other liabilities by decrease in fixed assets                           |                    | 2,055,000           |
| Repayment of financial loans through issue of stock by exercise of conversion right | 15,989,348         | 9,283,937           |
| <b><u>Complementary information</u></b>   |                    |                     |
| Interest paid   | 3,816,145          | 4,716,299           |
| Income tax expense paid   | 1,737,516          | 22,835,735          |

The accompanying notes and schedules are an integral part of the consolidated financial statements

Saul Zang  
Vicepresident

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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria  
and Subsidiaries**

**Notes to the Consolidated Financial Statements**

For the six-month periods beginning on July 1, 2006 and 2005

and ended December 31, 2006 and 2005 and June 30, 2006

**NOTE 1: BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

As a consequence of the application of the unifying accounting standards approved by the Comisión Nacional de Valores (C.N.V.), which require that consolidated Financial Statements be presented as established by Technical Resolution No. 21 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (F.A.C.P.C.E.), the Balance Sheet as of December 31, 2006 and 2005 and the Statements of Income and the Statements of Cash Flows for the six-month periods then ended were consolidated on a line by line basis with the financial statements of such companies in which it holds a majority of the voting shares. Additionally, proportional consolidation has been applied for investments in which it has joint control (see Notes 1.b and 1.c to the basic financial statements).

The Company also applied Technical Resolution No. 21 as concerns the proportional consolidation with Cactus Argentina S.A. on a 50% basis on account of the joint control held, and applied the same percentage for elimination of balances existing between them.

The financial statements of the subsidiary companies Inversiones Ganaderas S.A., Futuros y Opciones.Com S.A., Agropecuaria Cervera S.A. and Cactus Argentina S.A. as of December 31, 2006 and 2005 have been used in order to determine the investment at its equity value, line by line consolidation and proportional consolidation.

For purposes of comparability, certain reclassifications have been made on the information as of June 30, 2006 and December 31, 2005.

These Financial Statements and the corresponding notes and schedules are presented in Argentine Pesos.

**NOTE 2: CORPORATE CONTROL**

The Company's interest in other companies is shown in the following table.

| <b>COMPANY</b>              | <b>CRESUD<br/>PERCENTAGE OF<br/>VOTING SHARES<br/>OWNED</b> | <b>CONSOLIDATED<br/>PERCENTAGE OF<br/>VOTING SHARES<br/>OWNED</b> |
|-----------------------------|---|---|
| Inversiones Ganaderas S.A.  | 99.99   | 99.99   |
| Futuros y Opciones.Com S.A. | 70.00   | 70.00   |
| Agropecuaria Cervera S.A.   | 90.00   | 99.99(*)  |
| <b><u>JOINT CONTROL</u></b> |   |   |
| Cactus Argentina S.A.       | 50.00   | 50.00   |

(\*) Includes Interests in Participations of Inversiones Ganaderas S.A.

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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria  
and Subsidiaries**

**Notes to the Consolidated Financial Statements**

For the six-month periods beginning on July 1, 2006 and 2005

and ended December 31, 2006 and 2005 and June 30, 2006

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

The Financial Statements of the Subsidiary Companies mentioned in Note 2 have been prepared based on accounting principles consistent with those followed by Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria for the preparation of its Financial Statements, as detailed in Note 2.a of the basic financial statements.

High relevant valuation and disclosure criteria applied in preparing the financial statements of Agropecuaria Cervera S.A. (ACER) and not explained in the valuation criteria note of the holding company are as follows:

**Valuation criteria - fixed assets**

The tree plantations included in the caption have been valued at replacement cost in accordance with the Tree Plantation Increase Report made on December 2003 by a forestry expert at the request of ACER previous shareholders.

ACER former board of directors based on such report as well as on own estimates accepted the value of Ps. 4,320,000 and recorded an equal amount in retained earnings in shareholders equity.

The current ACER management has reclassified such asset as Fixed Asset on the basis of its destination of use.

**Other considerations    concessions granted**

Among other goods and rights ACER has the concession planning an execution of an integral development project including: biological, economical and social issues on several real estates located in the department of Anta, province of Salta. The company is also duty authorized to perform a significant agricultural, cattle farming and forestry project which was awarded under resolution No. 190/99 and bidding No. 58/98 of the Ministry of Production and Employment.

Such concession was granted for a 35 year term with a postponement option of 29 additional years by ACER.

Among other obligations ACER has to invest Ps. 16 million in agriculture, cattle farming, hydraulic resources, continuing education, forestry development, forest planting, fauna, natural reserve and eco-tourism, and has to pay an annual US\$ 60,000 cannon to the province of Salta to be paid as from the 20th year as from the commencement of the concession.

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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Notes to the Consolidated Financial Statements (Continued)**

**NOTE 4: Details of consolidated balance sheet and consolidated statement of income accounts****a. Cash and banks**

|  | <b>December 31,<br/>2006</b> | <b>June 30,<br/>2006</b> | <b>December 31,<br/>2005</b> |
|--|------------------------------|--------------------------|------------------------------|
|  | <b>Pesos</b>                 | <b>Pesos</b>             | <b>Pesos</b>                 |
| Cash   | 46,381                       | 55,495                   | 98,617                       |
| Foreign currency (Schedule G)                  | 78,923                       | 92,744                   | 90,588                       |
| Local currency checking account                | 6,971,694                    | 1,689,103                | 616,179                      |
| Foreign currency checking account (Schedule G) | 8,148,765                    | 23,770,872               | 168,861                      |
| Local currency saving account                  | 69,409                       | 106,504                  | 25,838                       |
| Foreign currency saving account (Schedule G)   | 33,223                       | 6,367                    | 28,395                       |
| Checks to be deposited                         | 373,965                      | 276,276                  | 264,231                      |
|  | 15,722,360                   | 25,997,361               | 1,292,529                    |

**b. Investments and Goodwill**

|  | <b>December 31,<br/>2006</b> | <b>June 30,<br/>2006</b> | <b>December 31,<br/>2005</b> |
|--|------------------------------|--------------------------|------------------------------|
|  | <b>Pesos</b>                 | <b>Pesos</b>             | <b>Pesos</b>                 |
| <b>Investment</b>  |                              |                          |                              |
| Investment (Schedules C and G)                                     | 43,868,630                   | 6,223,788                | 6,539,129                    |
|  | 43,868,630                   | 6,223,788                | 6,539,129                    |
| <b>Investment</b>  |                              |                          |                              |
| Investment from related companies (Notes 12 and 15 and Schedule C) | 483,917,853                  | 468,371,269              | 290,753,202                  |
|  | 483,917,853                  | 468,371,269              | 290,753,202                  |
| <b>Other investments</b>   |                              |                          |                              |
| Other investments (Schedules C and G)                              | 20,717                       | 37,052,716               | 100,520,337                  |
|  | 20,717                       | 37,052,716               | 100,520,337                  |

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**Goodwill**

|                       |              |              |             |
|-----------------------|--------------|--------------|-------------|
| Goodwill (Schedule C) | (72,145,013) | (76,825,838) | (5,000,846) |
|                       | (72,145,013) | (76,825,838) | (5,000,846) |



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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Notes to the Consolidated Financial Statements (Continued)**

**NOTE 4:** (Continued)**c. Trade accounts receivable**

|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|--|----------------------|------------------|----------------------|
|  | Pesos                | Pesos            | Pesos                |
| <b>Current</b>   |                      |                  |                      |
| Accounts receivable in local currency  | 11,611,940           | 11,401,950       | 8,097,377            |
| Less:  |                      |                  |                      |
| Allowance for doubtful accounts (Schedule E)                                   | (372,359)            | (374,830)        | (406,214)            |
| Accounts receivable in foreign currency (Schedule G)                           | 832,495              | 44,982           | 2,845,554            |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                      |                  |                      |
| Cactus Argentina S.A.  | 154,731              | 12,515           | 9,422                |
| IRSA Inversiones y Representaciones S.A.                                       |                      |                  | 407                  |
|  | 12,226,807           | 11,084,617       | 10,546,546           |

**d. Other receivables**

|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|--|----------------------|------------------|----------------------|
|  | Pesos                | Pesos            | Pesos                |
| <b>Current</b>   |                      |                  |                      |
| Prepaid leases   | 119,930              | 8,836,242        | 125,787              |
| Income Tax prepayments and tax credit (net of Accrual)                         | 2,870,617            | 3,880,156        | 2,563,793            |
| Guarantee deposits and premiums (Schedule G)                                   | 3,189,269            | 1,447,771        | 1,171,466            |
| Secured by mortgage (Schedule G)   | 2,950,028            | 3,497,490        | 4,678,880            |
| Prepaid expenses   | 185,946              | 338,368          | 451,657              |
| Gross sales tax credit   | 27,259               | 4,539            | 9,044                |
| Other tax credit   | 199,968              |                  |                      |
| Tax prepayments (net of accrual)   | 2,376,036            | 3,545,790        | 2,872,761            |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                      |                  |                      |
| Cactus Argentina S.A.  |                      | 191,651          | 175,239              |
| IRSA Inversiones y Representaciones S.A. (Schedule G)                          | 106,159              |                  |                      |
| Agro-Uranga S.A.   | 1,052,378            | 39,993           | 281,226              |
| Brasil Agro Companhia Brasileira de Propiedaes Agrícolas                       | 593,313              | 559,088          |                      |
| Credits to employees   | 82,029               | 85,980           | 48,861               |

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|  |            |            |            |
|--|------------|------------|------------|
| Others   | 922,815    | 317,895    | 416,123    |
|  | 14,675,747 | 22,744,963 | 12,794,837 |
| <b>Non-current</b>   |            |            |            |
| Prepaid leases   | 118,495    | 13,924     |            |
| Income Tax prepayments and others  | 28,192,027 | 24,351,881 |            |
| Secured by mortgage (Schedule G)   | 6,043,975  | 8,265,284  | 8,539,119  |
| Tax on Minimum Presumed Income   | 4,147,358  | 2,422,271  | 124,666    |
| Valued Added Tax credit  | 1,759,608  |            | 6,233,570  |
| Deferred tax   | 401,553    | 93,791     | 32,758     |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |            |            |            |
| Cactus Argentina S.A.  | 5,363      | 8,353      |            |
| Alto Palermo S.A. (Schedule G)   | 382,099    | 584,704    |            |
| IRSA Inversiones y Representaciones S.A. (Schedule G)                          | 89,827     | 150,353    |            |
| Others   | 70,415     | 114,731    | 34,273     |
|  | 41,210,720 | 36,005,292 | 14,964,386 |

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**Cresud Sociedad Anónima,  
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**Notes to the Consolidated Financial Statements (Continued)**

**NOTE 4:** (Continued)**e. Inventories**

|                       | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|-----------------------|----------------------|------------------|----------------------|
|                       | Pesos                | Pesos            | Pesos                |
| <b>Current</b>        |                      |                  |                      |
| Beef cattle           | 10,232,818           | 10,913,612       | 13,526,115           |
| Crops                 | 4,554,722            | 10,550,495       | 5,508,135            |
| Unharvested crops     | 24,464,198           | 1,662,592        | 20,571,503           |
| Seeds and fodder      | 1,335,434            | 770,647          | 251,658              |
| Materials and others  | 8,817,415            | 4,686,142        | 4,024,440            |
| Advances to suppliers | 71,981               | 348,647          | 1,071,287            |
| Tree plantations      |                      |                  | 4,320,000            |
|                       | 49,476,568           | 28,932,135       | 49,273,138           |
| <b>Non-Current</b>    |                      |                  |                      |
| Beef cattle           | 66,616,712           | 62,712,423       | 58,600,459           |
|                       | 66,616,712           | 62,712,423       | 58,600,459           |

**f. Trade accounts payable**

|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|--|----------------------|------------------|----------------------|
|  | Pesos                | Pesos            | Pesos                |
| <b>Current</b>   |                      |                  |                      |
| Suppliers in local currency  | 7,465,185            | 7,346,542        | 6,592,501            |
| Suppliers in foreign currency (Schedule G) (1)                                 | 14,052,974           | 10,980,242       | 12,253,463           |
| Interest to be accrued (Schedule G) (2)  |                      | (112,863)        | (419,384)            |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                      |                  |                      |
| Inversora Bolivar S.A.   | 27,405               | 42,092           | 6,710                |
| Alto City.Com S.A.   | 298                  | 298              |                      |
| Alto Palermo S.A.  | 1,295,803            | 35,620           | 124,044              |
| Agro-Uranga S.A.   |                      |                  | 259                  |
| IRSA Inversiones y Representaciones S.A.                                       | 139,772              | 34,127           | 140,769              |
| Cactus Argentina S.A.  |                      | 481,353          | 140,110              |

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|   |            |            |            |
|---|------------|------------|------------|
| Cactus Feeders Inc.                     | 141        |            |            |
| Estudio Zang, Bergel & Viñes            | 148,269    | 73,851     | 93,126     |
| Fundación IRSA                          | 2,200,000  | 2,200,000  | 1,900,000  |
| Accrual for other expenses (Schedule G) | 11,470,532 | 5,311,539  | 7,106,612  |
| Short-term debts                        |            |            | 13,664     |
| Accrual for harvest expenses            | 1,530,397  | 45,727     | 190,401    |
|   | 38,330,776 | 26,438,528 | 28,142,275 |
| <b>Non-Current</b>                      |            |            |            |
| Accrual for other expenses (Schedule G) | 536,279    | 835,292    |            |
|   | 536,279    | 835,292    |            |

- 
- (1) As of December 31, 2006 includes US\$ 1,449,726 from the acquisition of farm San Pedro corresponding to suppliers in foreign currency secured by mortgage. See note 11.
- (2) Corresponds to the liability mentioned in (1).

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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Notes to the Consolidated Financial Statements (Continued)**

**NOTE 4:** (Continued)**g. Loans**

|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|--|----------------------|------------------|----------------------|
|  | Pesos                | Pesos            | Pesos                |
| <b>Current</b>   |                      |                  |                      |
| Local financial loans (Note 17)  | 77,855,308           | 65,605,326       | 17,277,529           |
| Convertible Notes 2007 Interest payable (Schedule G)                           | 252,058              | 332,179          | 604,553              |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                      |                  |                      |
| Shareholders   | 376,020              | 482,985          | 541,481              |
| Directors  | 1,052                | 1,083            | 1,041                |
| Convertible Notes 2007 expenses  | (212,135)            |                  |                      |
| Convertible Notes 2007 (Schedule G)  | 24,657,885           |                  |                      |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                      |                  |                      |
| Shareholders   | 36,784,590           |                  |                      |
| Directors  | 102,883              |                  |                      |
|  | 139,817,661          | 66,421,573       | 18,424,604           |
| <b>Non-Current</b>   |                      |                  |                      |
| Foreign financial loans (Notes 17 and 19)                                      | 24,496,000           | 20,367,600       |                      |
| Convertible Notes 2007 third parties (Schedule G)                              |                      | 31,804,384       | 59,141,000           |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                      |                  |                      |
| Shareholders   |                      | 46,243,210       | 52,970,984           |
| Directors  |                      | 103,690          | 101,875              |
| Convertible Notes 2007 expenses  |                      | (421,929)        | (838,944)            |
|  | 24,496,000           | 98,096,955       | 111,374,915          |

**h. Salaries and social security payable**

|   | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|---|----------------------|------------------|----------------------|
|   | Pesos                | Pesos            | Pesos                |
| <b>Current</b>                                  |                      |                  |                      |
| Accrual for vacation and statutory annual bonus | 1,250,001            | 1,905,899        | 797,918              |

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|                               |           |           |           |
|-------------------------------|-----------|-----------|-----------|
| Social security taxes payable | 504,742   | 282,999   | 250,545   |
| Salaries payable              | 82,462    | 64,237    | 7,406     |
| Health care payable           | 44,821    | 22,689    | 6,765     |
| Others                        | 30,906    | 17,306    | 11,247    |
|                               | 1,912,932 | 2,293,130 | 1,073,881 |

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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Notes to the Consolidated Financial Statements (Continued)**

**NOTE 4:** (Continued)**i. Taxes payable**

|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|--|----------------------|------------------|----------------------|
|  | Pesos                | Pesos            | Pesos                |
| <b>Current</b>                         |                      |                  |                      |
| Accrual for income tax                 | 16,978               | 126,641          | 97,969               |
| Tax on Minimum Presumed Income         | 2,086,303            | 2,377,347        | 5,566                |
| Value added tax                        | 71,765               | 15,595           |                      |
| Property tax payable                   | 203,254              | 232,192          | 156,443              |
| Taxes withheld Income tax              | 210,009              | 274,592          | 370,929              |
| Gross sales tax payable                | 113,290              | 35,322           | 6,106                |
| Taxes withheld-Gross sales tax payable | 1,984                | 2,215            | 198,368              |
| Taxes withheld-Value added tax payable | 26,566               | 247,925          | 14,865               |
| Others                                 | 898,092              | 2,007            | 899,819              |
|  | 3,628,241            | 3,313,836        | 1,750,065            |
| <b>Non-current</b>                     |                      |                  |                      |
| Deferred tax                           | 40,516,058           | 42,770,882       | 45,171,590           |
|  | 40,516,058           | 42,770,882       | 45,171,590           |

**j. Other debts**

|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|--|----------------------|------------------|----------------------|
|  | Pesos                | Pesos            | Pesos                |
| <b>Current</b>   |                      |                  |                      |
| Advances from clients  | 405,800              |                  |                      |
| Management fees accrual  | 3,067,145            | 3,073,949        | 2,653,994            |
| Other income to be accrued   | 257,600              |                  | 54,164               |
| Loan to FYO minority shareholders  | 134,196              | 134,196          | 134,196              |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                      |                  |                      |
| Directors  | 22,122               | 46,800           | 18,080               |
| Cactus Feeders Inc.  | 30,891               | 272              | 6,043                |
| Others   | 73,986               | 186,807          | 20,460               |

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|                            |           |           |           |
|----------------------------|-----------|-----------|-----------|
|                            | 3,991,740 | 3,442,024 | 2,886,937 |
| <b>Non-current</b>         |           |           |           |
| Other income to be accrued | 433,309   | 433,309   | 433,309   |
| Guarantee deposit          | 1,000     | 1,000     | 1,000     |
|                            | 434,309   | 434,309   | 434,309   |



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**Cresud Sociedad Anónima,**  
**Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Notes to the Consolidated Financial Statements (Continued)**

**NOTE 5:****a) Assets based on their estimated collection term (in pesos)**

**Current and non-current**

| Based on their<br>estimated collection<br>term | Investment           |                  | Trade accounts receivable |                      |                  | Other receivables    |                      |                  |                      |
|--|----------------------|------------------|---------------------------|----------------------|------------------|----------------------|----------------------|------------------|----------------------|
|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005      | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
| 3rd quarter<br>2006/2005<br>financial period   |                      |                  |                           |                      |                  |                      |                      | 10,546,546       | 6,070,082            |
| 4th quarter<br>2006/2005<br>financial period   |                      |                  | 999,287                   |                      |                  |                      |                      |                  | 463,916              |
| 1st quarter<br>2007/2006<br>financial period   |                      |                  |                           |                      | 11,084,617       |                      |                      | 6,144,831        | 2,602,500            |
| 2nd quarter<br>2007/2006<br>financial period   |                      | 386,779          |                           |                      |                  |                      |                      | 591,375          | 3,019,169            |
| 3rd quarter<br>2007/2006<br>financial period   |                      |                  |                           | 12,226,807           |                  |                      | 8,625,434            | 5,072,356        | 426,075              |
| 4th quarter<br>2007/2006<br>financial period   | 375,605              |                  |                           |                      |                  |                      | 618,270              | 479,592          | 5,712                |
| 1st quarter<br>2008/2007<br>financial period   |                      |                  |                           |                      |                  |                      | 2,844,079            | 2,179,021        | 2,140,492            |
| 2nd quarter<br>2008/2007<br>financial period   | 36,743,999           | 37,031,999       | 99,928,688                |                      |                  |                      | 383,660              | 5,712            | 5,712                |
| 3rd quarter<br>2008/2007<br>financial period   |                      |                  |                           |                      |                  |                      | 430,291              | 433,663          | 426,076              |
| 4th quarter<br>2008/2007<br>financial period   |                      |                  |                           |                      |                  |                      | 5,712                | 5,713            | 38,471               |
| 1st quarter<br>2009/2008<br>financial period   |                      |                  |                           |                      |                  |                      | 2,156,185            | 2,173,309        | 2,134,780            |
| 2nd quarter<br>2009/2008<br>financial period   |                      |                  |                           |                      |                  |                      |                      |                  |                      |
| 1st quarter<br>2010/2009<br>financial period   |                      |                  |                           |                      |                  |                      | 1,731,606            | 1,745,358        | 1,714,416            |

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|  |            |            |             |            |            |            |            |            |            |
|--|------------|------------|-------------|------------|------------|------------|------------|------------|------------|
| 1st quarter<br>2011/2010<br>financial period |            |            |             |            |            |            | 1,731,606  | 1,745,357  | 1,714,416  |
| Overdue                                      |            |            |             |            |            |            |            |            |            |
| With no stated<br>current term               | 6,749,026  | 5,837,009  | 5,539,842   |            |            |            | 2,204,304  | 10,456,809 | 639,170    |
| With no stated<br>non-current term           | 20,717     | 20,717     | 591,649     |            |            |            | 35,155,320 | 27,717,159 | 6,358,236  |
| Total  | 43,889,347 | 43,276,504 | 107,059,466 | 12,226,807 | 11,084,617 | 10,546,546 | 55,886,467 | 58,750,255 | 27,759,223 |

**b) Assets classified according to their interest rate (in pesos)**

**Current and non-current**

| Interest rate<br>that they accrue | investment           |                  | Trade accounts receivable |                      |                  |                      | Other receivables    |                  |                      |
|-----------------------------------|----------------------|------------------|---------------------------|----------------------|------------------|----------------------|----------------------|------------------|----------------------|
|                                   | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005      | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
| At fixed interest<br>rate         | 36,743,999           | 37,031,999       | 99,928,688                |                      |                  |                      | 8,829,786            | 11,237,071       | 12,858,105           |
| At variable<br>interest rate      | 6,749,026            | 5,837,009        | 5,539,842                 |                      |                  |                      | 10,277,738           | 4,049,594        | 1,085,340            |
| Non-interest<br>bearing           | 396,322              | 407,496          | 1,590,936                 | 12,226,807           | 11,084,617       | 10,546,546           | 36,778,943           | 43,463,590       | 13,815,778           |
| Total                             | 43,889,347           | 43,276,504       | 107,059,466               | 12,226,807           | 11,084,617       | 10,546,546           | 55,886,467           | 58,750,255       | 27,759,223           |

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**Cresud Sociedad Anónima,**  
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**Notes to the Consolidated Financial Statements (Continued)**

**NOTE 5 (Continued):****a) Liabilities based on their estimated payment term (in pesos)**

| Based on their estimated payment term | Trade accounts payable |                   |                   | December 31, 2006  | Loans June 30, 2006 | December 31, 2005  | Salaries and social security payable |                  |                   |
|---------------------------------------|------------------------|-------------------|-------------------|--------------------|---------------------|--------------------|--------------------------------------|------------------|-------------------|
|                                       | December 31, 2006      | June 30, 2006     | December 31, 2005 |                    |                     |                    | December 31, 2006                    | June 30, 2006    | December 31, 2005 |
| 3rd quarter 2006/2005                 |                        |                   | 20,782,624        |                    |                     | 1,147,089          |                                      |                  | 729,506           |
| 4th quarter 2006/2005                 |                        |                   |                   |                    |                     |                    |                                      |                  | 295,896           |
| 1st quarter 2007/2006                 |                        | 26,411,544        | 7,277,500         |                    | 13,935,806          |                    |                                      | 1,965,120        | 48,479            |
| 2nd quarter 2007/2006                 |                        |                   |                   |                    | 816,247             |                    |                                      | 231,052          |                   |
| 3rd quarter 2007/2006                 | 38,605,240             |                   |                   | 13,708,670         |                     |                    | 1,255,371                            | 96,958           |                   |
| 4th quarter 2007/2006                 |                        |                   |                   | 629,130            |                     |                    |                                      |                  |                   |
| 1st quarter 2008/2007                 |                        |                   |                   | 4,312,710          |                     |                    | 657,561                              |                  |                   |
| 2nd quarter 2008/2007                 |                        |                   |                   | 61,333,223         | 77,729,355          | 111,374,915        |                                      |                  |                   |
| 3rd quarter 2008/2007                 |                        |                   |                   |                    |                     |                    |                                      |                  |                   |
| 4th quarter 2008/2007                 |                        |                   |                   |                    |                     |                    |                                      |                  |                   |
| 1st quarter 2009/2008                 |                        |                   |                   |                    |                     |                    |                                      |                  |                   |
| 2nd quarter 2009/2008                 |                        |                   |                   | 24,496,000         | 20,367,600          |                    |                                      |                  |                   |
| Overdue                               |                        |                   |                   |                    |                     |                    |                                      |                  |                   |
| With no stated current term           | (274,464)              | 26,984            | 82,151            | 59,833,928         | 51,669,520          | 17,277,515         |                                      |                  |                   |
| With no stated non-current term       | 536,279                | 835,292           |                   |                    |                     |                    |                                      |                  |                   |
| <b>Total</b>                          | <b>38,867,055</b>      | <b>27,273,820</b> | <b>28,142,275</b> | <b>164,313,661</b> | <b>164,518,528</b>  | <b>129,799,519</b> | <b>1,912,932</b>                     | <b>2,293,130</b> | <b>1,073,881</b>  |

| Based on their estimated payment term | Taxes payable     |               |                   | December 31, 2006 | Other debts June 30, 2006 | December 31, 2005 | Provisions        |               |                   |
|---------------------------------------|-------------------|---------------|-------------------|-------------------|---------------------------|-------------------|-------------------|---------------|-------------------|
|                                       | December 31, 2006 | June 30, 2006 | December 31, 2005 |                   |                           |                   | December 31, 2006 | June 30, 2006 | December 31, 2005 |
| 3rd quarter 2006/2005                 |                   |               | 757,502           |                   |                           | 2,698,577         |                   |               |                   |
| 4th quarter 2006/2005                 |                   |               | 894,594           |                   |                           |                   |                   |               |                   |
| 1st quarter 2007/2006                 |                   | 831,206       |                   |                   | 120,996                   |                   |                   |               |                   |
| 2nd quarter 2007/2006                 |                   | 2,476,625     | 97,969            |                   | 105,360                   |                   |                   |               |                   |
| 3rd quarter 2007/2006                 | 3,559,136         | 6,005         |                   | 3,655,190         | 7,523                     |                   |                   |               |                   |
| 4th quarter 2007/2006                 | 41,113            |               |                   | 116,487           | 3,073,949                 |                   |                   |               |                   |
| 1st quarter 2008/2007                 |                   |               |                   | 85,867            |                           |                   |                   |               |                   |
| 2nd quarter 2008/2007                 | 27,992            |               |                   |                   |                           |                   |                   |               |                   |
| 3rd quarter 2008/2007                 |                   |               |                   |                   |                           |                   |                   |               |                   |
| 4th quarter 2008/2007                 |                   |               |                   |                   |                           |                   |                   |               |                   |
| 1st quarter 2009/2008                 |                   |               |                   |                   |                           |                   |                   |               |                   |
| 2nd quarter 2009/2008                 |                   |               |                   |                   |                           |                   |                   |               |                   |
| Overdue                               |                   |               |                   |                   |                           |                   |                   |               |                   |
| With no stated current term           |                   |               |                   | 134,196           | 134,196                   | 188,360           |                   |               |                   |

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|                                 |            |            |            |           |           |           |         |         |         |
|---------------------------------|------------|------------|------------|-----------|-----------|-----------|---------|---------|---------|
| With no stated non-current term | 40,516,058 | 42,770,882 | 45,171,590 | 434,309   | 434,309   | 434,309   | 522,348 | 183,893 | 104,329 |
| Total                           | 44,144,299 | 46,084,718 | 46,921,655 | 4,426,049 | 3,876,333 | 3,321,246 | 522,348 | 183,893 | 104,329 |

b) Liabilities classified according to their interest rate (in pesos)

| Interest in rate that they accrue | Trade accounts payable |               |                   | December 31, 2006 | Loans June 30, 2006 | December 31, 2005 | Salaries and social security payable |               |                   |
|-----------------------------------|------------------------|---------------|-------------------|-------------------|---------------------|-------------------|--------------------------------------|---------------|-------------------|
|                                   | December 31, 2006      | June 30, 2006 | December 31, 2005 |                   |                     |                   | December 31, 2006                    | June 30, 2006 | December 31, 2005 |
| At fixed interest rate            | 4,439,062              | 6,720,357     | 6,294,265         | 163,684,531       | 164,124,210         | 129,491,388       |                                      |               |                   |
| At variable interest rate         |                        |               |                   |                   |                     |                   |                                      |               |                   |
| Non-interest bearing              | 34,427,993             | 20,553,463    | 21,848,010        | 629,130           | 394,318             | 308,131           | 1,912,932                            | 2,293,130     | 1,073,881         |
| Total                             | 38,867,055             | 27,273,820    | 28,142,275        | 164,313,661       | 164,518,528         | 129,799,519       | 1,912,932                            | 2,293,130     | 1,073,881         |

| Interest in rate that they accrue | Taxes payable     |               |                   | December 31, 2006 | Other debts June 30, 2006 | December 31, 2005 | Provisions        |               |                   |
|-----------------------------------|-------------------|---------------|-------------------|-------------------|---------------------------|-------------------|-------------------|---------------|-------------------|
|                                   | December 31, 2006 | June 30, 2006 | December 31, 2005 |                   |                           |                   | December 31, 2006 | June 30, 2006 | December 31, 2005 |
| At fixed interest rate            |                   |               |                   |                   |                           |                   |                   |               |                   |
| At variable interest rate         |                   |               |                   |                   | 3,792,015                 | 750,660           |                   |               |                   |
| Non-interest bearing              | 44,144,299        | 46,084,718    | 46,921,655        | 4,426,049         | 84,318                    | 2,570,586         | 522,348           | 183,893       | 104,329           |
| Total                             | 44,144,299        | 46,084,718    | 46,921,655        | 4,426,049         | 3,876,333                 | 3,321,246         | 522,348           | 183,893       | 104,329           |

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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Notes to the Consolidated Financial Statements (Continued)**

**NOTE 6: EARNINGS PER SHARE**

Following is conciliation between the average appraised ordinary stock in circulation and the average appraised diluted ordinary stock. The last one has been determined considering the possibility that the bearers of convertible bonds into company's ordinary stock for up to an amount of US\$ 50,000,000 mentioned in Note 14 to the basic financial statements, exercise their right to convert into stock the titles they bear.

|  | <b>December 31,<br/>2006</b> | <b>December 31,<br/>2005</b> |
|--|------------------------------|------------------------------|
| Average appraised stock in circulation                     | 221,502,597                  | 165,350,379                  |
| Average appraised diluted ordinary stock                   | 321,214,392                  | 321,214,392                  |
|  | <b>December 31,<br/>2006</b> | <b>December 31,<br/>2005</b> |
| Earnings for the calculation of basic earnings per share   | 17,038,555                   | 23,885,942                   |
| Exchange differences                                       | (639,754)                    | 5,649,576                    |
| Financing expenses   | 2,885,819                    | 4,359,619                    |
| Income tax   | (733,172)                    | (3,267,250)                  |
| Management fees  | (151,289)                    | (674,195)                    |
| Earnings for the calculation of diluted earnings per share | 18,400,159                   | 29,953,692                   |
|  | <b>December 31,<br/>2006</b> | <b>December 31,<br/>2005</b> |
| <b>BASIC Earnings per share</b>                            |                              |                              |
| Earnings   | 17,038,555                   | 23,885,942                   |
| Number of shares   | 221,502,597                  | 165,350,379                  |
| Earnings per share   | 0.08                         | 0.14                         |
|  | <b>December 31,<br/>2006</b> | <b>December 31,<br/>2005</b> |
| <b>DILUTED Earnings per share</b>                          |                              |                              |
| Earnings   | 18,400,159                   | 29,953,692                   |
| Number of shares   | 321,214,392                  | 321,214,392                  |
| Earnings per share   | 0.06                         | 0.09                         |

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**Cresud Sociedad Anónima,**  
**Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Notes to the Consolidated Financial Statements (Continued)**

**NOTE 7: SEGMENT INFORMATION**

As of December 31, 2006:

|                                   | Crops       | Beef Cattle | Milk       | Feed Lot  | Others    | Without specific allocation | Total       |
|-----------------------------------|-------------|-------------|------------|-----------|-----------|-----------------------------|-------------|
| Description                       | (pesos)     | (pesos)     | (pesos)    | (pesos)   | (pesos)   | (pesos)                     | (pesos)     |
| Sales                             | 13,239,915  | 15,400,961  | 4,603,474  | 3,102,229 | 5,072,774 |                             | 41,419,353  |
| Assets                            | 176,865,618 | 136,485,232 | 51,347,274 | 4,409,482 | 2,534,963 | 543,970,651                 | 915,613,220 |
| Liabilities                       | 16,819,420  | 2,726,141   | 102,309    | 2,757,853 | 2,101,849 | 229,678,772                 | 254,186,344 |
| Fixed asset additions (transfers) | 434,697     | 152,046     | 136,817    | 30,499    | 7,237,561 | 5,852,932                   | 13,844,552  |
| Depreciation of fixed assets      | 1,067,464   | 588,319     | 347,270    | 19,870    | 6,638     | 125,998                     | 2,155,559   |
| Income from related parties       | 384,697     | 2,848       | 54,109     |           |           | 22,511,725                  | 22,953,379  |

As of December 31, 2005:

|                                   | Crops       | Beef Cattle | Milk       | Feed Lot  | Others    | Without specific allocation | Total       |
|-----------------------------------|-------------|-------------|------------|-----------|-----------|-----------------------------|-------------|
| Description                       | (pesos)     | (pesos)     | (pesos)    | (pesos)   | (pesos)   | (pesos)                     | (pesos)     |
| Sales                             | 28,938,520  | 17,263,647  | 4,277,258  | 1,114,648 | 3,106,795 |                             | 54,700,868  |
| Assets                            | 138,566,192 | 139,984,340 | 22,353,927 | 3,547,765 | 1,331,866 | 447,089,645                 | 752,873,735 |
| Liabilities                       | 10,536,141  | 2,430,396   |            | 886,251   | 352,008   | 195,158,109                 | 209,362,905 |
| Fixed asset additions (transfers) | 5,313,333   | 5,150,626   | 865,345    | 13,800    |           | 43,222,894                  | 54,565,998  |
| Depreciation of fixed assets      | 962,364     | 553,118     | 242,106    | 149,233   | 28,802    | 326,881                     | 2,262,504   |
| Income from related parties       | 299,891     | 2,201       | 59,906     |           |           | 7,156,345                   | 7,518,343   |

**NOTE 8: EXAGRIND S.A. ESTANCIA SAN RAFAEL AGAINST TALI SUMAJ AND OTHER DAMAGES AND LOSSES LAWSUIT**

Exagrind S.A. has filed a lawsuit against Inversiones Ganaderas S.A. (IGSA) on claims for damages and losses produced by a fire in Estancia San Rafael, which is close to Tali Sumaj, Province of Catamarca. The fire took place on September 6, 2000.

The estimated amount of the legal action is Ps. 2,914,000 at the date the claim was filed.

In turn, IGSA filed an extraordinary appeal with the High Court of the Province of Catamarca, requesting to be given the remainder term to answer the lawsuit as, at the time of revoking the first instance judge decision that postponed the terms to answer until a new notice was dispatched, such period had not yet expired. The management of IGSA is awaiting the decision of the Court of Cassation.

**NOTE 9: ACQUISITIONS AND SALES OF FARMS**

On August 28, 2006, IGSA signed a preliminary sale contract of 1,800 hectares of the establishment called El Recreo of its property, in the amount of US\$ 0.3 million. As advance payment the Company has received US\$ 0.05 million. This sale has not been shown in the Financial Statement as the property of the land has not yet been transferred.



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**Cresud Sociedad Anónima,**  
**Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Consolidated Fixed Assets**

For the six-month periods ended December 31, 2006 and 2005

and the year ended June 30, 2006

(Notes 1, 2, and 3)

**Schedule A**

|        | Value at      |           |            | Rate        | Depreciation        |                  |             | Accumulated | Accumulated  | Net carrying | Net       |
|--------|---------------|-----------|------------|-------------|---------------------|------------------|-------------|-------------|--------------|--------------|-----------|
|        | the beginning | Additions | Deductions |             | Value at the end of | at the beginning | Decrease    |             |              |              |           |
|        | of the        | and/or    | and/or     | the         | of the              | of the           | Current     | the         | December 31, | June 30,     | Dec       |
|        | period/year   | transfers | transfers  | period/year | period/year         | period/year      | period/year | period/year | 2006         | 2006         |           |
|        | Pesos         | Pesos     | Pesos      | Pesos       | %                   | Pesos            | Pesos       | Pesos       | Pesos        | Pesos        |           |
|        | 155,053,376   |           |            | 155,053,376 |                     |                  |             |             | 155,053,376  | 155,053,376  | 14        |
|        | 4,780,673     |           |            | 4,780,673   | 3                   | 1,236,208        | 79,865      | 1,316,073   | 3,464,600    | 3,544,465    | 3         |
|        | 3,930,660     |           |            | 3,930,660   | 5                   | 1,175,796        | 87,756      | 1,263,552   | 2,667,108    | 2,754,864    | 2         |
| Fields | 3,297,931     |           |            | 3,297,931   | 12-25-50            | 1,506,332        | 233,922     | 1,740,254   | 1,557,677    | 1,791,599    | 1         |
| ows    |               |           |            |             |                     |                  |             |             |              |              |           |
| and    |               |           |            |             |                     |                  |             |             |              |              |           |
|        | 29,779,631    | 124,011   |            | 29,903,642  | 2                   | 2,486,149        | 295,856     | 2,782,005   | 27,121,637   | 27,293,482   | 27        |
| y      | 10,594,431    | 500,368   |            | 11,094,799  | 10                  | 7,025,548        | 365,960     | 7,391,508   | 3,703,291    | 3,568,883    | 3         |
|        | 2,309,795     | 47,734    | 97,728     | 2,259,801   | 20                  | 1,194,039        | 97,728      | 1,64,886    | 1,261,197    | 998,604      | 1,115,756 |
|        | 197,916       | 8,736     |            | 206,652     | 10                  | 152,253          | 4,769       | 157,022     | 49,630       | 45,663       |           |
| and    |               |           |            |             |                     |                  |             |             |              |              |           |
| nt     | 1,213,670     | 24,358    | 2,632      | 1,235,396   | 10                  | 829,699          | 1,913       | 55,321      | 883,107      | 352,289      | 383,971   |
| d      |               |           |            |             |                     |                  |             |             |              |              |           |
| ines   | 868,155       | 38,998    |            | 907,153     | 3                   | 158,319          | 14,221      | 172,540     | 734,613      | 709,836      |           |
|        | 2,200,904     | 1,500     |            | 2,202,404   | 10                  | 894,000          | 85,684      | 979,684     | 1,222,720    | 1,306,904    |           |
|        | 12,615,362    | 70,299    |            | 12,685,661  | 10-20-33            | 5,823,780        | 484,563     | 6,308,343   | 6,377,318    | 6,791,582    | 6         |
| r      |               |           |            |             |                     |                  |             |             |              |              |           |
| t      | 1,453,980     | 373,893   |            | 1,827,873   | 20                  | 1,007,257        | 128,610     | 1,135,867   | 692,006      | 446,723      |           |
| s      | 1,096,519     |           |            | 1,096,519   | 5                   | 406,464          | 28,201      | 434,665     | 661,854      | 690,055      |           |
|        | 3,920,905     | 30,503    | 12,925     | 3,938,483   |                     | 1,633,060        | 125,945     | 1,759,005   | 2,179,478    | 2,287,845    | 2         |
| ions   |               |           |            |             |                     |                  |             |             |              |              |           |
| ss     | 8,841,634     | 7,082,373 | 37,282     | 15,886,725  |                     |                  |             |             | 15,886,725   | 8,841,633    | 14        |
| s to   |               |           |            |             |                     |                  |             |             |              |              |           |
|        | 204,572       | 216,993   |            | 421,565     |                     |                  |             |             | 421,565      | 204,572      |           |
|        |               |           |            |             |                     |                  |             |             |              |              |           |
|        | 70,383        | 25,311    | 10,488     | 85,206      |                     |                  |             |             | 85,206       | 70,384       |           |
|        | 4,320,000     |           |            | 4,320,000   |                     |                  |             |             | 4,320,000    | 4,320,000    |           |



|       |             |            |            |             |  |            |           |           |            |             |
|-------|-------------|------------|------------|-------------|--|------------|-----------|-----------|------------|-------------|
| raw   |             |            |            |             |  |            |           |           |            |             |
| ments |             |            |            |             |  |            |           |           |            |             |
|       | 3,553,919   | 5,336,857  |            | 8,890,776   |  |            |           |           | 8,890,776  | 3,553,919   |
| f     |             |            |            |             |  |            |           |           |            |             |
| 006   | 250,304,416 | 13,881,934 | 161,055    | 264,025,295 |  | 25,528,904 | 99,641    | 2,155,559 | 27,584,822 | 236,440,473 |
| ft    |             |            |            |             |  |            |           |           |            |             |
| 2006  | 188,561,525 | 84,736,740 | 22,993,849 | 250,304,416 |  | 22,063,929 | 1,647,113 | 5,112,088 | 25,528,904 | 224,775,512 |
| f     |             |            |            |             |  |            |           |           |            |             |
| 005   | 188,561,525 | 54,768,735 | 7,917,112  | 235,413,148 |  | 22,063,929 | 1,503,303 | 2,262,504 | 22,823,130 | 212,092,854 |

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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Consolidated Intangible Assets**

For the six-month periods ended December 31, 2006 and 2005

and the year ended June 30, 2006

(Notes 1, 2, and 3)

**Schedule B**

| Principal Account                    | Value at the beginning of the year/period | Additions of the Year/period | Value at the end of the year/period | Accumulated at the beginning of the year/period | Amortization Current period |        | Accumulated at the end of the year/period | Net carrying value as of December 31, 2006 | Net carrying value as of June 30, 2006 | Net Carrying value as of December 31, 2005 |
|--------------------------------------|---|------------------------------|-------------------------------------|---|-----------------------------|--------|---|--|--|--|
|                                      |   |                              |                                     |   | Rate                        | Amount |   |  |  |  |
|                                      | Pesos                                     | Pesos                        | Pesos                               | Pesos   | %                           | Pesos  | Pesos                                     | Pesos                                      | Pesos                                  | Pesos                                      |
| Concessions received                 | 23,581,646                                |                              | 23,581,646                          |   |                             |        |   | 23,581,646                                 | 23,581,646                             |  |
| Development expenditures             | 1,410,368                                 |                              | 1,410,368                           | 1,410,368                                       | 33,33                       |        | 1,410,368                                 |  |  |  |
| Organization expenses                | 448,818                                   |                              | 448,818                             | 448,818   |                             |        | 448,818                                   |  |  |  |
| Brands and patents                   | 18,938                                    |                              | 18,938                              | 18,938  |                             |        | 18,938                                    |  |  |  |
| <b>Total as of December 31, 2006</b> | <b>25,459,770</b>                         |                              | <b>25,459,770</b>                   | <b>1,878,124</b>                                |                             |        | <b>1,878,124</b>                          | <b>23,581,646</b>                          |  |  |
| Total as of June 30, 2006            | 1,878,124                                 | 23,581,646                   | 25,459,770                          | 1,878,124                                       |                             |        | 1,878,124                                 |  | 23,581,646                             |  |
| <b>Total as of December 31, 2005</b> | <b>1,878,124</b>                          |                              | <b>1,878,124</b>                    | <b>1,878,124</b>                                |                             |        | <b>1,878,124</b>                          |  |  |  |

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**Cresud Sociedad Anónima,**  
**Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**  
**Consolidated Investments**

For the six-month periods ended December 31, 2006 and 2005 and the year ended June 30, 2006

(Notes 1, 2, and 3)

Schedule C

| Type and characteristics<br>of the securities   | Amount     | Value as of          | Value as of      | Value as of          | Market<br>value | INFORMATION ON THE ISSUER<br>Latest financial statements |         |                          |
|---|------------|----------------------|------------------|----------------------|-----------------|--|---------|--------------------------|
|   |            | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |                 | Principal<br>activity                                    | Capital | Income for<br>the period |
|   |            | Pesos                | Pesos            | Pesos                | Pesos           | Pesos  | Pesos   | Pesos                    |
| <b><u>Current Investments</u></b>   |            |                      |                  |                      |                 |  |         |                          |
| Mutual Funds  |            |                      |                  |                      |                 |  |         |                          |
| Bony Hamilton Fund<br>in dollars  | 1,136,014  | 3,433,034            | 54,906           | 91,897               | 3.022000        |  |         |                          |
| Banco Río Special<br>Fund in pesos  |            | 1,533,676            | 898,081          | 381,756              |                 |  |         |                          |
| BankBoston 1784<br>Fund   |            | 477,562              | 246,404          |                      |                 |  |         |                          |
|   |            | 5,444,272            | 1,199,391        | 473,653              |                 |  |         |                          |
| Bonds and Convertible<br>Notes  |            |                      |                  |                      |                 |  |         |                          |
| Subsidiaries, related<br>companies Law No.<br>19,550 Section 33 and<br>related parties: |            |                      |                  |                      |                 |  |         |                          |
| IRSA Inversiones y<br>Representaciones S.A.   |            |                      |                  |                      |                 |  |         |                          |
| Convertible Notes<br>2007   | 12,000,000 | 36,743,999           |                  |                      |                 |  |         |                          |
| Interest on IRSA<br>Convertible Notes<br>2007 (US\$)                                    |            |                      |                  |                      |                 |  |         |                          |
|   |            | 375,605              | 386,779          | 999,287              |                 |  |         |                          |
| Global 2010 Bonds   | 110,000    | 106,208              | 92,510           | 92,549               | 0.965527        |  |         |                          |
| Bocon Pro 1   | 157,647    | 630                  | 630              | 630                  | 0.003996        |  |         |                          |
| Nobacs  |            |                      | 3,030,000        | 2,947,500            |                 |  |         |                          |
| Mortgage Bonds  | 1,042,807  | 1,017,780            | 1,334,180        | 1,477,925            | 0.976000        |  |         |                          |
| Raymond James<br>Interest of Bonds  |            |                      |                  | 11,046               |                 |  |         |                          |
|   |            | 38,244,222           | 4,844,099        | 5,528,937            |                 |  |         |                          |
|   |            | 180,136              | 180,298          | 536,539              |                 |  |         |                          |

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|   |             |             |             |             |                             |             |            |               |  |
|---|-------------|-------------|-------------|-------------|-----------------------------|-------------|------------|---------------|--|
| Deposits in foreign banks in dollars  |             |             |             |             |                             |             |            |               |  |
|   |             | 180,136     | 180,298     | 536,539     |                             |             |            |               |  |
| Total current investments   |             |             |             |             |                             |             |            |               |  |
|   |             | 43,868,630  | 6,223,788   | 6,539,129   |                             |             |            |               |  |
| <b>Non-current investments</b>  |             |             |             |             |                             |             |            |               |  |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:  |             |             |             |             |                             |             |            |               |  |
| Agro-Uranga S.A. Shares   | 893,069     | 4,090,502   | 5,465,153   | 4,597,887   | Unlisted Agriculture        | 2,500,000   | 1,236,338  | 11,450,689    |  |
| Contribution on account of future subscriptions of shares                       |             |             | 7,865       | 7,865       |                             |             |            |               |  |
| Higher property value   |             | 11,179,150  | 11,179,150  | 11,179,150  |                             |             |            |               |  |
|   |             | 15,269,652  | 16,652,168  | 15,784,902  |                             |             |            |               |  |
| IRSA Inversiones y Representaciones S.A. Shares (Note 14)                       |             |             |             |             |                             |             |            |               |  |
|   | 116,305,767 | 408,619,576 | 396,839,494 | 274,968,300 | Real Estate                 | 448,742,660 | 66,119,687 | 1,576,577,325 |  |
|   |             | 408,619,576 | 396,839,494 | 274,968,300 |                             |             |            |               |  |
| BrasilAgro Companhia Brasileira de Propiedades Agrícolas Shares                 |             |             |             |             |                             |             |            |               |  |
|   | 42,705      | 60,028,625  | 54,879,607  |             | Agriculture and Real Estate | 875,381,000 | 33,436,000 | 821,185,000   |  |
|   |             | 60,028,625  | 54,879,607  |             |                             |             |            |               |  |
|   | Subtotal    | 483,917,853 | 468,371,269 | 290,753,202 |                             |             |            |               |  |
| <b>Other Investments</b>  |             |             |             |             |                             |             |            |               |  |
| IRSA Convertible Notes 2007 (US\$)  |             |             |             |             |                             |             |            |               |  |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:  |             |             |             |             |                             |             |            |               |  |
| IRSA Inversiones y Representaciones S.A.  |             |             | 37,031,999  | 99,928,688  |                             |             |            |               |  |
| BrasilAgro Companhia Brasileira de Propiedades Agrícolas (pending registration) |             |             |             | 570,932     |                             |             |            |               |  |
| Coprolán  |             | 20,717      | 20,717      | 20,717      | Unlisted                    |             |            |               |  |
|   | Subtotal    | 20,717      | 37,052,716  | 100,520,337 |                             |             |            |               |  |
| <b>Goodwill</b>   |             |             |             |             |                             |             |            |               |  |

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|  |              |              |              |
|--|--------------|--------------|--------------|
| IRSA Inversiones y Representaciones S.A. negative goodwill | (72,145,013) | (76,825,838) | (28,613,032) |
| Agropecuaria Cervera S.A. goodwill                         |              |              | 23,612,186   |
| Subtotal   | (72,145,013) | (76,825,838) | (5,000,846)  |
| Total non-current investments                              | 411,793,557  | 428,598,147  | 386,272,693  |

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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Consolidated Allowances and Provisions**

For the six-month periods ended December 31, 2006 and 2005

and the year ended June 30, 2006

(Notes 1, 2, and 3)

**Schedule E**

| Item   | Balances at   |               |               |              | Value as of  | Value as of | Value as of  |
|--|---------------|---------------|---------------|--------------|--------------|-------------|--------------|
|  | the beginning | Increases (1) | Decreases (1) | Applications | December 31, | June 30,    | December 31, |
|  | of the period |               |               |              | 2006         | 2006        | 2005         |
|  | Pesos         | Pesos         | Pesos         | Pesos        | Pesos        | Pesos       | Pesos        |
| <b>Deducted from assets</b>                        |               |               |               |              |              |             |              |
| Allowance for doubtful accounts                    | 374,830       |               |               | (2,471)      | 372,359      | 374,830     | 406,214      |
| <b>Included in liabilities</b>                     |               |               |               |              |              |             |              |
| Non-current law contingencies for pending lawsuits | 183,893       | 362,582       | (24,127)      |              | 522,348      | 183,893     | 104,329      |
| Total as of December 31, 2006                      | 558,723       | 362,582       | (24,127)      | (2,471)      | 894,707      |             |              |
| Total as of June 30, 2006                          | 490,542       | 148,311       | (25,000)      | (55,130)     |              | 558,723     |              |
| Total as of December 31, 2005                      | 485,412       | 50,131        | (25,000)      |              |              |             | 510,543      |

(1) Included in Financial Results

**Table of Contents**

**Cresud Sociedad Anónima,**  
**Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Consolidated Cost of Sales**

For the six-month periods ended December 31, 2006 and 2005

(Notes 1, 2, and 3)

Schedule F.1

| Crops | Beef cattle          |                      | Milk                 |                      | Feed Lot             |                      | Others               |                      | December 31,<br>2006 | Tot         |
|-------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------|
|       | December 31,<br>2005 | December 31,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | December 31,<br>2005 | December 31,<br>2006 |                      |             |
|       | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos       |
| 5     | 24,930,778           | 64,236,404           | 61,552,248           |                      |                      |                      |                      |                      | 64,236,404           | 10,550,495  |
| 3     | 128,575              |                      |                      |                      |                      |                      |                      |                      |                      | 478,313     |
|       |                      |                      |                      |                      | 150,085              | 155,791              | 273,377              | 623,879              | 423,462              |             |
| 8     | 25,059,353           | 64,236,404           | 61,552,248           |                      | 150,085              | 155,791              | 273,377              | 623,879              |                      | 75,688,674  |
|       |                      | 1,417,078            | 1,739,555            |                      | 62,083               | (10,740)             |                      |                      |                      | 1,479,161   |
| 7     | 2,028,381            |                      |                      |                      |                      |                      |                      | 15,992               |                      | 1,760,369   |
| 1     | 4,316,285            | 11,125,808           | 10,424,135           | 4,603,474            | 4,277,258            |                      |                      |                      |                      | 22,315,693  |
| 4     | 277,608              |                      |                      |                      | 39,550               | (2,179)              |                      |                      |                      | 1,460,904   |
|       |                      |                      |                      |                      | (964,412)            | (449,705)            | (74,039)             | (63,937)             |                      | (1,038,451) |
|       |                      |                      |                      |                      |                      |                      |                      | (202,737)            |                      |             |
| 4)    | (2,403,431)          | (33,701)             | (10,789)             |                      |                      |                      | (508,616)            | (235,472)            |                      | (2,519,921) |
|       |                      |                      | 220,499              |                      |                      |                      |                      |                      |                      |             |
| 1     | 1,673,735            | 4,687,017            | 6,035,950            |                      | 3,048,994            | 896,486              | 1,317,201            | 724,017              |                      | 10,164,723  |
|       |                      |                      |                      |                      | 577,038              | 369,921              | 1,283,374            | 853,275              |                      | 1,860,412   |

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|    |             |              |              |           |           |           |          |           |           |                        |
|----|-------------|--------------|--------------|-----------|-----------|-----------|----------|-----------|-----------|------------------------|
|    |             | (66,699,867) | (63,006,967) |           |           |           |          |           |           | (66,699,867)           |
| 2) | (5,508,135) |              |              |           |           |           |          |           |           | (4,554,722)            |
| 7) | (14,250)    |              |              |           |           |           |          |           |           | (177,457)              |
|    |             |              |              |           |           | (89,472)  | (39,187) | (787,449) | (368,300) | (876,921) (72,308,967) |
| 8  | 25,429,546  | 14,732,739   | 16,954,631   | 4,603,474 | 4,277,258 | 2,823,866 | 920,387  | 1,519,840 | 1,330,725 | 38,862,597             |



**Table of Contents**

**Cresud Sociedad Anónima,**  
**Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Consolidated Cost of Production**

For the six-month periods ended December 31, 2006 and 2005

(Notes 1, 2, and 3)

Schedule F.2

|   | Crops                |                      | Beef cattle          |                      | Milk                 |                      | December 31,<br>2006 | Total     | December 31,<br>2005 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------|----------------------|
|   | December 31,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | December 31,<br>2005 |                      |           |                      |
|   | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                | Pesos                |                      |           |                      |
| <b>Inventories at the beginning of the period</b> |                      |                      |                      |                      |                      |                      |                      |           |                      |
| Beef cattle                                       |                      |                      | 4,358                | 9,389,631            | 6,823,744            | 9,389,631            |                      | 6,828,102 |                      |
| Unharvested crops                                 | 1,662,592            | 826,336              |                      |                      |                      | 1,662,592            |                      | 826,336   |                      |
| Seeds and fodder                                  |                      |                      | 168,766              | 172,941              | 123,568              | 17,653               | 292,334              |           | 190,594              |
| Materials and others                              | 4,142,815            | 3,768,385            |                      |                      | 119,865              | 65,430               | 4,262,680            |           | 3,833,815            |
|   | 5,805,407            | 4,594,721            | 168,766              | 177,299              | 9,633,064            | 6,906,827            | 15,607,237           |           | 11,678,847           |
| Holding gain (loss)                               |                      |                      |                      |                      | (9,923)              | 375,843              | (9,923)              |           | 375,843              |
| Holding gain - Crops                              | 1,060,860            |                      | 574,843              |                      |                      |                      | 1,635,703            |           |                      |
| Gain (loss) on commodities market                 |                      |                      |                      |                      |                      |                      |                      |           |                      |
| Transfer of inventories to expenses               |                      |                      | 964,412              | 76,130               |                      |                      | 964,412              |           | 76,130               |
| Production  |                      |                      |                      |                      | 875,249              |                      | 875,249              |           |                      |
| Transfer of unharvested crops to expenses         | (11,286,408)         | (9,123,759)          | (410,422)            | (152,383)            | (580,245)            | (739,371)            | (12,277,075)         |           | (10,015,513)         |
| Recovery of inventories                           |                      |                      |                      |                      |                      | (220,499)            |                      |           | (220,499)            |
| Purchases   | 34,350,951           | 27,829,453           | 609,183              | 348,261              | 1,773,495            | 2,902,783            | 36,733,629           |           | 31,080,497           |
| Operating expenses (Schedule H)                   | 9,664,095            | 5,063,443            | 7,820,569            | 7,813,365            | 2,502,669            | 2,448,164            | 19,987,333           |           | 15,324,972           |
| <b>Less:</b>                                      |                      |                      |                      |                      |                      |                      |                      |           |                      |

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| <b>Inventories at the end of the period</b> |              |              |           |           |              |             |              |              |              |              |
|---|--------------|--------------|-----------|-----------|--------------|-------------|--------------|--------------|--------------|--------------|
| Beef cattle                                 |              |              |           |           | (10,149,663) | (9,119,607) | (10,149,663) |              | (9,119,607)  |              |
| <b>Crops</b>                                |              |              |           |           |              |             |              |              |              |              |
| Unharvested crops                           | (24,464,198) | (20,571,503) |           |           |              |             | (24,464,198) |              | (20,571,503) |              |
| Seeds and fodder                            |              |              | (895,926) | (115,460) | (262,051)    | (121,948)   | (1,157,977)  |              | (237,408)    |              |
| Materials and others                        | (7,122,966)  | (3,454,188)  | (572,903) | (31,301)  | (244,625)    | (131,464)   | (7,940,494)  | (43,712,332) | (3,616,953)  | (33,545,471) |
| <b>Cost of Production</b>                   |              |              |           |           |              |             |              |              |              |              |
|   | 8,007,741    | 4,338,167    | 8,258,522 | 8,115,911 | 3,537,970    | 2,300,728   |              | 19,804,233   |              | 14,754,806   |

**Table of Contents**

**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Consolidated Foreign currency assets and liabilities**

For the six-month periods ended December 31, 2006 and 2005 and the year ended June 30, 2006

(Notes 1, 2, and 3)

Schedule G

| Item  | December 31, 2006                   |                             |                                | June 30, 2006                       |                                | December 31, 2005                   |                                |
|---|-------------------------------------|-----------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
|   | Type and amount of foreign currency | Current exchange rate Pesos | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos |
| <b>Current Assets</b>   |                                     |                             |                                |                                     |                                |                                     |                                |
| Cash and banks  |                                     |                             |                                |                                     |                                |                                     |                                |
| Cash and banks in dollars   | US\$ 2,733,526                      | 3.022                       | 8,260,717                      | US\$ 7,835,857                      | 23,868,019                     | US\$ 95,751                         | 286,486                        |
| Cash and banks in brazilian reais   | Rs 139                              | 1.397                       | 194                            | Rs 1,524                            | 1,964                          | Rs 857                              | 1,178                          |
| Investments:  |                                     |                             |                                |                                     |                                |                                     |                                |
| Mutual funds  | US\$ 1,136,014                      | 3.022                       | 3,433,034                      | US\$ 18,026                         | 54,906                         | US\$ 30,714                         | 91,897                         |
| Interest of IRSA Convertible Notes 2007                                       | US\$ 124,290                        | 3.022                       | 375,605                        |                                     |                                |                                     |                                |
| Subsidiaries, related companies<br>Law 19,550 Article 33 and related parties: |                                     |                             |                                |                                     |                                |                                     |                                |
| IRSA Inversiones y Representaciones S.A.                                      | US\$ 12,000,000                     | 3.062                       | 36,743,999                     | US\$ 125,333                        | 386,779                        | US\$ 329,580                        | 999,287                        |
| Deposits in foreign banks   | US\$ 59,608                         | 3.022                       | 180,136                        | US\$ 59,192                         | 180,298                        | US\$ 179,325                        | 536,539                        |
| Trade accounts receivable:  |                                     |                             |                                |                                     |                                |                                     |                                |
| Trade accounts receivable   | US\$ 275,478                        | 3.022                       | 832,495                        | US\$ 14,768                         | 44,982                         | US\$ 951,054                        | 2,845,554                      |
| Other receivables:  |                                     |                             |                                |                                     |                                |                                     |                                |
| Secured by mortgages  | US\$ 976,184                        | 3.022                       | 2,950,028                      | US\$ 1,148,224                      | 3,497,490                      | US\$ 1,563,797                      | 4,678,880                      |
| Guarantee deposits  | US\$ 1,055,350                      | 3.022                       | 3,189,269                      | US\$ 475,302                        | 1,447,771                      | US\$ 391,533                        | 1,171,466                      |
| Subsidiaries, related companies<br>Law 19,550 Article 33 and related parties: |                                     |                             |                                |                                     |                                |                                     |                                |
| Cactus Argentina S.A.   |                                     |                             |                                | US\$ 4,140                          | 12,775                         |                                     |                                |
| IRSA Inversiones y Representaciones S.A.                                      | US\$ 34,670                         | 3.062                       | 106,159                        |                                     |                                |                                     |                                |
| Others  | US\$ 20,000                         | 3.062                       | 61,240                         | US\$ 20,698                         | 63,875                         |                                     |                                |
| <b>Non current assets</b>   |                                     |                             |                                |                                     |                                |                                     |                                |
| Other receivables   |                                     |                             |                                |                                     |                                |                                     |                                |
| Secured by mortgages  | US\$ 1,999,992                      | 3.022                       | 6,043,975                      | US\$ 2,713,488                      | 8,265,284                      | US\$ 2,853,984                      | 8,539,119                      |
| Subsidiaries, related companies<br>Law 19,550 Article 33 and related parties: |                                     |                             |                                |                                     |                                |                                     |                                |
| Alto Palermo S.A.   | US\$ 124,787                        | 3.062                       | 382,099                        | US\$ 189,470                        | 584,704                        |                                     |                                |
| IRSA Inversiones y Representaciones S.A.                                      | US\$ 29,336                         | 3.062                       | 89,827                         | US\$ 48,721                         | 150,353                        |                                     |                                |
| Cactus Argentina S.A.   | US\$ 1,751                          | 3.062                       | 5,363                          |                                     |                                |                                     |                                |
| Others  | US\$ 17,514                         | 3.062                       | 53,628                         | US\$ 27,067                         | 83,529                         |                                     |                                |

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Investments:

IRSA Convertible Notes 2007

Subsidiaries, related companies

Law 19,550 Article 33 and

related parties:

IRSA Inversiones y

Representaciones S.A.

US\$ 12,000,000 37,031,999 US\$ 32,958,011 99,928,688

Total US\$ US\$ 20,588,500 62,707,574 US\$ 24,680,286 75,672,764 US\$ 39,353,749 119,077,916

Total Rs Rs 139 194 Rs 1,524 1,964 Rs 857 1,178

**Total Assets** 62,707,768 75,674,728 119,079,094

US\$: US dollars

Rs: Brazilian Reais

**Table of Contents**

**Cresud Sociedad Anónima,**  
**Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**  
**Consolidated Foreign currency assets and liabilities**

For the six-month periods ended December 31, 2006 and 2005 and the year ended June 30, 2006

(Notes 1, 2, and 3)

Schedule G (Cont.)

| Item   | December 31, 2006                   |                             |                                | June 30, 2006                       |                                | December 31, 2005                   |                                |
|--|-------------------------------------|-----------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
|  | Type and amount of foreign currency | Current exchange rate Pesos | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos |
| <b>Current liabilities</b>   |                                     |                             |                                |                                     |                                |                                     |                                |
| Trade accounts payable:  |                                     |                             |                                |                                     |                                |                                     |                                |
| Suppliers  | US\$ 4,589,476                      | 3.062                       | 14,052,974                     | US\$ 3,558,082                      | 10,980,242                     | US\$ 4,041,380                      | 12,253,463                     |
| Interest to be accrued   |                                     |                             |                                | US\$ (36,573)                       | (112,863)                      | US\$ (138,319)                      | (419,384)                      |
| Accrual for other expenses   | US\$ 382,124                        | 3.062                       | 1,170,064                      | US\$ 862,487                        | 2,661,634                      | US\$ 1,230,438                      | 3,730,689                      |
| Loans:   |                                     |                             |                                |                                     |                                |                                     |                                |
| Local banks  | US\$ 4,477,031                      | 3.062                       | 13,708,670                     | US\$ 4,399,210                      | 13,575,961                     |                                     |                                |
| Interest of Convertible Notes 2007   |                                     |                             |                                |                                     |                                |                                     |                                |
|  | US\$ 82,318                         | 3.062                       | 252,058                        | US\$ 107,641                        | 332,179                        | US\$ 199,391                        | 604,553                        |
| Convertible Notes 2007   | US\$ 8,052,869                      | 3.062                       | 24,657,885                     |                                     |                                |                                     |                                |
| Subsidiaries, related companies Law 19,550 Article 33 and related parties: |                                     |                             |                                |                                     |                                |                                     |                                |
| Shareholders   | US\$ 12,136,058                     | 3.062                       | 37,160,610                     | US\$ 156,508                        | 482,985                        | US\$ 178,589                        | 541,481                        |
| Directors  | US\$ 33,944                         | 3.062                       | 103,935                        | US\$ 351                            | 1,083                          | US\$ 343                            | 1,041                          |
| Other debts:   |                                     |                             |                                |                                     |                                |                                     |                                |
| Subsidiaries, related companies Law 19,550 Article 33 and related parties: |                                     |                             |                                |                                     |                                |                                     |                                |
| Cactus Feeders   | US\$ 10,000                         | 3.062                       | 30,620                         |                                     |                                |                                     |                                |
| Outstanding items  | US\$ 6,568                          | 3.062                       | 20,112                         |                                     |                                |                                     |                                |
| <b>Non-current liabilities</b>   |                                     |                             |                                |                                     |                                |                                     |                                |
| Trade accounts payable:  |                                     |                             |                                |                                     |                                |                                     |                                |
| Accrual for other expenses   | US\$ 175,140                        | 3.062                       | 536,279                        | US\$ 270,671                        | 835,292                        |                                     |                                |
| Loans:   |                                     |                             |                                |                                     |                                |                                     |                                |
| Foreign banks  | US\$ 8,000,000                      | 3.062                       | 24,496,000                     | US\$ 6,600,000                      | 20,367,600                     |                                     |                                |
| Convertible Notes 2007   |                                     |                             |                                | US\$ 10,306,022                     | 31,804,384                     | US\$ 19,505,607                     | 59,141,000                     |
| Subsidiaries, related companies Law 19,550 Article 33 and related parties: |                                     |                             |                                |                                     |                                |                                     |                                |
| Shareholders   |                                     |                             |                                | US\$ 14,984,838                     | 46,243,210                     | US\$ 17,470,641                     | 52,970,984                     |
| Directors  |                                     |                             |                                | US\$ 33,600                         | 103,690                        | US\$ 33,600                         | 101,875                        |

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|                          |                 |             |                 |             |                 |             |
|--------------------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|
| <b>Total Liabilities</b> | US\$ 37,945,528 | 116,189,207 | US\$ 41,242,837 | 127,275,397 | US\$ 42,521,670 | 128,925,702 |
|--------------------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|

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US\$: US dollars

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**Cresud Sociedad Anónima,**  
**Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**  
**Consolidated Information in Compliance with Section 64, subsection B of Law No. 19,550**

For the six-month periods ended December 31, 2006 and 2005

(Notes 1, 2, and 3)

**Schedule H**

| Items                              | Total                |           | Operating Expenses |             |           |             |         | Expenses  |                | Total                |
|------------------------------------|----------------------|-----------|--------------------|-------------|-----------|-------------|---------|-----------|----------------|----------------------|
|                                    | December 31,<br>2006 | Total     | Crops              | Beef cattle | Milk      | Feed<br>Lot | Others  | Selling   | Administrative | December 31,<br>2005 |
|                                    | Pesos                | Pesos     | Pesos              | Pesos       | Pesos     | Pesos       | Pesos   | Pesos     | Pesos          | Pesos                |
| Directors fees                     | 127,972              |           |                    |             |           |             |         |           | 127,972        | 123,404              |
| Fees and payments for services     | 2,619,122            | 327,276   | 24,598             | 154,560     | 88,440    |             | 59,678  |           | 2,291,846      | 1,400,661            |
| Salaries and wages                 | 6,299,205            | 3,284,682 | 1,048,067          | 1,096,153   | 276,164   |             | 864,298 | 117,494   | 2,897,029      | 4,099,234            |
| Social security taxes              | 1,226,151            | 557,143   | 309,560            | 217,046     | 24,678    |             | 5,859   |           | 669,008        | 725,092              |
| Taxes, rates and contributions     | 546,029              | 341,629   | 256,732            | 59,485      | 19,106    |             | 6,306   | 1,717     | 202,683        | 250,045              |
| Gross sales taxes                  | 425,695              |           |                    |             |           |             |         | 425,695   |                | 479,200              |
| Office and administrative expenses | 1,965,834            | 147,017   |                    |             |           |             | 147,017 | 1,215     | 1,817,602      | 388,087              |
| Bank commissions and expenses      | 58,043               | 24,969    | 3,951              | 4,667       | 518       |             | 15,833  |           | 33,074         | 16,509               |
| Depreciation of fixed assets       | 2,155,559            | 1,987,572 | 997,060            | 586,941     | 213,848   | 125,945     | 63,778  |           | 167,987        | 2,262,504            |
| Vehicle and traveling expenses     | 285,249              | 145,852   | 46,222             | 51,908      | 5,772     |             | 41,950  | 18,093    | 121,304        | 366,945              |
| Spare parts and repairs            | 1,113,046            | 1,110,045 | 659,654            | 352,834     | 86,795    |             | 10,762  |           | 3,001          | 621,217              |
| Insurance                          | 300,222              | 253,413   | 161,904            | 63,485      | 4,247     |             | 23,777  |           | 46,809         | 131,135              |
| Benefits to Employees              | 391,928              | 237,427   | 63,220             | 123,864     | 24,746    |             | 25,597  | 500       | 154,001        | 232,181              |
| Beef cattle expenses (1)           | 5,523,527            | 4,996,915 |                    | 4,996,915   |           |             |         | 526,612   |                | 6,036,005            |
| Dairy farm expenses (2)            | 1,757,710            | 1,746,983 |                    |             | 1,746,983 |             |         | 10,727    |                | 1,594,134            |
| Agricultural expenses (3)          | 7,356,406            | 5,879,602 | 5,873,131          |             |           |             | 6,471   | 1,476,804 |                | 6,629,645            |
| Feed lot expenses                  | 451,093              | 451,093   |                    |             |           | 451,093     |         |           |                | 233,197              |

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|                            |            |            |           |           |           |         |           |           |           |            |
|----------------------------|------------|------------|-----------|-----------|-----------|---------|-----------|-----------|-----------|------------|
| Silo expenses              | 30,496     | 30,496     | 30,496    |           |           |         |           |           |           | 13,052     |
| Coal expenses              |            |            |           |           |           |         |           |           |           | 202        |
| ACER expenses              | (6,845)    | (6,845)    |           |           |           | (6,845) |           |           |           |            |
| FyO expenses               | 40,042     | 5,250      |           |           |           | 5,250   | 34,792    |           |           | 32,910     |
| General expenses           | 371,454    | 327,226    | 189,500   | 112,711   | 11,372    | 13,643  | 26,015    | 18,213    |           | 323,361    |
| Total at December 30, 2006 | 33,037,938 | 21,847,745 | 9,664,095 | 7,820,569 | 2,502,669 | 577,038 | 1,283,374 | 2,639,664 | 8,550,529 |            |
| Total at December 30, 2005 |            | 16,548,168 | 5,063,443 | 7,813,365 | 2,448,164 | 369,921 | 853,275   | 4,997,065 | 4,413,487 | 25,958,720 |

- 
- (1) Includes cattle food and additives, lodging, animal health and others.  
(2) Includes cattle food and additives, animal health and others.  
(3) Includes seeds, agrochemicals, irrigation, services hired, leases and others.



**Table of Contents****Cresud Sociedad Anónima,****Comercial, Inmobiliaria, Financiera y Agropecuaria****Balance Sheet as of December 31, 2006 and 2005 and June 30, 2006**

|   | December 31, 2006  | June 30, 2006      | December 31, 2005  |
|---|--------------------|--------------------|--------------------|
|   | (Notes 1 and 2)    | (Notes 1 and 2)    | (Notes 1 and 2)    |
|   | Pesos              | Pesos              | Pesos              |
| <b>ASSETS</b>   |                    |                    |                    |
| <b>Current Assets</b>                                       |                    |                    |                    |
| Cash and banks (Note 8.a.)                                  | 12,397,381         | 24,600,563         | 688,060            |
| Investments (Note 8.b.)                                     | 41,677,256         | 4,899,005          | 5,620,834          |
| Trade accounts receivable (Note 8.c.)                       | 9,602,039          | 8,449,745          | 9,744,378          |
| Other receivables (Note 8.d.)                               | 13,754,016         | 21,265,678         | 11,893,640         |
| Inventories (Note 8.e.)                                     | 47,282,830         | 27,227,281         | 42,859,634         |
| <b>Total Current Assets</b>                                 | <b>124,713,522</b> | <b>86,442,272</b>  | <b>70,806,546</b>  |
| <b>Non-Current Assets</b>                                   |                    |                    |                    |
| Other receivables (Note 8.d.)                               | 49,351,842         | 39,575,208         | 15,523,349         |
| Inventories (Note 8.e.)                                     | 64,068,073         | 59,330,235         | 54,866,387         |
| Investments on controlled and related companies (Note 8.b.) | 504,582,334        | 489,669,438        | 311,662,439        |
| Other investments (Note 8.b.)                               | 20,717             | 37,052,716         | 100,520,337        |
| Fixed assets, net (Schedule A)                              | 214,277,136        | 208,071,858        | 202,571,881        |
| Intangible assets, net (Schedule B)                         | 21,910,761         | 21,910,761         |                    |
| <b>Subtotal Non-Current Assets</b>                          | <b>854,210,863</b> | <b>855,610,216</b> | <b>685,144,393</b> |
| Goodwill (Note 8.b.)  | (72,145,013)       | (76,825,838)       | (6,674,377)        |
| <b>Total Non-Current Assets</b>                             | <b>782,065,850</b> | <b>778,784,378</b> | <b>678,470,016</b> |
| <b>Total Assets</b>   | <b>906,779,372</b> | <b>865,226,650</b> | <b>749,276,562</b> |
| <b>LIABILITIES</b>  |                    |                    |                    |
| <b>Current Liabilities</b>                                  |                    |                    |                    |
| <b>Debts:</b>   |                    |                    |                    |
| Trade accounts payable (Note 8.f.)                          | 33,284,420         | 23,927,124         | 26,846,535         |
| Loans (Note 8.g.)   | 139,817,661        | 66,421,573         | 18,424,590         |
| Salaries and social security payable (Note 8.h.)            | 1,566,138          | 1,930,617          | 892,084            |
| Taxes payable (Note 8.i.)                                   | 3,262,541          | 2,921,376          | 1,552,669          |
| Other debts (Note 8.j.)                                     | 3,089,267          | 3,284,656          | 2,692,373          |
| <b>Total Debts</b>  | <b>181,020,027</b> | <b>98,485,346</b>  | <b>50,408,251</b>  |
| <b>Total Current Liabilities</b>                            | <b>181,020,027</b> | <b>98,485,346</b>  | <b>50,408,251</b>  |
| <b>Non-Current Liabilities</b>                              |                    |                    |                    |
| Trade accounts payable (Note 8.f.)                          | 536,279            | 835,292            |                    |
| Loans (Note 8.g.)   | 24,496,000         | 98,096,955         | 111,374,915        |

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|  |             |             |             |
|--|-------------|-------------|-------------|
| Taxes payable (Note 8.i.)                        | 39,831,402  | 41,874,123  | 44,117,008  |
| Other debts (Note 8.j.)                          |             |             |             |
| Provisions (Schedule E)                          | 45,216      | 69,343      | 66,002      |
| <b>Total Non-Current Liabilities</b>             | 64,908,897  | 140,875,713 | 155,557,925 |
| <b>Total liabilities</b>                         | 245,928,924 | 239,361,059 | 205,966,176 |
| <b>SHAREHOLDERS EQUITY</b>                       | 660,850,448 | 625,865,591 | 543,310,386 |
| <b>Total Liabilities and Shareholders Equity</b> | 906,779,372 | 865,226,650 | 749,276,562 |

The accompanying notes and schedules are an integral part of the financial statements.

Saul Zang  
Vicepresident

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**Cresud Sociedad Anónima,**  
**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**Statement of Income**

For the six-month periods ended December 31, 2006 and 2005

|  | December 31, 2006<br>(Notes 1 and 2)<br>Pesos | December 31, 2005<br>(Notes 1 and 2)<br>Pesos |
|--|---|---|
| <b>Production :</b>                              |   |   |
| Crops  | 6,586,411                                     | 4,316,285                                     |
| Beef cattle                                      | 10,063,537                                    | 9,857,796                                     |
| Milk   | 5,478,723                                     | 4,277,258                                     |
| <b>Total production</b>                          | <b>22,128,671</b>                             | <b>18,451,339</b>                             |
| <b>Cost of production (Schedule F.2)</b>         |   |   |
| Crops  | (8,031,975)                                   | (4,338,167)                                   |
| Beef cattle                                      | (7,022,762)                                   | (6,952,007)                                   |
| Milk   | (3,537,970)                                   | (2,300,728)                                   |
| <b>Total cost of production</b>                  | <b>(18,592,707)</b>                           | <b>(13,590,902)</b>                           |
| <b>Production profit</b>                         | <b>3,535,964</b>                              | <b>4,860,437</b>                              |
| <b>Sales</b>                                     |   |   |
| Crops  | 13,239,915                                    | 28,938,520                                    |
| Beef cattle                                      | 11,765,581                                    | 14,359,858                                    |
| Milk   | 4,603,474                                     | 4,277,258                                     |
| Other  | 3,023,209                                     | 1,830,437                                     |
| <b>Total sales</b>                               | <b>32,632,179</b>                             | <b>49,406,073</b>                             |
| <b>Cost of sales (Schedule F.1)</b>              |   |   |
| Crops  | (15,182,678)                                  | (25,429,546)                                  |
| Beef cattle                                      | (11,155,428)                                  | (14,124,275)                                  |
| Milk   | (4,603,474)                                   | (4,277,258)                                   |
| Other  | (10,108)                                      | (136,219)                                     |
| <b>Total cost of sale</b>                        | <b>(30,951,688)</b>                           | <b>(43,967,298)</b>                           |
| <b>Sales profit</b>                              | <b>1,680,491</b>                              | <b>5,438,775</b>                              |
| <b>Gross profit</b>                              | <b>5,216,455</b>                              | <b>10,299,212</b>                             |
| Selling expenses (Schedule H)                    | (2,292,717)                                   | (4,786,908)                                   |
| Administrative expenses (Schedule H)             | (8,184,539)                                   | (3,966,976)                                   |
| Net gain on sale of farms                        |   | 9,872,997                                     |
| Holding gain Beef cattle (Schedules F.1 and F.2) | 1,386,719                                     | 2,206,179                                     |
| Holding gain Crops (Schedules F.1 and F.2)       | 3,380,080                                     | 2,028,381                                     |

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|  |                   |                   |
|--|-------------------|-------------------|
| <b>Operating income</b>  | <b>(494,002)</b>  | <b>15,652,885</b> |
| Financial gain (loss):   |                   |                   |
| Generated by assets:   |                   |                   |
| Exchange differences and discounts   | (332,257)         | 8,763,360         |
| Interest income  | 949,024           | 242,427           |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                   |                   |
| Interest on Notes (Note 7)   | 1,474,472         | 4,360,671         |
| Doubtful accounts  |                   |                   |
| Tax on banking debits and credits  | (490,660)         | (857,451)         |
| Net gain on sale of bonds  |                   | 14,872,000        |
| Others   | 244,209           | 1,592,122         |
| Total  | 1,844,788         | 28,973,129        |
| Generated by liabilities:  |                   |                   |
| Financial expenses:  |                   |                   |
| Interest on Convertible Notes (Note 7)   | (2,885,819)       | (4,359,619)       |
| Others   | (3,871,918)       | (1,115,008)       |
| Exchange differences and discounts   | 1,251,577         | (6,569,975)       |
| Total  | (5,506,160)       | (12,044,602)      |
| Other income and expenses, net:  |                   |                   |
| Gains from other fixed assets sales  | 30,144            | 12,868            |
| Shareholders Personal asset tax and miscellaneous                              | (872,962)         | (889,640)         |
|  | (842,818)         | (876,772)         |
| Income from controlled and related companies                                   | 22,319,693        | 6,708,464         |
| Management fee (Note 5)  | (2,108,111)       | (2,653,994)       |
| <b>Net Income before income tax</b>  | <b>15,213,390</b> | <b>35,759,110</b> |
| Income tax expense (Note 6)  | 1,825,165         | (11,873,168)      |
| <b>Net income for the period</b>   | <b>17,038,555</b> | <b>23,885,942</b> |

The accompanying notes and schedules are an integral part of the financial statements.

Saul Zang  
Vicepresident

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**Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria**

**Statement of Changes in Shareholders' Equity**

For the six-month periods ended December 31, 2006 and 2005

(Notes 1 and 2)

| Items   | Capital                  | Shareholders' contributions             | Retained earnings   |             |               | Transitory conversion differences | Total as of          | Total as of             |                   |                   |
|---|--------------------------|---|---------------------|-------------|---------------|-----------------------------------|----------------------|-------------------------|-------------------|-------------------|
|   | (Note 3)<br>Common stock | Inflation adjustment<br>of Common stock | Paid-in capital (1) | Subtotal    | Legal reserve |                                   | New projects reserve | Unappropriated earnings | December 31, 2006 | December 31, 2005 |
|   | Pesos                    | Pesos                                   | Pesos               | Pesos       | Pesos         | Pesos                             | Pesos                | Pesos                   | Pesos             |                   |
| Balances at the beginning of the exercise               | 220,604,549              | 166,218,124                             | 106,916,990         | 493,739,663 | 11,532,537    |                                   | 127,243,810          | (6,650,419)             | 625,865,591       | 523,070,970       |
| Conversion of Notes in common stock (Note 14)           | 10,288,957               |   | 5,700,391           | 15,989,348  |               |                                   |                      |                         | 15,989,348        | 9,283,937         |
| Exercise of Warrants (Note 14)                          | 4,478,919                |   | 3,879,838           | 8,358,757   |               |                                   |                      |                         | 8,358,757         | 308,350           |
| Shareholders meeting held on 10.31.2006                 |                          |   |                     |             |               |                                   |                      |                         |                   |                   |
| Legal Reserve   |                          |   |                     |             | 1,644,164     |                                   | (1,644,164)          |                         |                   |                   |
| Cash dividends  |                          |   |                     |             |               |                                   | (5,500,00)           |                         | (5,500,000)       | (10,000,000)      |
| New projects Reserve                                    |                          |   |                     |             |               | 120,099,646                       | (120,099,646)        |                         |                   |                   |
| Related companies Law 19,550 Section 33: IRSA (Note 15) |                          |   | (3,606,649)         | (3,606,649) |               |                                   |                      |                         | (3,606,649)       | (3,238,813)       |
| Transitory conversion differences                       |                          |   |                     |             |               |                                   |                      | 2,704,846               | 2,704,846         |                   |
| Net income for the period                               |                          |   |                     |             |               |                                   | 17,038,555           |                         | 17,038,555        | 23,885,942        |
| Balances as of December 31, 2006                        | 235,372,425              | 166,218,124                             | 112,890,570         | 514,481,119 | 13,176,701    | 120,099,646                       | 17,038,555           | (3,945,573)             | 660,850,448       |                   |

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|  |             |             |            |             |            |             |             |
|--|-------------|-------------|------------|-------------|------------|-------------|-------------|
| Balances as of<br>December 31,<br>2005 | 169,098,097 | 166,218,124 | 78,215,152 | 413,531,373 | 11,532,537 | 118,246,476 | 543,310,386 |
|--|-------------|-------------|------------|-------------|------------|-------------|-------------|

(1) See notes 2p and 15

The accompanying notes and schedules are an integral part of the financial statements.

Saul Zang  
Vicepresident

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For the six-month periods ended December 31, 2006 and 2005

|   | December 31, 2006 | December 31, 2005 |
|---|-------------------|-------------------|
|   | (Notes 1 and 2)   | (Notes 1 and 2)   |
|   | Pesos             | Pesos             |
| <b>Changes in cash and cash equivalents</b>                                   |                   |                   |
| Cash and cash equivalents at the beginning of the period                      | 24,655,469        | 66,248,838        |
| Cash and cash equivalents at the end of the period                            | 15,830,415        | 779,957           |
| Net decrease in cash and cash equivalents                                     | (8,825,054)       | (65,468,881)      |
| <b>Causes of changes in cash and cash equivalents</b>                         |                   |                   |
| <b>Operating activities</b>   | 17,038,555        | 23,885,942        |
| Income for the period   | 6,554,447         | 4,598,203         |
| Accrued interest during the year  | (1,825,165)       | 11,873,168        |
| Income tax  |                   |                   |
| <b>Adjustments made to reach net cash flow from operating activities</b>      |                   |                   |
| Income from interest in controlled and related companies                      | (22,319,693)      | (6,708,464)       |
| Increase in allowances, provisions and accruals                               | 4,865,990         | 9,798,227         |
| Depreciation  | 1,902,805         | 2,007,130         |
| Holding gain - Inventory  | (4,766,799)       | (2,206,179)       |
| Financial results   | (1,479,332)       | (3,556,598)       |
| Gain from sale of permanent investments                                       |                   | (14,872,000)      |
| Gain from sale of fixed assets  | (30,144)          | (9,885,865)       |
| <b>Changes in operating assets and liabilities</b>                            |                   |                   |
| Decrease in current investments   | 4,681,248         | 5,625,352         |
| Increase in trade accounts receivable   | (1,152,294)       | (337,978)         |
| (Increase) decrease in other receivables                                      | (9,776,734)       | 8,665,784         |
| Increase in inventories   | (8,463,192)       | (3,331,724)       |
| Decrease in social security payable & taxes payable and advances to customers | (685,822)         | (24,904,838)      |
| Increase (decrease) in trade accounts payable                                 | 6,276,277         | (3,738,442)       |
| Dividends collected   | 811,784           | 867,691           |
| Increase (decrease) in other debts  | 372,012           | (1,618,288)       |
| <b>Cash flows applied to operating activities</b>                             | (7,996,057)       | (3,838,879)       |
| <b>Investment activities</b>  |                   |                   |
| Increase in non-current investments   |                   | (1,618,726)       |
| Increase in related companies loans   | (6,330,000)       |                   |
| Acquisition and upgrading of fixed assets                                     | (8,108,802)       | (46,012,304)      |
| Collections of receivables from sale of fixed assets                          | 3,290,752         |                   |
| Sale of fixed assets  | 30,863            | 9,880,073         |
| <b>Cash flows applied to investment activities</b>                            | (11,117,187)      | (37,750,957)      |
| <b>Financing activities</b>   |                   |                   |
| Exercise of Warrants  | 8,358,757         | 308,350           |

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|   |                    |                     |
|---|--------------------|---------------------|
| Dividends paid  | (5,500,000)        | (10,000,000)        |
| Increase in financial loans   | 53,427,182         | 17,038,931          |
| Decrease in financial loans   | (43,767,189)       | (14,712,326)        |
| Decrease in others liabilities  | (2,230,560)        | (16,514,000)        |
| <b>Cash flows provided by (applied to) financing activities</b>                     | <b>10,288,190</b>  | <b>(23,879,045)</b> |
| <b><u>Net decrease in cash and cash equivalents</u></b>                             | <b>(8,825,054)</b> | <b>(65,468,881)</b> |
| <b><u>Items not involving changes in cash and cash equivalents</u></b>              |                    |                     |
| Transfer of inventory to fixed assets   |                    | 202,737             |
| Increase in other receivables by sale of fixed assets                               |                    | 8,222,550           |
| Repayment of financial loans through issue of stock by exercise of conversion right | 15,989,348         | 9,283,937           |
| Increase in fixed assets due to an increase in other debts                          |                    | 6,443,509           |
| Decrease in other liabilities through a decrease in fixed assets                    |                    | 2,055,200           |
| <b><u>Complementary information</u></b>   |                    |                     |
| Interest paid   | 3,816,145          | 4,694,235           |
| Income tax paid   | 1,718,759          | 22,810,022          |

Saul Zang  
Vicepresident



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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Notes to the Financial Statements**

For the six-month periods ended December 31, 2006 and 2005

and the year ended June 30, 2005

**NOTE 1: ACCOUNTING STANDARDS**

Below is a description of the most relevant accounting standards used by the Company in the preparation of these Financial Statements, which have been applied on a consistent basis from the previous period.

a. Presentation standards

These financial statements are stated in Argentine pesos, and have been prepared in accordance with the disclosure and valuation accounting standards contained in the Technical Resolutions issued by the Argentine Federation of Professional Councils in Economic Sciences (F.A.C.P.C.E.), as approved, with resolutions issued by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (C.P.C.E.C.A.B.A.) and the Comisión Nacional de Valores (C.N.V.).

b. Unifying of accounting standards

On July 8, 2006, the F.A.C.P.C.E. and the C.P.C.E.C.A.B.A. entered into an agreement with the purpose of unifying technical standards. The latter council issued Resolution CD 93/05 on August 10, 2005 adopting the accounting standards approved by the former including the changes up to April 1, 2005.

The standards referred to above became effective for annual or interim periods financial statements of years commenced on January 1, 2006. On the other hand, the C.N.V. has adopted the same standards including certain modifications, and has also established their applicability for the years started as from January 1, 2006 as well.

The changes introduced due to the unifying of accounting standards that have generated significant effects on the Company's financial statements are:

In accordance with the new accounting standards, the Company has decided not to recognize the deferred liabilities generated by the adjustment for inflation on fixed assets and other non-monetary assets. Consequently, additional information on this issue is stated in Note 6.

The balance of the Transitory Conversion Differences account has to be shown in the statement of changes in stockholders equity as from the time the unifying accounting standards became effective.

The financial statements for the six-month periods ended December 31, 2006 and 2005 have not been audited. The Company's management estimates that such statements include all adjustments necessary to fairly present the income accounts of each period, which do not necessarily show the proportion of the Company's profits and losses for the entire periods.

c. The effects of inflation

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The financial statements have been prepared in constant currency units by recognizing the effects of inflation up to August 31, 1995. As from this date and up to December 31, 2001 the restatement of the financial statements has been discontinued due to that period of monetary stability. As from January 1, 2002 and up to March 2003 the effects of inflation were recognized as it was an inflationary period. As from such date, in line with Resolution 441 issued on

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Notes to the Financial Statements (Continued)**

**NOTE 1:** (Continued)

April 8, 2003 by the National Securities Commission, the Company discontinued the restatement of its financial statements. This criterion does not agree with the terms of Resolution MD 941/2003 of the Professional Council in Economic Sciences of the City of Buenos Aires (CPCECABA), by which the restatement of financial statements was discontinued as from October 1, 2003. As of December 31, 2006, this change has not generated any significant effect on the Company's financial statements.

d. Comparative Information

For comparison purposes, certain reclassifications have been made as of June 30, 2006 and December 31, 2005.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

a. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the fiscal year. Estimates are used when accounting for the allowance for conversion of convertible bonds into shares of stock, doubtful accounts, investments, depreciation, income taxes, deferred liabilities, transitory conversion differences and provisions for contingencies, accrual for expenses, donations and assets recoverable value and classification of the current and non-current assets. Actual results could differ from those estimates.

b. Local currency assets and liabilities

The local currency assets and liabilities are stated at period-end nominal currency.

c. Foreign currency assets and liabilities

Assets and liabilities denominated in foreign currency have been valued at the amount of such currency as of the date of the financial statements, converted at the buying and selling exchange rate, respectively, prevailing at period-end.

d. Temporary investments

The units of ownership of common investment funds, the mortgage certificates, nobacs and bonds were valued at quotation value at year-end net of sales expenses. Temporary investments do not exceed their recoverable value at the date of the financial statements.

e. Trade accounts receivable and payable

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Trade accounts receivable and payable have been valued at their cash price estimated at the time of the transaction, plus interest and implied financial components accrued on the basis of the internal rate of return determined at such time, provided they are significant.

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Notes to the Financial Statements (Continued)**

**NOTE 2:** (Continued)

f. Credits and loans

Credits and loans have been valued in accordance with the sum of money delivered and received, respectively, net of transaction costs, plus financial results accrued on the basis of the rate estimated at such time as of period-end.

g. Derivates financial instruments

Futures relate to cereal commitments deliverable at a previously agreed price (see note 4), and dollars commitments.

Premiums collected or paid correspond to options bought or written and are included in Other receivables.

The assets or liabilities originated in derivatives instruments have been valued at their market value at year-end (see Note 4).

Differences generated by the application of the above mentioned valuation criteria to assets and liabilities from derivative instruments corresponding to crops and dollars have been recognized under net income of the fiscal year under Cost of sales and under Financial Results in the Income Statement, respectively.

The comparative information includes transactions with metals.

h. Other receivables and payables

Other receivables and payables have been valued on the basis of the agreed values plus interest accrued as of the date of these financial statements.

Other receivables and payables in foreign currency have been valued at their amount in such currency at the year-end closing date, converted to the buyer and seller exchange rate, respectively, prevailing at the period-end closing date.

i. Balances with related parties

Receivables and payables with related parties have been valued in accordance with the conditions agreed between the parties involved.

j. Inventories

- 1) Biological Assets (Under development): Breeding and Cattle: have been measured at replacement cost of goods and services needed to obtain similar assets, which does not exceed the net realization value as of each period-end.

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Include:

Unharvested crops

Calves

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Notes to the Financial Statements (Continued)**

**NOTE 2:** (Continued)

- 2) Biological Assets (In production): Cattle: Have been measured at the direct replacement cost of a similar asset, acquired to third parties in the markets in which the Company regularly operates, and do not exceed the net realization value as of each period-end.

Include:

Dairy cattle

Breeding cows

- 3) Biological Assets (Finished): Cattle: have been measured at their net realization value represented by the respective quotations as of each period-end in the markets in which the Company regularly operates, net of additional costs generated by marketing.

Include:

Steers and heifers

Cattle round-up, mares and sheep

- 4) Farming Products: Crops: have been measured at net realization value, representing the different quotations as of each period-end in the markets in which the Company regularly operates, net of additional costs generated by marketing.

Include

Harvested crops

- 5) Non-biological Assets Raw material: Seeds and various goods: have been measured at reproduction or replacement cost as of each period-end, which does not exceed the net realization value.

Include:

Seeds

Agrochemicals

Semen Cattle raising and dairy

Food and by-products

Packs and bundles

Poles

Bags and blankets

Silos raw materials

Profits arising from production have been determined according to the quantitative and qualitative changes of stock subject to the biologic transformation measured as from the beginning of the year to the closing of these financial statements.

Cattle holding results have been calculated as the price difference of the steer kilogram between stock at beginning and closing of these financial statements.

Production cost of cattle calculated to show production profits and losses are shown in Schedule F.2.



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**Cresud Sociedad Anónima, Comercial,**  
**Inmobiliaria, Financiera y Agropecuaria**  
**Notes to the Financial Statements (Continued)**

**NOTE 2:** (Continued)

Adjustment for valuation of net realization value (V.N.R.) of crop has been calculated as the difference between the production valued at net realization value at the time of harvesting and the value of the same production valued at net realization value as of closing of these financial statements.

The production cost of crop calculated to show production results are shown in Schedule F.2.

Dairy cattle and other purposes not related with direct marketing in the next 12 months were valued at replacement value.

- 6) The remaining inventories were valued at replacement value.

The carrying values of inventories, which are determined as discussed above, do not exceed their estimated recoverable values at the end of these financial statements.

k. Long term investments in other companies

1. Investments in subsidiaries and affiliates

The investments in subsidiaries and affiliates in which the Company has significant influence have been accounted for under the equity method, as required by Technical Resolution No. 21 of the F.A.C.P.C.E. approved by C.N.V.

Interests in subsidiaries and affiliates at December 31, 2006 are as follows:

| <b>Subsidiaries and affiliates</b>                                     | <b>% Equity interest</b> |
|--|--------------------------|
| Inversiones Ganaderas S.A.   | 99.99                    |
| Agropecuaria Cervera S.A.  | 90.00                    |
| Futuros y Opciones.Com S.A.  | 70.00                    |
| Cactus Argentina S.A.  | 50.00                    |
| Agro Uranga S.A.   | 35.72                    |
| IRSA Inversiones y Representaciones S. A.                              | 25.92                    |
| BrasilAgro Companhia Brasileira de Propiedades Agrícolas<br>(Note12.b) | 7.31                     |

The Company presents as complementary information the consolidated financial statements as of December 31, 2006 and 2005 with Inversiones Ganaderas S.A., Agropecuaria Cervera S.A., Futuros y Opciones.Com S.A. and Cactus Argentina S.A. in proportional consolidation of 50%.

2. Goodwill

The negative goodwill corresponding to the investment in Inversiones y Representaciones S.A. had been valued at cost restated as of February 28, 2003, and calculated as a difference between the market value of such investment and its equity value at the time of changing the

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March 2002-valuation method, and in each one of the purchases restated, if any, at that same date (Note 1.c).

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**Cresud Sociedad Anónima, Comercial,  
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Notes to the Financial Statements (Continued)**

**NOTE 2:** (Continued)

Amortization is calculated in accordance with the estimated useful life, which is 20 years and has been classified under Gain from controlled companies and related companies in the statement of income.

Current valuations and economic conditions tend to make less risky any permanent investment opportunity and also help increasing the possibility to obtain significant long-term profits through IRSA shares.

3. Other Investments

- Investments in debt securities

IRSA's Convertible Bonds were valued taking into account the face value at year-end in dollars, at the sellers' exchange rate plus interest accrued as of the date of these financial statements.

- Other investments

The remaining investments correspond to non-listed securities and were valued at their restated cost as of February 28, 2003 (Note 1.c.).

1. Fixed assets

- Purchase value

Valued at cost restated applying the coefficients mentioned in Note 1.c., based on the corresponding dates of origin.

- Depreciation

Calculated by the straight-line method based on the estimated useful lives of the assets as from the month of the fiscal year of addition.

- Net carrying value

The net carrying value of fixed assets does not exceed their recoverable value at the end of the fiscal year.

m. Intangible assets

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The amortizations of the right of concession of ACER will be calculated according to the duration of the project (Note 12a), which is 35 year term with an option of 29 additional years. The project's right of concession will be amortized as from its starting.

n. Shareholders' equity

Initial balances have been restated in accordance with the criteria set forth in Note 1.c. Movements for the period are recorded at their historical values.

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**Cresud Sociedad Anónima, Comercial,  
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**NOTE 2:** (Continued)

o. Paid-in capital Related Companies Law No. 19,550 Section 33

Increases or decreases of the equity value of investments in IRSA Inversiones y Representaciones S.A. and Futuros y Operaciones.Com S.A. generated on the basis of changes in their shareholders equity, arising from transactions of shareholders different from the Company and its subsidiaries, were included in this caption as established in Technical Resolution 17 of the F.A.C.P.C.E. and Resolution CD 243/01 of the C.P.C.E.C.A.B.A.

p. Transitory Conversion Differences Current translation adjustment

These transitory differences result from the exchange differences shown in the conversion of the financial statements of BrasilAgro from brazilian reais to Argentine pesos.

q. Results for the period

Charges for assets consumed are calculated considering the values of the assets.

Inventory holding gains or losses are disclosed in one line in the Income Statement and in Schedule F and are calculated as explained in note 2.j.5.

Cost of sales is calculated by inventory difference and the results of cattle, crops and milk productions are disclosed in the Income Statement.

The remaining results for the period represent incurred costs.

The income statement shows the financial gains and losses, discriminating those generated by assets and those generated by liabilities.

r. Income Tax

The Company has recognized the income tax on the basis of the deferred tax liability method, thus considering temporary differences between registration of assets and liabilities for accounting and tax purposes. The principal temporary differences originate in the valuation of beef cattle and the sale and replacement of fixed assets.

In order to determine deferred assets and liabilities the tax rate expected to be in effect at the temporary of reversal or use has been applied on the temporary differences identified and tax loss carryforwards, considering the laws enacted as of the date of issuance of these financial statements (35%).

Assets and liabilities generated by the application of the deferred tax method have been valued at face value.

The company determines the tax on minimum presumed income applying the prevailing rate of 1% on computable assets at fiscal year-end. This tax is supplementary to the income tax. The Company's tax liability for each fiscal year will be the higher of these two taxes.



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**Cresud Sociedad Anónima, Comercial,  
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Notes to the Financial Statements (Continued)**

**NOTE 2:** (Continued)s. Tax on minimum presumed income

However, if the tax on minimum presumed income exceeds the income tax in any fiscal year, such excess may be computed as payment on account of the income tax that may be payable in any of the following ten fiscal years.

t. Revenue recognition

Revenue is recognized on sales of products when the customer receives title to the goods, generally upon delivery.

**NOTE 3: COMMON AND TREASURY STOCK**

The activity in the Company's shares during the last three financial years was as follows:

|   | Authorized  | Subscribed  | Paid in     |
|---|-------------|-------------|-------------|
|   | Pesos       | Pesos       | Pesos       |
| Common and treasury stock at June 30, 2003                        | 124,098,095 | 124,098,095 | 124,098,095 |
| Incentive Plan (Note 12) - Fiscal Year 2004                       | 332,437     | 332,437     | 332,437     |
| Conversion of bonds in common stock (Note 13) - Fiscal Year 2004  | 13,136,577  | 13,136,577  | 13,136,577  |
| Exercise of Warrants (Note 13) - Fiscal Year 2004                 | 12,965,710  | 12,965,710  | 12,965,710  |
| Incentive Plan (Note 12) - Fiscal Year 2005                       | 240,000     | 240,000     | 240,000     |
| Conversion of bonds in common stock (Note 13) - Fiscal Year 2005  | 5,918,871   | 5,918,871   | 5,918,871   |
| Exercise of Warrants (Note 13) - Fiscal Year 2005                 | 6,092,889   | 6,092,889   | 6,092,889   |
| Conversion of bonds in common stock (Note 13) - Fiscal Year 2006- | 29,151,389  | 29,151,389  | 29,151,389  |
| Exercise of Warrants (Note 13) - Fiscal Year 2006                 | 28,668,581  | 28,668,581  | 28,668,581  |
| Conversion of bonds in common stock (Note 13) - Fiscal Year 2007- | 10,288,957  | 10,288,957  | 10,288,957  |
| Exercise of Warrants (Note 13) - Fiscal Year 2007                 | 4,478,919   | 4,478,919   | 4,478,919   |
| Common and treasury stock at December 31, 2006                    | 235,372,425 | 235,372,425 | 235,372,425 |

As of December 31, 2006, the capital authorized to be publicly offered is formed of 235,372,425 common, book-entry shares of Ps.1 par value each and entitled to one vote per share, all of which were outstanding.

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**NOTE 4: DERIVATIVE FINANCIAL INSTRUMENTS**

At December 31, 2006 the Company had arranged futures and options on the Futures Market as follows:

|                       |                |                  |  |                                    | Gain (loss)<br>for valuation |
|-----------------------|----------------|------------------|--|------------------------------------|------------------------------|
|                       | Tons           | Margins<br>Ps.   | Premium<br>paid or<br>(collected)<br>Ps. | Premium<br>at<br>fair value<br>Ps. | at fair value<br>Ps.         |
| <b>Cereal</b>         |                |                  |  |                                    |                              |
| <b><u>Futures</u></b> |                |                  |  |                                    |                              |
| <b>Purchase</b>       |                |                  |  |                                    |                              |
| Corn                  | 3,810          |                  |  |                                    | 61,571                       |
| Wheat                 | 4,080          |                  |  |                                    | (40,774)                     |
| US\$                  |                |                  |  |                                    | 629,818(a)                   |
| <b>Sell</b>           |                |                  |  |                                    |                              |
| Corn                  | 27,110         | 484,427          |  |                                    | (2,009,051)                  |
| Soybean               | 27,860         | 800,830          |  |                                    | (1,585,463)                  |
| Wheat                 | 4,080          |                  |  |                                    | (92,874)                     |
| US\$                  |                |                  |  |                                    | (49,760)(b)                  |
| <b><u>Options</u></b> |                |                  |  |                                    |                              |
| <b>Purchase Call</b>  |                |                  |  |                                    |                              |
| Corn                  | 29,718         |                  | 853,639                                  | 828,862                            | (24,777)                     |
| Soybean               | 13,600         |                  | 593,823                                  | 1,019,351                          | 425,529                      |
| Wheat                 | 19,040         |                  | 510,718                                  | 294,668                            | (216,050)                    |
| <b>Sell Call</b>      |                |                  |  |                                    |                              |
| Corn                  | 24,160         | 26,530           | (298,271)                                | (254,599)                          | 43,672                       |
| Soybean               | 41,800         | 30,220           | (1,282,688)                              | (1,901,290)                        | (618,602)                    |
| Wheat                 | 19,040         |                  | (521,295)                                | (294,668)                          | 226,627                      |
| <b>Purchase Put</b>   |                |                  |  |                                    |                              |
| Wheat                 | 9,520          |                  | 68,751                                   | 70,033                             | 1,282                        |
| <b>Sell Put</b>       |                |                  |  |                                    |                              |
| Corn                  | 39,370         |                  | (339,220)                                | (204,541)                          | 134,679                      |
| Soybean               | 2,700          | 5,089            | (22,363)                                 | (8,008)                            | 14,355                       |
| Wheat                 | 17,680         |                  | (224,761)                                | (132,327)                          | 92,434                       |
| <b>Total</b>          | <b>283,568</b> | <b>1,347,096</b> | <b>(661,667)</b>                         | <b>(582,519)</b>                   | <b>(3,007,384)</b>           |

(a) Corresponds to a future of sell of 8,513,683 dollars composed of: (I) US\$ 5,108,210 and US\$ 3,405,473 with Bank Río de la Plata due on 06/01/2007 and 06/05/2007 respectively. The gains generated as of December 31, 2006 are shown within financial results of the income statement.



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- (b) Corresponds to a future of purchase of 4,260,000 dollars composed of: US\$ 1,960,000 and US\$ 2,300,000 with Bank Río de la Plata due on 02/12/07 and 01/22/07 respectively. The loss generated as of December 31, 2006 are shown within financial results of the income statement.

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**NOTE 4:** (Continued)

Crops: As of December 31, 2006 and 2005 the Company recognized a revenue of Ps. 1,421,354 (loss) and Ps. 277,608 (loss), respectively, to reflect the closing of the transactions carried out during those periods, These results are disclosed under the cost of sales of crops in a line of Schedule F.

At December 31, 2005 the Company had arranged futures and options on the Futures Market as follows:

| Cereal               | Tons           | Margins<br>Ps. | Premium<br>paid or<br>(collected)<br>Ps. | Premium at<br>fair value<br>Ps. | Gain (loss)<br>for valuation<br>at fair value<br>Ps. |
|----------------------|----------------|----------------|--|---------------------------------|--|
| <b>Future</b>        |                |                |  |                                 |  |
| <b>Purchase</b>      |                |                |  |                                 |  |
| Corn                 | 12,700         |                |  |                                 | 134,446  |
| <b>Sell</b>          |                |                |  |                                 |  |
| Corn                 | 900            | 18,850         |  |                                 | (12,447)   |
| Soybean              | 1,400          | 41,888         |  |                                 | 2,723  |
| Wheat                | 2,600          | 54,454         |  |                                 | (16,396)   |
| <b>Options</b>       |                |                |  |                                 |  |
| <b>Purchase Cell</b> |                |                |  |                                 |  |
| Corn                 | 25,400         |                | 381,368                                  | 568,450                         | 187,082  |
| Soybean              | 6,800          |                |  | 237,356                         | 237,356  |
| <b>Sell Call</b>     |                |                |  |                                 |  |
| Corn                 | 30,480         |                | (237,789)                                | (329,851)                       | (92,062)   |
| Soybean              | 12,280         | 18,565         | (16,157)                                 | (110,048)                       | (93,891)   |
| Wheat                | 4,080          |                | (58,344)                                 | (49,901)                        | 8,443  |
| <b>Purchase Put</b>  |                |                |  |                                 |  |
| Corn                 | 19,280         | (57)           | 97,779                                   | 82,351                          | (15,428)   |
| Soybean              | 17,900         | (12,533)       | 549,960                                  | 410,472                         | (139,488)  |
| Wheat                | 4,080          |                | 44,880                                   | 44,855                          | (25)   |
| <b>Sell Put</b>      |                |                |  |                                 |  |
| Corn                 | 12,700         |                | (56,362)                                 | (26,179)                        | 30,183   |
| Soybean              | 8,500          | 2,908          | (26,330)                                 | (120,507)                       | (94,177)   |
| <b>Total</b>         | <b>159,100</b> | <b>124,075</b> | <b>679,005</b>                           | <b>706,998</b>                  | <b>136,319</b>                                       |

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**Inmobiliaria, Financiera y Agropecuaria**  
**Notes to the Financial Statements (Continued)**

**NOTE 5: MANAGEMENT AGREEMENT**

The Company signed a management agreement with Dolphin Fund Management S,A, (formerly called Consultores Asset Management S,A,), for consulting in relation to livestock and farming activities serving as an intermediary in transactions and investment consulting in relation to security investments,

In exchange for its services, such company will receive a payment equivalent to 10% of the net income resulting from the annual or the special financial statements,

Since certain directors of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria are also executive directors and shareholders of Dolphin Fund Management S,A,, the above-mentioned agreement was approved by the Extraordinary Shareholders' Meeting held on October 25, 1994, in compliance with Section No, 271 of Law No, 19,550,

On November 2003, Dolphin Fund Management S,A, was divided into two companies: Consultores Asset Management S,A, and Dolphin Fund Management S,A, As from that moment the management contract is held by Consultores Asset Management S,A,

The financial statements as of December 31, 2006 and 2005 include a charge in the Statement of Income of Ps. 2,108,111 and Ps. 2,653,994 and an accrual of Ps. 3,067,145 and Ps. 2,653,994 respectively.

**NOTE 6: INCOME TAX DEFERRED TAX**

The following tables show the evolution and composition of deferred tax Assets and Liabilities.

- Deferred assets as of December 31, 2006:

|                        | <b>Cumulative<br/>tax loss<br/>carryforwards</b> | <b>Other</b> | <b>TOTAL</b> |
|------------------------|--|--------------|--------------|
| Initial Balance        | 1,893,068  | 145,435      | 2,038,503    |
| Gain (Loss) Recognized | 2,926,936(1)                                     | (108,140)    | 2,818,796    |
| Closing Balance        | 4,820,004  | 37,295       | 4,857,299    |

- (1) The tax losses carryforward is conformed by Ps. 2,939,135 for the current year and an adjustment of the previous year for differences between provision and tax return for (Ps. 12,199).

- Deferred liabilities as of December 31, 2006:

|                        | <b>Fixed Assets</b> | <b>Inventories</b> | <b>Investments</b> | <b>Accruals</b> | <b>TOTAL</b> |
|------------------------|---------------------|--------------------|--------------------|-----------------|--------------|
| Initial Balance        | (27,120,281)        | (16,237,592)       |                    | (554,754)       | (43,912,627) |
| Gain (Loss) Recognized | 36,857              | (1,069,118)        | (51)               | 256,238         | (776,074)    |
| Closing Balance        | (27,083,424)        | (17,306,710)       | (51)               | (298,516)       | (44,688,701) |

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As of December 31, 2006, net liabilities at period-end as per the information included in the preceding tables amount to Ps. 39,831,402.

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**NOTE 6:** (Continued)

As mentioned in Note 1.b the Company has decided not to recognize the deferred liabilities generated by the inflation adjustment on fixed assets and other non-monetary assets, which as of closing of the current period is Ps. 16,288,709. It is estimated that this liability will end up according to the detail that follows:

| <b>Term</b>  | <b>TOTAL</b>      |
|--------------|-------------------|
| 1 year       | 270,354           |
| 2 years      | 222,669           |
| 3 years      | 120,157           |
| over 3 years | 1,338,376         |
| no term      | 14,337,153        |
| <b>Total</b> | <b>16,288,709</b> |

Below there is a conciliation between the Income Tax recognized and that which would result from applying the prevailing tax rate on the Net Income for accounting purposes:

| <b>Description</b>                         | <b>December 31,<br/>2006</b> | <b>December 31,<br/>2005</b> |
|--|------------------------------|------------------------------|
| Net Income before income tax               | 15,213,390                   | 35,759,110                   |
| Tax rate                                   | 35%                          | 35%                          |
| Net income at tax rates:                   | 5,324,687                    | 12,515,689                   |
| Permanent differences at tax rate:         |                              |                              |
| Restatement into constant currency         | 125,179                      | 1,468,672                    |
| Donations                                  | 1,494                        | 7,278                        |
| Loss from controlled and related companies | (7,811,893)                  | (2,347,962)                  |
| Personal asset tax                         | 305,537                      | 311,328                      |
| Miscellaneous permanent differences        | 229,831                      | (81,837)                     |
| Income tax                                 | (1,825,165)                  | 11,873,168                   |

During this period the Income Tax rate was 35%. Cumulative tax loss carryforwards recorded by the Company pending utilization at period-end amount to approximately Ps. 4,820,004 and may be offset against taxable income of future periods, as follows:

| <b>Origination year</b> | <b>Amount</b> | <b>Expiration Year</b> |
|-------------------------|---------------|------------------------|
| 2003                    | 1,718,015     | 2008                   |
| 2005                    | 162,854       | 2010                   |
| 2007                    | 2,939,135     | 2012                   |



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Notes to the Financial Statements (Continued)**

**NOTE 6:** (Continued)

- Deferred assets as of December 31, 2005:

|                        | <b>Cumulative<br/>tax loss<br/>carryforwards</b> | <b>Others</b> | <b>TOTAL</b> |
|------------------------|--|---------------|--------------|
| Initial Balance        | 2,367,216  | 494,355       | 2,861,571    |
| Gain (Loss) Recognized | (412,419)  | (454,536)     | (866,955)    |
| Closing Balance        | 1,954,797  | 39,819        | 1,994,616    |

- Deferred liabilities as of December 31, 2005:

|                        | <b>Fixed</b>  |                    |                    |                 |               |              |
|------------------------|---------------|--------------------|--------------------|-----------------|---------------|--------------|
|                        | <b>Assets</b> | <b>Inventories</b> | <b>Investments</b> | <b>Accruals</b> | <b>Others</b> | <b>TOTAL</b> |
| Initial Balance        | (22,615,010)  | (14,240,940)       | (2,730,109)        | (1,272,182)     | 9,282         | (40,848,959) |
| Gain (Loss) Recognized | (4,649,146)   | (797,214)          | (32)               | 182,727         |               | (5,262,665)  |
| Closing Balance        | (27,264,156)  | (15,038,154)       | (2,730,141)        | (1,088,455)     | 9,282         | (46,111,624) |

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**NOTE 7: BALANCES AND RESULTS WITH SUBSIDIARIES, RELATED COMPANIES LAW No. 19,550 SECTION 33 AND RELATED PARTIES:**

a. Balances at December 31, 2006 and 2005 and June 30, 2006 with Subsidiaries, related companies and related parties:

|   | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|---|----------------------|------------------|----------------------|
| <b><u>IRSA Inversiones y Representaciones S.A.(3)</u></b>                 |                      |                  |                      |
| Current Investments   |                      |                  |                      |
| -Interest of Convertible Bonds 2007-IRSA (US\$)                           | 375,605              | 386,779          | 999,287              |
| -Convertible Bonds 2007-IRSA (US\$)                                       | 36,743,999           |                  |                      |
| Non-Current Investments   |                      |                  |                      |
| -Convertible Bonds 2007-IRSA (US\$)                                       |                      | 37,031,999       | 99,928,688           |
| Current other receivables   | 106,159              |                  |                      |
| Non-Current other receivables   | 89,827               | 150,353          |                      |
| Current Trade accounts payable  | 139,772              | 34,127           | 140,769              |
| <b><u>Inversiones Ganaderas S.A.(1)</u></b>                               |                      |                  |                      |
| Current Trade accounts receivable   | 153,202              | 38,990           | 210,904              |
| Non-Current other receivables   | 1,359,299            | 1,290,553        | 750,660              |
| <b><u>Futuros y opciones.Com S.A.(1)</u></b>                              |                      |                  |                      |
| Current Trade accounts receivable   | 427,667              | 1,141,179        | 371,219              |
| Current Other receivables   | 23,603               | 23,603           | 23,603               |
| <b><u>Cactus Argentina S.A.(3)</u></b>                                    |                      |                  |                      |
| Current Trade accounts receivable   | 65,288               |                  | 18,844               |
| Current Other receivables   |                      | 383,303          | 350,479              |
| Non-Current other receivables   | 10,726               | 16,706           |                      |
| Current Trade accounts payable  |                      | 962,706          | 122,086              |
| <b><u>Agro-Uranga S.A.(3)</u></b>   |                      |                  |                      |
| Current Other receivables   | 1,052,378            | 39,993           | 281,226              |
| Current Trade accounts payable  |                      |                  | 259                  |
| <b><u>Fundación IRSA (4)</u></b>  |                      |                  |                      |
| Current Trade accounts payable  | 2,200,000            | 2,200,000        | 1,900,000            |
| <b><u>Inversora Bolívar (4)</u></b>                                       |                      |                  |                      |
| Current Trade accounts payable  | 27,405               | 42,092           | 6,710                |
| <b><u>Alto Palermo S.A.(4)</u></b>  |                      |                  |                      |
| Non-Current other receivables   | 382,099              | 584,704          |                      |
| Current Trade accounts payable  | 1,295,803            | 35,620           | 124,044              |
| <b><u>Alto City.Com S.A.(4)</u></b>                                       |                      |                  |                      |
| Current Trade accounts payable  | 298                  | 298              |                      |
| <b><u>Brasil Agro-Compahía Brasileira de Propiedades Agricolas(4)</u></b> |                      |                  |                      |
| Current other receivables   | 593,313              | 559,088          |                      |



|  |           |           |           |
|--|-----------|-----------|-----------|
| <b><u>Agropecuaria Cervera S.A.(4)</u></b>                               |           |           |           |
| Current trade accounts receivable  | 57,201    |           |           |
| Current other receivables  |           | 5,512     |           |
| Non-Current other receivables  | 9,179,635 | 2,501,462 |           |
| <b><u>Consultores Asset Management S.A.(4)</u></b>                       |           |           |           |
| Management Fees  | 3,067,145 | 3,073,949 | 2,653,994 |
| <b><u>Credits to employees (4)</u></b>                                   |           |           |           |
| Current credits to Senior management, directors and staff of the company | 56,854    | 83,385    | 45,965    |
| <b><u>Estudio Zang, Bergel &amp; Viñes (4)</u></b>                       |           |           |           |
| Current Trade accounts payable   | 143,675   | 45,262    | 73,201    |

- (1) Controlled company  
(3) Related company  
(4) Related party

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**NOTE 7: BALANCES AND RESULTS WITH SUBSIDIARIES, RELATED COMPANIES LAW No. 19,550 SECTION 33 AND RELATED PARTIES (Continued):**

a. Balances as of December 31, 2006 and 2005 and June 30, 2006 with Subsidiaries, related companies and related parties (Continued):

|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|--|----------------------|------------------|----------------------|
| <b><u>Directors (4)</u></b>                          |                      |                  |                      |
| Current Loans  |                      |                  |                      |
| Convertible Bonds 2007 Interest payable (Schedule G) |                      |                  |                      |
| Directors  | 103,935              | 1,083            | 1,041                |
| Non-Current Loans                                    |                      |                  |                      |
| Convertible Bonds 2007 (Schedule G)                  |                      |                  |                      |
| Directors  |                      | 103,690          | 101,875              |
| Other current debts                                  | 22,122               | 46,800           | 18,080               |
| <b><u>Shareholders (2)</u></b>                       |                      |                  |                      |
| Current Loans  |                      |                  |                      |
| Convertible Bonds 2007 Interest payable (Schedule G) |                      |                  |                      |
| Shareholders   | 37,160,610           | 482,985          | 541,481              |
| Non-Current Loans                                    |                      |                  |                      |
| Convertible Bonds 2007 (Schedule G)                  |                      |                  |                      |
| Shareholders   |                      | 46,243,210       | 52,970,984           |

- (2) Shareholder  
(4) Related party

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Notes to the Financial Statements (Continued)**

**NOTE 7: BALANCES AND RESULTS WITH SUBSIDIARIES, RELATED COMPANIES LAW No. 19,550 SECTION 33 AND RELATED PARTIES (Continued):**

b. Gain and losses provided by Subsidiaries, related companies and related parties corresponding to the periods ended at December 31, 2006 and 2005,

|   | Year | Sales and Fees for<br>shared services | Interest paid | Salaries  | Fees        | Livestock<br>expenses | Interest income | Administrative<br>services | Others    |
|---|------|---------------------------------------|---------------|-----------|-------------|-----------------------|-----------------|----------------------------|-----------|
| <b>Subsidiaries,<br/>related companies<br/>Law No. 19,550<br/>Section 33 and<br/>related parties:</b> |      |                                       |               |           |             |                       |                 |                            |           |
| Shareholders  | 2007 |                                       |               |           |             |                       |                 |                            |           |
|   | 2006 |                                       | (2,057,975)   |           |             |                       |                 |                            |           |
| Agro-Uranga S.A.  | 2007 |                                       |               |           |             |                       |                 |                            | (174)     |
|   | 2006 |                                       |               |           |             |                       |                 |                            |           |
| Alto Palermo S.A.   | 2007 | (1,975,338)                           |               |           |             |                       |                 |                            |           |
|   | 2006 | (363,909)                             |               |           |             |                       |                 |                            |           |
| Alto City S.A.  | 2007 | 5,987                                 |               |           |             |                       |                 |                            |           |
|   | 2006 |                                       |               |           |             |                       |                 |                            |           |
| Consultores Asset<br>Management   | 2007 |                                       |               |           | (2,108,111) |                       |                 |                            |           |
|   | 2006 |                                       |               |           |             |                       |                 |                            |           |
| Cactus Argentina<br>S.A.  | 2007 |                                       |               |           |             | (1,653,320)           | 929             | 82,400                     | 6,511     |
|   | 2006 |                                       |               |           |             | (1,228,376)           | 21,119          | 109,920                    | 6,659     |
| Directors   | 2007 |                                       |               | (194,747) |             |                       |                 |                            |           |
|   | 2006 |                                       | (3,958)       | (166,119) | 123,404     |                       |                 |                            |           |
| Estudio Zang,<br>Bergel & Viñes   | 2007 |                                       |               |           | (255,590)   |                       |                 |                            |           |
|   | 2006 |                                       |               |           | (90,706)    |                       |                 |                            |           |
| Fundación IRSA  | 2007 |                                       |               |           |             |                       |                 |                            |           |
|   | 2006 |                                       |               |           |             |                       |                 |                            |           |
| Futuros y<br>opciones.Com S.A.  | 2007 |                                       |               |           |             |                       |                 | 82,201                     | (24,234)  |
|   | 2006 |                                       |               |           |             |                       |                 | 82,200                     | (32,951)  |
| Inversiones<br>Ganaderas S.A.   | 2007 |                                       |               |           |             |                       | 34,015          | 6,634                      | (404,596) |
|   | 2006 |                                       | (121,134)     |           |             |                       |                 | 38,811                     | 89,191    |
| Agropecuaria<br>Cervera S.A.  | 2007 |                                       |               |           |             |                       | 348,173         |                            | 6,845     |
|   | 2006 |                                       |               |           |             |                       |                 |                            |           |
| Inversora Bolívar<br>S.A.   | 2007 |                                       |               |           |             |                       |                 |                            | (121,236) |
|   | 2006 |                                       |               |           |             |                       |                 |                            | (52,252)  |
|   | 2007 | (207,345)                             |               |           |             |                       | 1,474,472       |                            |           |

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IRSA Inversiones y  
Representaciones  
S.A.

|                      |      |             |             |             |             |             |           |                |
|----------------------|------|-------------|-------------|-------------|-------------|-------------|-----------|----------------|
|                      | 2006 | (5,196)     |             |             |             | 4,360,671   |           |                |
| Credits to employees | 2007 |             |             |             |             | 3,682       |           |                |
|                      | 2006 |             |             |             |             | 1,863       |           |                |
| Salaries             |      |             |             |             |             |             |           |                |
| Management           | 2007 |             | (401,919)   |             |             |             |           |                |
|                      | 2006 |             | (820,286)   |             |             |             |           |                |
| Total 2007           |      | (2,176,696) | (596,666)   | (2,363,701) | (1,653,320) | 1,861,271   | 171,235   | (536,884)      |
| Total 2006           |      | (369,105)   | (2,183,067) | (986,405)   | 32,698      | (1,228,376) | 4,383,653 | 230,931 10,647 |

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Notes to the Financial Statements (Continued)**

**NOTE 8: Details of balance sheet and income statement accounts****a. Cash and banks**

|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|--|----------------------|------------------|----------------------|
|  | Pesos                | Pesos            | Pesos                |
| Cash   | 32,215               | 39,334           | 62,176               |
| Foreign currency (Schedule G)                  | 77,910               | 91,649           | 88,810               |
| Local currency checking account                | 3,882,817            | 482,584          | 244,211              |
| Foreign currency checking account (Schedule G) | 8,120,503            | 23,728,848       | 141,728              |
| Local currency saving account                  | 69,409               | 106,504          | 25,838               |
| Foreign currency saving account (Schedule G)   | 33,223               | 6,367            | 28,395               |
| Checks to be deposited                         | 181,304              | 145,277          | 96,902               |
|  | 12,397,381           | 24,600,563       | 688,060              |

**b. Investments and Goodwill**

|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
|--|----------------------|------------------|----------------------|
|  | Pesos                | Pesos            | Pesos                |
| <b>Investment</b>  |                      |                  |                      |
| Investment (Schedule C and G)  | 41,677,256           | 4,889,005        | 5,620,834            |
|  | 41,677,256           | 4,889,005        | 5,620,834            |
| <b>Investment</b>  |                      |                  |                      |
| Investment on controlled and related companies<br>(Notes 12 and 15 and Schedule C) | 504,582,334          | 489,669,438      | 311,662,439          |
|  | 504,582,334          | 489,669,438      | 311,662,439          |
| <b>Other investments</b>   |                      |                  |                      |
| Other investments (Schedules C and G)  | 20,717               | 37,052,716       | 100,520,337          |

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|                       |              |              |             |
|-----------------------|--------------|--------------|-------------|
|                       | 20,717       | 37,052,716   | 100,520,337 |
| <b>Goodwill</b>       |              |              |             |
| Goodwill (Schedule C) | (72,145,013) | (76,825,838) | (6,674,377) |
|                       | (72,145,013) | (76,825,838) | (6,674,377) |

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**Cresud Sociedad Anónima, Comercial,**  
**Inmobiliaria, Financiera y Agropecuaria**  
**Notes to the Financial Statements (Continued)**

**NOTE 8:** (Continued)**c. Trade accounts receivable**

|  | December 31,<br>2006<br>Pesos | June 30,<br>2006<br>Pesos | December 31,<br>2005<br>Pesos |
|--|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>   |                               |                           |                               |
| Accounts receivable in local currency  | 8,460,043                     | 7,641,236                 | 6,713,974                     |
| Less:  |                               |                           |                               |
| Allowance for doubtful accounts (Schedule E)                                   | (372,359)                     | (374,830)                 | (356,214)                     |
| Accounts receivable in foreign currency (Schedule G)                           | 810,997                       | 3,170                     | 2,785,651                     |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                               |                           |                               |
| Inversiones Ganaderas S.A.   | 153,202                       | 38,990                    | 210,904                       |
| Futuros y Opciones.Com S.A.  | 427,667                       | 1,141,179                 | 371,219                       |
| Cactus Argentina S.A.  | 65,288                        |                           | 18,844                        |
| Agropecuaria Cervera S.A.  | 57,201                        |                           |                               |
|  | 9,602,039                     | 8,449,745                 | 9,744,378                     |

**d. Other receivables**

|  | December 31,<br>2006<br>Pesos | June 30,<br>2006<br>Pesos | December 31,<br>2005<br>Pesos |
|--|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>   |                               |                           |                               |
| Prepaid leases   | 119,930                       | 8,836,242                 | 125,787                       |
| Income tax credit and advances (net of accrual)                                | 2,869,018                     | 3,880,156                 | 2,563,793                     |
| Guarantee deposits and premiums (Schedule G)                                   | 3,189,269                     | 1,434,978                 | 1,165,756                     |
| Secured by mortgage (Schedule G)   | 2,950,028                     | 3,497,490                 | 4,678,880                     |
| Prepaid expenses   | 132,468                       | 298,282                   | 415,453                       |
| Tax prepayments (net of accruals)  | 1,909,934                     | 2,023,789                 | 2,005,670                     |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                               |                           |                               |
| Cactus Argentina S.A. (Schedule G)   |                               | 383,303                   | 350,479                       |
| Futuros y Opciones.Com S.A.  | 23,603                        | 23,603                    | 23,603                        |
| Agropecuaria Cervera S.A.  |                               | 5,512                     |                               |
| IRSA Inversiones y Representaciones S.A. (Schedule G)                          | 106,159                       |                           |                               |
| Agro-Uranga S.A.   | 1,052,378                     | 39,993                    | 281,226                       |
| BrasilAgro Companhia Brasileira de Propiedades Agrícolas                       | 593,313                       | 559,088                   |                               |
| Credits to employees   | 56,854                        | 83,385                    | 45,965                        |

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|  |            |            |            |
|--|------------|------------|------------|
| Others (Schedule G)  | 751,062    | 199,857    | 237,028    |
|  | 13,754,016 | 21,265,678 | 11,893,640 |
| <b>Non-current</b>   |            |            |            |
| Secured by mortgage (Schedule G)   | 6,043,975  | 8,265,284  | 8,539,119  |
| Income tax prepayments, VAT and others   | 28,192,027 | 24,351,881 | 6,233,570  |
| Tax on Minimum Presumed Income   | 3,922,131  | 2,316,812  |            |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |            |            |            |
| Inversiones Ganaderas S.A.   | 1,359,299  | 1,290,553  | 750,660    |
| Cactus Argentina S.A.  | 10,726     | 16,706     |            |
| Agropecuaria Cervera S.A   | 9,176,635  | 2,501,462  |            |
| Alto Palermo S.A. (Schedule G)   | 382,099    | 584,704    |            |
| IRSA Inversiones y representaciones S.A (Schedule G)                           | 89,827     | 150,353    |            |
| Prepaid leases   | 118,495    | 13,924     |            |
| Others (Schedule G)  | 53,628     | 83,529     |            |
|  | 49,351,842 | 39,575,208 | 15,523,349 |



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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Notes to the Financial Statements (Continued)**

**NOTE 8:** (Continued)**e. Inventories**

|                       | December 31,<br>2006<br>Pesos | June 30,<br>2006<br>Pesos | December 31,<br>2005<br>Pesos |
|-----------------------|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>        |                               |                           |                               |
| Livestock             | 8,295,875                     | 9,505,196                 | 11,636,928                    |
| Crops                 | 4,554,722                     | 10,550,495                | 5,508,135                     |
| Unharvested crops     | 24,464,198                    | 1,662,592                 | 20,571,503                    |
| Seeds and fodder      | 1,335,434                     | 770,647                   | 251,658                       |
| Materials and others  | 8,560,620                     | 4,389,704                 | 3,823,638                     |
| Advances to suppliers | 71,981                        | 348,647                   | 1,067,772                     |
|                       | 47,282,830                    | 27,227,281                | 42,859,634                    |
| <b>Non-Current</b>    |                               |                           |                               |
| Livestock             | 64,068,073                    | 59,330,235                | 54,866,387                    |
|                       | 64,068,073                    | 59,330,235                | 54,866,387                    |

**f. Trade accounts payable**

|  | December 31,<br>2006<br>Pesos | June 30,<br>2006<br>Pesos | December 31,<br>2005<br>Pesos |
|--|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>   |                               |                           |                               |
| Suppliers in local currency  | 3,597,389                     | 4,767,504                 | 5,608,676                     |
| Suppliers in foreign currency (Schedule G Note 11) (1)                         | 13,969,927                    | 10,913,582                | 12,175,485                    |
| Interest to be accrued (2) (Schedule G)  |                               | (112,863)                 | (419,384)                     |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                               |                           |                               |
| Inversora Bolívar S.A.   | 27,405                        | 42,092                    | 6,710                         |
| Alto Palermo S.A.  | 1,295,803                     | 35,620                    | 124,044                       |
| Alto City.Com S.A.   | 298                           | 298                       |                               |
| IRSA Inversiones y Representaciones S.A.                                       | 139,772                       | 34,127                    | 140,769                       |
| Cactus Argentina S.A.  |                               | 962,706                   | 122,086                       |
| Estudio Zang, Bergel & Viñes   | 143,675                       | 45,262                    | 73,201                        |
| Fundación IRSA   | 2,200,000                     | 2,200,000                 | 1,900,000                     |
| Agro-Uranga S.A.   |                               |                           | 259                           |

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|   |            |            |            |
|---|------------|------------|------------|
| Accrual for other expenses (Schedule G) | 10,379,754 | 4,993,069  | 6,924,288  |
| Accrual for cereal expenses             | 1,530,397  | 45,727     | 190,401    |
|   | 33,284,420 | 23,927,124 | 26,846,535 |
| <b>Non-Current</b>                      |            |            |            |
| Accrual for other expenses (Schedule G) | 536,279    | 835,292    |            |
|   | 536,279    | 835,292    |            |

- 
- (1) Includes as of December 31, 2006 US\$ 1,449,726 for the acquisition of farm San Pedro corresponding to suppliers in foreign currency secured by mortgage.
- (2) Corresponds to the liability mentioned in (1).

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Notes to the Financial Statements (Continued)**

**NOTE 8:** (Continued)**g. Loans**

|   | December 31,<br>2006<br>Pesos | June 30,<br>2006<br>Pesos | December 31,<br>2005<br>Pesos |
|---|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>  |                               |                           |                               |
| Local financial loans (Note 17)   | 77,855,308                    | 65,605,326                | 17,277,515                    |
| Convertible Bonds 2007 (Schedule G)   | 24,657,885                    |                           |                               |
| Convertible Bonds 2007 -Subsidiaries, related companies Law<br>No. 19,550 Section 33 and related parties:                   |                               |                           |                               |
| Shareholders  | 36,784,590                    |                           |                               |
| Directors   | 102,883                       |                           |                               |
| Convertible Bonds 2007 expenses   | (212,135)                     |                           |                               |
| Convertible Bonds 2007 Interest payable (Schedule G)  | 252,058                       | 332,179                   | 604,553                       |
| Convertible Bonds 2007 Interest payable - Subsidiaries, related<br>companies Law No. 19,550 Section 33 and related parties: |                               |                           |                               |
| Shareholders  | 376,020                       | 482,985                   | 541,481                       |
| Directors   | 1,052                         | 1,083                     | 1,041                         |
|   | 139,817,661                   | 66,421,573                | 18,424,590                    |
| <b>Non-Current</b>  |                               |                           |                               |
| Foreign Financial Loans (Notes 17 and 19 and Schedule G)  | 24,496,000                    | 20,367,600                |                               |
| Convertible Bonds 2007 (Schedule G)   |                               | 31,804,384                | 59,141,000                    |
| Convertible Bonds 2007 - Subsidiaries, related companies Law<br>No. 19,550 Section 33 and related parties:                  |                               |                           |                               |
| Shareholders  |                               | 46,243,210                | 52,970,984                    |
| Directors   |                               | 103,690                   | 101,875                       |
| Convertible Bonds 2007 expenses   |                               | (421,929)                 | (838,944)                     |
|   | 24,496,000                    | 98,096,955                | 111,374,915                   |

**h. Salaries and social security payable**

|   | December 31,<br>2006<br>Pesos | June 30,<br>2006<br>Pesos | December 31,<br>2005<br>Pesos |
|---|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>                                  |                               |                           |                               |
| Accrual for vacation and statutory annual bonus | 1,018,479                     | 1,653,322                 | 668,629                       |

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|                               |           |           |         |
|-------------------------------|-----------|-----------|---------|
| Social security taxes payable | 420,860   | 210,397   | 202,735 |
| Salaries payable              | 81,205    | 36,479    | 7,406   |
| Health care payable           | 36,592    | 20,371    | 5,880   |
| Others                        | 9,002     | 10,048    | 7,434   |
|                               | 1,566,138 | 1,930,617 | 892,084 |

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**Cresud Sociedad Anónima, Comercial,**  
**Inmobiliaria, Financiera y Agropecuaria**  
**Notes to the Financial Statements (Continued)**

**NOTE 8:** (Continued)**i. Taxes payable**

|  | December 31,<br>2006<br>Pesos | June 30,<br>2006<br>Pesos | December 31,<br>2005<br>Pesos |
|--|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>                             |                               |                           |                               |
| Accrual for income tax                     |                               | 15,346                    |                               |
| Tax on Minimum Presumed Income (Note 2.s.) | 1,979,314                     | 2,316,812                 |                               |
| Property tax payable                       | 199,840                       | 228,778                   | 152,488                       |
| Taxes withheld for income tax              | 83,480                        | 109,980                   | 311,315                       |
| Gross sale tax payable                     | 98,116                        | 18,218                    | 195,203                       |
| Taxes withheld-Value Added Tax             | 11,266                        | 231,654                   | 3,472                         |
| Others (1)                                 | 890,525                       | 588                       | 890,191                       |
|  | 3,262,541                     | 2,921,376                 | 1,552,669                     |
| <b>Non-Current</b>                         |                               |                           |                               |
| Deferred tax                               | 39,831,402                    | 41,874,123                | 44,117,008                    |
|  | 39,831,402                    | 41,874,123                | 44,117,008                    |

(1) Includes shareholders personal assets tax.

**j. Other debts**

|  | December 31,<br>2006<br>Pesos | June 30,<br>2006<br>Pesos | December 31,<br>2005<br>Pesos |
|--|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>   |                               |                           |                               |
| Management fees agreement accrual (Note 5)                                     | 3,067,145                     | 3,073,949                 | 2,653,994                     |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                               |                           |                               |
| Directors  | 22,122                        | 46,800                    | 18,080                        |
| Others   |                               | 163,907                   | 20,299                        |
|  | 3,089,267                     | 3,284,656                 | 2,692,373                     |



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**Cresud Sociedad Anónima, Comercial,  
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Notes to the Financial Statements (Continued)**

**NOTE 9:****a) Assets based on their estimated collection term ( in pesos)**

| Based on their<br>estimated<br>collection term | Current and non-current |                                |                      | Other receivables and     |                  |                      |                      |                  |                      |
|--|-------------------------|--------------------------------|----------------------|---------------------------|------------------|----------------------|----------------------|------------------|----------------------|
|  | December 31,<br>2006    | investment<br>June 30,<br>2006 | December 31,<br>2005 | Trade accounts receivable |                  |                      | prepaid expenses     |                  |                      |
|  | December 31,<br>2006    | June 30,<br>2006               | December 31,<br>2005 | December 31,<br>2006      | June 30,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
| 3rd quarter<br>2006/2005<br>financial period   |                         |                                |                      |                           |                  | 9,744,378            |                      |                  | 5,971,419            |
| 4th quarter<br>2006/2005<br>financial period   |                         |                                | 999,287              |                           |                  |                      |                      |                  | 416,180              |
| 1st quarter<br>2007/2006<br>financial period   |                         |                                |                      |                           | 8,449,745        |                      |                      | 6,018,833        | 2,456,348            |
| 2nd quarter<br>2007/2006<br>financial period   |                         | 386,779                        |                      |                           |                  |                      |                      | 335,871          | 2,659,928            |
| 3th quarter<br>2007/2006<br>financial period   |                         |                                |                      | 9,602,039                 |                  |                      | 8,352,112            | 4,643,977        | 420,363              |
| 4th quarter<br>2007/2006<br>financial period   | 375,605                 |                                |                      |                           |                  |                      | 335,847              | 335,871          |                      |
| 1st quarter<br>2008/2007<br>financial period   |                         |                                |                      |                           |                  |                      | 2,777,972            | 2,173,309        | 2,134,780            |
| 2nd quarter<br>2008/2007<br>financial period   | 36,743,999              | 37,031,999                     | 99,928,688           |                           |                  |                      | 335,848              |                  |                      |
| 3th quarter<br>2008/2007<br>financial period   |                         |                                |                      |                           |                  |                      | 424,579              | 427,951          | 420,364              |
| 4th quarter<br>2008/2007<br>financial period   |                         |                                |                      |                           |                  |                      |                      |                  |                      |
| 1st quarter<br>2009/2008<br>financial period   |                         |                                |                      |                           |                  |                      | 2,156,185            | 2,173,309        | 2,134,780            |
| 2nd quarter<br>2009/2008<br>financial period   |                         |                                |                      |                           |                  |                      |                      |                  |                      |
| 1st quarter<br>2010/2009                       |                         |                                |                      |                           |                  |                      | 1,731,606            | 1,745,358        | 1,714,416            |

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|                  |            |            |             |           |           |            |            |            |            |
|------------------|------------|------------|-------------|-----------|-----------|------------|------------|------------|------------|
| financial period |            |            |             |           |           |            |            |            |            |
| 1st quarter      |            |            |             |           |           |            |            |            |            |
| 2011/2010        |            |            |             |           |           |            |            |            |            |
| financial period |            |            |             |           |           |            |            |            |            |
| Overdue          |            |            |             |           |           |            |            |            |            |
| With no stated   |            |            |             |           |           |            |            |            |            |
| current term     | 4,557,652  | 4,512,226  | 4,621,547   |           |           | 1,952,237  | 9,931,126  |            | 389,765    |
| With no stated   |            |            |             |           |           |            |            |            |            |
| non-current      |            |            |             |           |           |            |            |            |            |
| term             | 20,717     | 20,717     | 591,649     |           |           | 43,307,866 | 31,309,924 |            | 6,984,230  |
| Total            | 41,697,973 | 41,951,721 | 106,141,171 | 9,602,039 | 8,449,745 | 9,744,378  | 63,105,858 | 60,840,866 | 27,416,989 |

**b) Assets classified according to their interest rate ( in pesos)**

| Interest rate<br>that they accrue | Current and non-current |                                |                      | Other receivables and     |                  |                      |                      |                  |                      |
|-----------------------------------|-------------------------|--------------------------------|----------------------|---------------------------|------------------|----------------------|----------------------|------------------|----------------------|
|                                   | December 31,<br>2006    | investment<br>June 30,<br>2006 | December 31,<br>2005 | Trade accounts receivable |                  |                      | prepaid expenses     |                  |                      |
|                                   | December 31,<br>2006    | June 30,<br>2006               | December 31,<br>2005 | December 31,<br>2006      | June 30,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
| At fixed interest<br>rate         | 36,743,999              | 37,031,999                     | 99,928,688           |                           |                  |                      | 8,829,786            | 11,237,071       | 12,960,190           |
| At variable<br>interest rate      | 4,557,652               | 4,512,226                      | 4,621,547            |                           |                  |                      | 10,301,341           | 4,270,361        | 1,085,340            |
| Non-interest<br>bearing           | 396,322                 | 407,496                        | 1,590,936            | 9,602,039                 | 8,449,745        | 9,744,378            | 43,974,731           | 45,333,454       | 13,371,459           |
| Total                             | 41,697,973              | 41,951,721                     | 106,141,171          | 9,602,039                 | 8,449,745        | 9,744,378            | 63,105,858           | 60,840,886       | 27,416,989           |



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**Cresud Sociedad Anónima, Comercial,  
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Notes to the Financial Statements (Continued)**

**NOTE 9:** (Continued)Liabilities based on their estimated payment term:

|  | Trade accounts payable |                   |                      | December<br>31,<br>2006 | Loans<br>June 30,<br>2006 | December<br>31,<br>2005 | Salaries and social security payable |                  |                      |
|--|------------------------|-------------------|----------------------|-------------------------|---------------------------|-------------------------|--------------------------------------|------------------|----------------------|
|  | December 31,<br>2006   | June 30,<br>2006  | December 31,<br>2005 |                         |                           |                         | December 31,<br>2006                 | June 30,<br>2006 | December 31,<br>2005 |
| <b>Based on their estimated payment term</b> | <b>2006</b>            | <b>2006</b>       | <b>2005</b>          | <b>2006</b>             | <b>2006</b>               | <b>2005</b>             | <b>2006</b>                          | <b>2006</b>      | <b>2005</b>          |
| 3th quarter 2006/2005                        |                        |                   | 19,569,035           |                         |                           | 1,147,075               |                                      |                  | 596,188              |
| 4th quarter 2006/2005                        |                        |                   |                      |                         |                           |                         |                                      |                  | 295,896              |
| 1st quarter 2007/2006                        |                        | 23,927,124        | 7,277,500            |                         | 13,935,806                |                         |                                      |                  | 1,699,565            |
| 2nd quarter 2007/2006                        |                        |                   |                      |                         | 816,247                   |                         |                                      |                  | 231,052              |
| 3th quarter 2007/2006                        | 33,284,420             |                   |                      | 13,708,670              |                           |                         | 1,002,881                            |                  |                      |
| 4th quarter 2007/2006                        |                        |                   |                      | 629,130                 |                           |                         |                                      |                  |                      |
| 1st quarter 2007/2008                        |                        |                   |                      | 4,312,710               |                           |                         | 563,257                              |                  |                      |
| 2 <sup>nd</sup> quarter 2007/2008            |                        |                   |                      | 61,333,223              | 77,729,355                | 111,374,915             |                                      |                  |                      |
| 2nd quarter 2008/2007                        |                        |                   |                      | 24,496,000              | 20,367,600                |                         |                                      |                  |                      |
| Overdue                                      |                        |                   |                      |                         |                           |                         |                                      |                  |                      |
| With no stated current term                  |                        |                   |                      | 59,833,928              | 51,669,520                | 17,277,515              |                                      |                  |                      |
| With no stated non-current term              | 536,279                | 835,292           |                      |                         |                           |                         |                                      |                  |                      |
| <b>Total</b>                                 | <b>33,820,699</b>      | <b>24,762,416</b> | <b>26,846,535</b>    | <b>164,313,661</b>      | <b>164,518,528</b>        | <b>129,799,505</b>      | <b>1,566,138</b>                     | <b>1,930,617</b> | <b>892,084</b>       |

|  | Taxes payable        |                  |                      | December<br>31,<br>2006 | Other debts<br>June 30,<br>2006 | December<br>31,<br>2005 | Provisions           |                  |                      |
|--|----------------------|------------------|----------------------|-------------------------|---------------------------------|-------------------------|----------------------|------------------|----------------------|
|  | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |                         |                                 |                         | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |
| <b>Based on their estimated payment term</b> | <b>2006</b>          | <b>2006</b>      | <b>2005</b>          | <b>2006</b>             | <b>2006</b>                     | <b>2005</b>             | <b>2006</b>          | <b>2006</b>      | <b>2005</b>          |
| 3th quarter 2006/2005                        |                      |                  | 663,160              |                         |                                 | 2,692,373               |                      |                  |                      |
| 4th quarter 2006/2005                        |                      |                  | 889,509              |                         |                                 |                         |                      |                  |                      |
| 1st quarter 2007/2006                        |                      | 589,218          |                      |                         | 112,870                         |                         |                      |                  |                      |
| 2nd quarter 2007/2006                        |                      | 2,332,158        |                      |                         | 97,837                          |                         |                      |                  |                      |
| 3th quarter 2007/2006                        | 3,262,541            |                  |                      | 3,089,267               |                                 |                         |                      |                  |                      |
| 4th quarter 2007/2006                        |                      |                  |                      |                         | 3,073,949                       |                         |                      |                  |                      |
| 1st quarter 2007/2008                        |                      |                  |                      |                         |                                 |                         |                      |                  |                      |
| 2 <sup>nd</sup> quarter 2007/2008            |                      |                  |                      |                         |                                 |                         |                      |                  |                      |
| 2nd quarter 2008/2007                        |                      |                  |                      |                         |                                 |                         |                      |                  |                      |
| Overdue                                      |                      |                  |                      |                         |                                 |                         |                      |                  |                      |
| With no stated current term                  |                      |                  |                      |                         |                                 |                         |                      |                  |                      |
| With no stated non-current term              | 39,831,402           | 41,874,123       | 44,117,008           |                         |                                 |                         | 45,216               | 69,343           | 66,002               |

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|       |            |            |            |           |           |           |        |        |        |
|-------|------------|------------|------------|-----------|-----------|-----------|--------|--------|--------|
| Total | 43,093,943 | 44,795,499 | 45,669,677 | 3,089,267 | 3,284,656 | 2,692,373 | 45,216 | 69,343 | 66,002 |
|-------|------------|------------|------------|-----------|-----------|-----------|--------|--------|--------|

Liabilities classified according to their interest rate:

| Interest in rate that they accrue | Trade accounts payable |               |                   | December 31, 2006 | Loans June 30, 2006 | December 31, 2005 | Salaries and social security payable |               |                   |
|-----------------------------------|------------------------|---------------|-------------------|-------------------|---------------------|-------------------|--------------------------------------|---------------|-------------------|
|                                   | December 31, 2006      | June 30, 2006 | December 31, 2005 |                   |                     |                   | December 31, 2006                    | June 30, 2006 | December 31, 2005 |
| At fixed interest rate            | 4,439,062              | 6,720,357     | 6,294,265         | 163,684,531       | 164,124,210         | 129,491,374       |                                      |               |                   |
| At variable interest rate         |                        |               |                   |                   |                     |                   |                                      |               |                   |
| Non-interest bearing              | 29,381,637             | 18,042,059    | 20,552,270        | 629,130           | 394,318             | 308,131           | 1,566,138                            | 1,930,617     | 892,084           |
| Total                             | 33,820,699             | 24,762,416    | 26,846,535        | 164,313,661       | 164,518,528         | 129,799,505       | 1,566,138                            | 1,930,617     | 892,084           |

| Interest in rate that they accrue | Taxes payable     |               |                   | December 31, 2006 | Other debts June 30, 2006 | December 31, 2005 | Provisions        |               |                   |
|-----------------------------------|-------------------|---------------|-------------------|-------------------|---------------------------|-------------------|-------------------|---------------|-------------------|
|                                   | December 31, 2006 | June 30, 2006 | December 31, 2005 |                   |                           |                   | December 31, 2006 | June 30, 2006 | December 31, 2005 |
| At fixed interest rate            |                   |               |                   |                   |                           |                   |                   |               |                   |
| At variable interest rate         |                   |               |                   |                   |                           |                   |                   |               |                   |
| Non-interest bearing              | 43,093,943        | 44,795,499    | 45,669,677        | 3,089,267         | 3,284,656                 | 2,692,373         | 45,216            | 69,343        | 66,002            |
| Total                             | 43,093,943        | 44,795,499    | 45,669,677        | 3,089,267         | 3,284,656                 | 2,692,373         | 45,216            | 69,343        | 66,002            |

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**Cresud Sociedad Anónima, Comercial,  
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Notes to the Financial Statements (Continued)**

**NOTE 10: RESTRICTIONS ON DISTRIBUTION OF PROFITS**

In accordance with the Argentine Corporations Law, the Company's by-laws and Resolution N° 368/2001 of the C.N.V., 5% of the net and realized profit for the year plus (less) prior year adjustments must be appropriated by resolution of shareholders to a legal reserve until such reserve equals 20% of the Company's outstanding capital,

**NOTE 11: PURCHASE AND SALE OF FARMS**

- a) On July 25, 2005 the Company signed the deed of sale of the farm "El Gualicho" with a surface area of 5,727 hectares, located in the Department of General Roca and Presidente Roque Saenz Peña, Province of Córdoba, The agreed sale price was US\$ 5,727,083. The sale generated a gain of Ps. 9,872,997.
- b) On September 1, 2005 the Company signed the deed for the purchase of the farm "San Pedro" of 6,022 hectares located in the Department of Uruguay, Province of Entre Ríos, The purchase price was US\$ 16,000,000. This purchase generated a debt of US\$ 6,500,000. On December 14, 2005 US\$ 4,000,000 were paid and on September 1, 2006 US\$ 720,000 were paid.
- c) On December 14, 2005 the Company cancelled the mortgage for the purchase of the farm "El Invierno". The purchase price payment was US\$ 1,500,000

**NOTE 12: INVESTMENTS IN COMPANIES**

- a) Agropecuaria Cervera S.A.

On December 27, 2005, the Company and its subsidiary Inversiones Ganaderas S.A. have acquired the capacity of shareholders of Agropecuaria Cervera S.A. (ACER), by subscribing an agreement to exchange goods.

The shareholders transferred the ACER shares in the following proportions: a) in favor of Cresud thirty six thousand (36,000) common shares, registered, non-endorsable, class A, of pesos one (Ps. 1) par value with right to five (5) votes each; and b) in favor of IGSA four thousand (4,000) common shares, registered, non-endorsable, class A, of pesos one (Ps. 1) par value with right to five (5) votes each.

We would mention that ACER has, among other goods and rights, the concession of starting into production of an integral development project including biologic, economic and social issues on several buildings located in the Department of Anta, Province of Salta. The company has been duly authorized to carry out an outstanding crop farming, cattle and forestry project.

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**Cresud Sociedad Anónima, Comercial,  
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Notes to the Financial Statements (Continued)**

**NOTE 12:** (Continued)

As considerations for the exchange referred to above, the actions that follow were effected:

Cresud transferred 3,580,886 Negotiable Obligations convertible into common shares, with 8% annual interest, maturing in year 2007, having options in a face value of one US dollar each, issued by IRSA Inversiones y Representaciones S.A.

The Company paid the amount of pesos Nine hundred and sixty two thousand five hundred and twenty three (Ps. 962,523) with consideration in the contribution made to the company in ACER. As part of the price, the Company paid US dollar Seven hundred thousand (US\$ 700,000), staying such contribution in guarantee for future contingencies during a two-year term.

b) BrasilAgro Companhia de Propiedades Agrícolas (BrasilAgro)

BrasilAgro was founded for the purpose of replicating Cresud's Business in Brazil. The Company will be mainly involved in four business lines keeping its focus on agricultural real estate: (i) sugar cane, (ii) crops and cotton, (iii) forestry activities, and (iv) livestock.

The BrasilAgro founder partners are Cresud S.A.C.I.F. y A., Cape Town, Tarpon Inwestimentos, Tarpon Agro, Agro Managers and Agro Investment.

Cape Town is a company whose sole shareholder, Mr. Elie Horn, is the chairman of Cyrela Brazil Realty, one of the largest Brazilian real estate companies. Tarpon has large experience as manager of financial resources and specializes in variable income. Agro Managers and Agro Investment are investment means that people related to Cresud S.A.C.I.F. y A. utilize.

On March 15, 2006, BrasilAgro subscribed a consulting agreement with Parana Consultora de Inwestimentos. Parana will provide consulting services in matters related, among other, to the purchase and sale of land, transactions in capital markets, hedging policies and mergers and acquisitions. As consideration for its services, Parana will receive from BrasilAgro a yearly remuneration equivalent to 1% of the capital subscribed of BrasilAgro. Parana's shareholders are Tarpon with a 50% interest, Consultores Asset Management with a 37.5% interest and Alejandro Elsztein with a 12.5% interest.

On March 24, 2006, Cresud S.A.C.I.F. y A. entered into a shareholders agreement with Mr. Elie Horn and with Tarpon, which established among other matters that both parties should have a joint vote at the Shareholders' Meetings and that both parties have a preemptive right to acquire shares held by the other party.

The board of directors of BrasilAgro has nine members of which Cresud S.A.C.I.F. y A., in his capacity as founder of the company, has appointed three members, Tarpon and Cape Town other three and complementarily the Company has three independent directors. The BrasilAgro shares started to be listed in the Novo Market of the Brazilian Stock Exchange (BOVESPA) under the symbol AGRO3 on May 2, 2006 in compliance with Brazil highest standards in terms of corporate governance.

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**NOTE 12:** (Continued)

These shares were placed in conjunction with the Banco de Investimentos Credit Suisse (Brasil) S.A. in the Brazilian market by applying an investment mechanism ruled by the control authorities and with a sales effort abroad, all in compliance with the U.S. Securities Act of 1933 and other regulations established by the Securities and Exchange Commission. The amount initially offered amounted to 432 million Reais, equivalent to 432,000 common registered shares of 1,000 Reais per share of BrasilAgro.

In accordance with the practice of the Brazilian market, BrasilAgro had an option to increase the size of the issue by 20% and Credit Suisse Investment Bank had another option for increasing the issue by 15% (Green shoe). As the placement had demand in excess, both BrasilAgro and Credit Suisse exercised such option up to 583,200 shares equivalent to Reais 583.2 million, which were fully placed.

In addition to the funds originally contributed Cresud S.A.C.I.F. y A. made contributions during the offer for a total amount of Reais 42.4 million (approximately US\$ 20.6 million). In line with such contribution Cresud S.A.C.I.F. y A. has a total of 42,705 shares equivalent to 7.3% of BrasilAgro capital.

As a contribution for having founded the company, Cresud S.A.C.I.F. y A. received 104,902 purchase options to subscribe additional BrasilAgro shares for 15 years at no cost and at the same price of the original offer of shares that is Reais 1,000 adjusted by the IPCA inflation index. Should such option be exercised, Cresud S.A.C.I.F. y A. will be able to acquire 59,850 additional shares and its holding would then be 14.1% of BrasilAgro diluted capital stock. These options may be exercised as follows: a third part as from the first anniversary of the placement, another third as from the second year and the balance as from the third year.

In addition, Cresud received with no cost a second series of options totaling 104,902, which can only be exercised at the option of Cresud whenever a third party makes an offer to purchase the BrasilAgro shares. The exercise price of these options will be the same price as the purchase offer referred to in the previous paragraph. The second series of options matures in year 2021.

As of December 31, 2006, the Company has not registered any value for the holding of such options.

In order to finance the investment in Brazil, on May 2, 2006, Cresud S.A.C.I.F. y A. obtained a US\$ 8 million loan from Credit Suisse, for a 30 months term accruing interest at the three months LIBOR rate plus 375 basic points. This loan had been initially secured by means of a swap operation with Convertible Negotiable Obligations of IRSA in a total amount of US\$ 10 million, which were later replaced by 1,834,860 ADRs of IRSA plus an amount in US dollars that fluctuates according to IRSA's share price. As of September 30, 2006, the amount of US\$ 0.3 million had been deposit to such purpose. In addition, to complete its investment, Cresud used short-term loans and own funds (Note 17)

This transaction has a distinctive feature such being the most eloquent expression of our Group returning to the capitals market with the purpose of newly expanding our business and of diversifying our portfolio on an international basis.

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**Cresud Sociedad Anónima, Comercial,  
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Notes to the Financial Statements (Continued)**

**NOTE 12:** (Continued)

BrasilAgro has acquired two first properties in the first quarter of fiscal year 2007.

The country estate called Sao Pedro located in Chapadao do Sul (MS) covering 2,443 hectares was purchased for US\$ 4.7 million. This country estate is located 1,000 km far from one of the main ports, and it was acquired at a significant lesser price than the average in the region. The area's potential production is 1,740 hectares and we believe that the land will be highly appreciated due to the sugar cane installations estimated in the region.

The country estate Cremaq is located in Bahia Grande do Riberio (Piaui). This property was acquired for US\$ 19.7 million and it covers 23,375 hectares, 3,000 of which are already in production and 16,000 hectares have been cleared. The estimated production area will probably cover 23,000 hectares. Cremaq is close to the Itaqui port and to the Norte-Sul railway. Both the weather and the landscape are highly attractive for sowing, especially soy, corn and cotton. This land was also acquired at a lesser price than the average of the area and it has a high appreciation potential.

The country estate Engenho is located in Maracaju, state of Mato Grosso do Sul. This property was acquired for US\$ 4.7 million and it covers 2,022 hectares. Actually this property has been leasing and generate for the company equivalent amount of 7,5 or 8 year's tons of sugar cane for hectares. The Company is planning to develop the production of sugar cane, once the current leasing contracts are expired.

**NOTE 13: STOCK OPTION PLAN**

As resolved upon at the General Extraordinary Shareholders Meeting at second call held on November 19, 2001 and in accordance with the resolutions adopted by the Board of Directors at its meeting dated December 7, 2001, the shareholders approved a Stock Option Plan (the Plan) relating to the shares that would remain after the shareholders exercised their pre-emptive rights to acquire treasury stock (the Shares) during a 30-day period covering 4,614,643 shares.

The stock balance remaining after expiration of the preemptive and accretion periods is intended to be offered under the Incentive Plan approved at the above mentioned Shareholders Meeting, at Ps. 1 (one peso) par value, plus interest accrued as from actual exercise at a six-month LIBOR rate per annum.

In accordance with the terms approved at the referred Shareholders Meeting, from a legal standpoint the implementation of the Plan is made by means of the transfer of the Shares in trust. From this balance, two thirds of the options relating to the Shares under the Plan were allocated for distribution by the Company's Board of Directors among certain executive officers. The remaining third was set aside for allotment by the Company's Board of Directors among any employees or executives at the time of allotment and 6 (six) months after the initial allotment, and up to 3 (three) months before the expiration of the exercise period.

In January 2002 an aggregate of 2,353 shares of Ps. 1 par value each were issued under the preferred offering of treasury stock.

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**NOTE 13:** (Continued)

In April and June 2002, an aggregate of 480,000 shares of Ps. 1 par value each were issued to executive officers of the Company under the preferred offering of treasury stock.

During the fiscal year ended on June 30, 2003, an aggregate of 3,559,853 shares of Ps. 1 per value each were issued to directors and executive officers of the Company under the preferred offering of treasury stock.

During the fiscal year ended on June 30, 2004, an aggregate of 332,437 shares of Ps. 1 per value each were issued to directors and executive officers of the Company under the preferred offering of treasury stock.

During the fiscal year ended on June 30, 2005, an aggregate of 240,000 shares of Ps. 1 per value each were issued to directors and executive officers of the Company under the preferred offering of treasury stock. As of that date, there was no pending exercise balance.

**NOTE 14: ISSUANCE OF CONVERTIBLE BONDS**

The Shareholders meeting held on March 8, 2002 approved:

- a) The issue of simple convertible bonds, non-convertible into shares of the Company, for an amount of up to US\$ 50,000,000 (or its equivalent in other currencies) for a maximum term of 5 years, accruing interest at a fixed rate not to exceed 12%; and/or
- b) The issuance of convertible bonds into company's common stock, for a total amount of US\$ 50,000,000 (or its equivalent in other currency) with a maturity date in a term of 5 years or more according to the management's decision and a fix rate not exceeding 12% or floating rate with a reference rate such as LIBOR plus a spread not exceeding 10%.
- c) The subscription option, for the holders of convertible bonds, with a premium determined by the management, between 20 and 30% over the conversion price of the convertible bond, with a value that will remain constant in terms of US currency, The exercise of the above mentioned would occur quarterly, only for the holders of the convertible bonds who have exercised their conversion rights.

Authorization for the public offer and quotation of convertible bonds has been approved by Resolution No. 14,320 of the Argentine Securities and Exchange Commission dated October 1, 2002 and by the Buenos Aires Stock Exchange, authorizing the issue up to US\$ 50,000,000 in securities composed by convertible bonds into common stock with an 8% annual interest rate due in the year 2007, granting the right at the moment of conversion to achieve 50,000,000 common stock subscription options. Likewise, the conversion price and the Warrants price established are as follows:

- a) The conversion price is US\$ 0.5078 stocks (US\$ 5.0775 ADS), while the Warrant price is US\$ 0.6093 stocks (US\$ 6.0930 ADS)





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**Cresud Sociedad Anónima, Comercial,  
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Notes to the Financial Statements (Continued)**

**NOTE 14:** (Continued)

- b) For each of Cresud's convertible bond the holder has the right to convert it to US\$ 1.96928 stocks (US\$ 0.1969 ADS) and has an option to purchase the same amount of stock at the price of the Warrant.

Convertible bonds and options will be due on November 14, 2007.

Convertible bonds were paid in cash and the proceeds will be destined to the subscription of IRSA's Convertible Bonds and for the generation of working capital.

During the fiscal year ended on June 30, 2003, 196,084 convertible bonds were converted into 386,140 ordinary shares, which resulted in a Ps. 593,038 increase in the Company's net shareholders' equity.

During the fiscal year ended on June 30, 2004, 6,670,763 convertible bonds were converted into 13,136,577 ordinary shares, which resulted in a Ps. 19,364,974 increase in the Company's net shareholders' equity. During the same period, 6,583,995 Warrants were exercised, resulting in the issuance of 12,965,710 ordinary shares for Ps. 23,068,638.

During the fiscal year ended on June 30, 2005, 3,005,609 convertible bonds were converted into 5,918,871 ordinary shares, which resulted in an increase of the Company's net shareholders' equity of Ps. 8,857,011. In the same period, 3,093,975 warrants were exercised, resulting in the issuance of 6,092,889 common shares for Ps. 10,919,379.

During the fiscal year ended on June 30, 2006, 14,803,084 convertible bonds were converted into 29,151,389 ordinary shares, which resulted in an increase of the Company's net shareholders' equity of Ps. 45,108,945. In the same period, 14,557,910 warrants were exercised, resulting in the issuance of 28,668,581 common shares for Ps. 53,587,195.

During the current fiscal year 5,224,735 Convertible Bonds were converted into 10,288,957 ordinary shares, which resulted in a Ps. 15,989,348 increase in the Company's net shareholders' equity. During the same period 2,274,397 warrants were exercised, resulting in the issuance of 4,478,919 ordinary shares for Ps. 8,358,757.

**NOTE 15: PURCHASE AND SALE OF CONVERTIBLE BONDS**

During November and December 2002, 49,692,668 convertible bonds issued by IRSA were purchased; these can be converted into common stock with an 8% annual interest rate and due in 2007, and grant the holder at the time of conversion to 49,692,688 options to subscribe common stock. The conversion price and the warrants price established are as follows:

- a) The conversion price is US\$ 0.5571 per share (US\$ 5.5713 GDS), while the warrant price is US\$ 0.6686 per share (US\$ 6.6856 GDS)

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**NOTE 15:** (Continued)

- b) For each of IRSA's convertible bond the holder has the right to convert it to 1.7949 shares (0.1795 GDS) and has an option to purchase the same amount of stock at the price of the warrant.

Due to the distribution of 4,587,285 shares of the company's portfolio, IRSA has re-stated the conversion price of its convertible bonds according to the subscription clauses.

The conversion price of the convertible bonds went from US\$ 0.5571 to US\$ 0.54505 and the warrants price went from US\$ 0.6686 to US\$ 0.6541. Such adjustment was effective as from December 20, 2002. Convertible bonds and options are due on November 14, 2007.

During the months of July and November 2003 the Company purchased 250,500 Notes, and in May 2004 converted 5,000,000 Convertible Bonds into 9,174,312 common shares.

During the fiscal year ended on June 30, 2004, third parties bearers of convertible bonds into IRSA's ordinary stock have exercised their conversion and warrant rights for a total amount of Ps. 62.8 million originating the issuance of 27,616,878 ordinary shares with a face value of Ps. 1 each. Consequently, the Company holding as of June 30, 2004 amounts to 44,943,168 Convertible Bonds.

In July 2004 the Company purchased 350,000 Convertible Bonds issued by IRSA Inversiones y Representaciones Sociedad Anónima for US\$ 511,115.

In March 2005 the Company sold 8,754,271 Convertible Bonds of IRSA Inversiones y Representaciones Sociedad Anónima for a total amount of Ps. 32,499,426. This sale resulted in a profit of Ps. 68,754,172.

During the fiscal year ended on June 30, 2005, third parties bearers of convertible bonds into IRSA's ordinary stock have exercised their conversion and warrant rights for a total amount of Ps. 171.5 million originating the issuance of 99,289,144 ordinary shares with a face value of Ps. 1 each. On the other hand, the Company exercised warrants for a total of Ps. 17.7 million, resulting in the issuance of 9,174,311 common shares of Ps. 1 par value each.

During this fiscal year, third party holders of IRSA's Convertible Bonds exercised their conversion and warrants rights for a total of Ps. 72.5 million, resulting in the issuance of 39,726,997 common shares of Ps. 1 par value each.

As a consequence of such conversions and exercise of third parties warrants, the Company's investment value has decreased in Ps. 12.2 million, such effect being recorded in Paid-In Capital (Related Companies Law No. 19,550 - Section 33) of Shareholders' Equity (see Note 2.p).

During the fiscal year ended on June 30, 2006, the Company converted 20,958,011 Convertible Negotiable Obligations into 38,455,065 common shares, still remaining a stock of Negotiable Obligations convertible into common shares of IRSA as of closing for US\$ 12,000,000.

Likewise, during the current period the Company has not converted any of the Convertible Negotiable Obligations to common shares and as of the end of the period still remain US\$ 12,000,000 of IRSA Negotiable Obligations convertible and a stock of 32,958,011 warrants.

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**NOTE 16: INVESTMENT OF IRSA INVERSIONES Y REPRESENTACIONES SOCIEDAD ANÓNIMA IN BANCO HIPOTECARIO S.A. (BHSA) AS OF JUNE 30, 2006**

With respect to the IRSA investment in the related company BHSA of \$ 152,772,000 as of June 30, 2006 with a holding of 11.76%, were report the following:

On August 9, 2005, IRSA sold 2,305,122 shares of Banco Hipotecario S.A. to Buenos Aires Trade and Finance Center S.A. (which was a subsidiary in which IRSA has an interest of 100%) at a price per share of US\$ 4.57 (market value), in a total amount of US\$ 10,540,000 (equivalent to Ps. 30,281,000). For this transaction IRSA recorded a gain of Ps. 1,845,000.

As of December 31, 2005 the Company completed merger procedures to take-over its subsidiary company Buenos Aires Trade and Finance Center S.A. Consequently, as of year-end, the total shareholding in Banco Hipotecario is 10,141,015.

**COMPENSATIONS BY THE NATIONAL GOVERNMENT TO FINANCIAL ENTITIES AS A RESULT OF THE ASYMMETRIC PESIFICATION**

The National Government, through Decree 905, provided for the issuance of National Government Compensating Bonds, to compensate financial entities for the adverse equity effects generated due to the conversion into pesos, under various exchange ratios, of the credits and obligations denominated in foreign currency as established by Law 25,561, Decree 214 and addenda. Decree 905 also provided for covering the negative difference in the net position of foreign currency denominated assets and liabilities resulting from its translation into pesos as established by the above-mentioned regulations, and entitled the Argentine Republic Central Bank to determine the pertinent rules.

After several submissions, Banco Hipotecario S.A. submitted the last presentation as regards sections 28 and 29 of Decree 905 - Compensation to Financial Entities, as follows:

- National Government Compensation Bond - US\$ 2012 (section 29, points b, c and d): compensating bond difference between pesified assets and liabilities at \$ 1.00 for the rate of exchange difference of \$ 0.40, translated at \$ 1.40 per US\$ dollar: US\$ 360,811.
- National Government Compensation Bond coverage - US\$ 2012 (section 29 point e). Coverage bond difference between assets and liabilities in US dollars net of the compensating bond: US\$ 832,827.

In September 2002 and October 2005, the Argentine Central Bank credited US\$ 344,050 and US\$ 16,761 in BODEN 2012 respectively, for compensation.

On August 1, 2005, a note was submitted to the Argentine Central Bank stating the acceptance of the number of BODEN verified by the Superintendence of Financial and Exchange Entities.

Finally, in September 2005, the coverage BODEN 2012 subscription process commenced. As of September 30, 2006 the subscription of BODEN 2012 amounted to US\$ 773,531.

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Notes to the Financial Statements (Continued)**

**NOTE 16:** (Continued)

**EXPOSURE TO THE NON-FINANCIAL PUBLIC SECTOR**

Banco Hipotecario S.A. keeps recorded in its financial statements assets with the Non-Financial Public Sector amounting to \$ 3,515,250. On the other hand, liabilities to the Argentine Central Bank recorded as of September 30, 2006 amount to \$ 166,931 being the credit balance related to advances to subscribe BODEN 2012 in line with sections 28 and 29 of Decree 905/02.

The net exposure with the Public Sector, without considering liquid assets in accounts authorized by the Argentine Central Bank, amount to \$ 3,348,319 and \$ 2,584,169 as of September 30, 2006 and September 30, 2005, respectively.

Banco Hipotecario S.A. intends to allocate assets portfolio of the Public Sector as guarantee for the application of the advancement to finance the coverage bonds subscription, as provided for in section 29 of Decree 905/02.

As from January 1, 2006, the dispositions of point 12 of Communication A 3911 (Communication A 4455) became effective, as regards that the assistance to the Public Sector (average measured) cannot exceed 40% of total Assets of the last day of the previous month. Through Communication A 4546 of July 9, 2006, it was established that as from July 1, 2007, such limit was modified to 35%.

The exposure of Banco Hipotecario S.A. to the Public Sector originated in compensations granted by the National Government as a result of year 2002 crisis, principally related to the asymmetric pesification of assets and liabilities.

To such extent and considering that assets to the Public Sector exceed the mentioned limit (representing 39% and 49%, approximately, of Assets as of September 30, 2006 and 2005, respectively), as of January 19, 2006, Banco Hipotecario S.A. reported to the Argentine Central Bank that it will gradually decrease the proportion of assets subject to the exposure to the Public Sector, in line with the amortization and cancellation made by the Government of the bonds received for asymmetric compensation in the currency of issuance. To date, no objections to this issue have been received.

**NOTE 17: FINANCIAL LOANS**

In line with the outstanding investment opportunities that became definite during the last year, such as our participation in BrasilAgro, and the acquisition of land and the develop investments in Norwest zone during the current year. The company contracted debt in higher levels than those incurred in previous years. As of December 31, 2006 our debt, without considering our convertible negotiable obligations, amounts to Ps. 102.4 million.

On analyzing the breakdown of such debt, we note the Credit Suisse loan to finance our investment in BrasilAgro for Ps. 24.5 million (Note 12b) and Ps. 17.4 million to finance our crop production, the remaining balance, Ps. 59.8 million, are concentrated in the short-term.

Our aim for next year will be to adjust these maturities so as to generate cash in the Company, without putting aside a reduction of debt in line with future cash income arising from the regular business trend, the sale of assets or due to exercising options adhered to our convertible negotiable obligations.

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**Cresud Sociedad Anónima, Comercial,**  
**Inmobiliaria, Financiera y Agropecuaria**  
**Notes to the Financial Statements (Continued)**

**NOTE 17:** (Continued)

The chart that follows discloses our Company debt as of December 31, 2006:

| <b>Bank</b>               | <b>Currency</b> | <b>Total</b> | <b>Term</b>    |
|---------------------------|-----------------|--------------|----------------|
| Short-term                | Ps.             | 59.8         | Up to 270 days |
| Crop production financing | Ps.             | 17.4         | Up to 203 days |
| Long-term                 | Ps.             | 24.5         | 2.5 years      |

**NOTE 18: IGSA S TAX DEFERRAL**

On December 19, 1996, under Decree 1968/96 the province of Catamarca approved the investment project submitted by Inversiones Ganaderas S.A., and conferred to it the benefits of Law 22,021 as amended by Law No. 22,702 subject to the conditions and scope detailed in the referred Decree.

The project is oriented towards the livestock business, and requires a total minimum investment of Ps. 1,600,002 to be made over a three year term. The investor is given the choice of deferring the payment of the amounts payable as

income tax and value added tax. The amount of the deferred tax will be equal to 75% the direct capital contribution, i.e Ps. 1,200,000. Deferred amounts do not accrue interest and are repayable in five consecutive annual payments as from the sixth fiscal year following the start-up date of the project that enjoys the benefit.

On October 15, 2002, Cresud S.A. deferred the balance assessed in the value added tax return for fiscal period 9/2002 for the sum of Ps. 540,000.

On December 30, 2003, given the significant benefit granted under Decree 384/2003 to those taxpayers who early repay deferred tax liabilities, Cresud S.A. repaid the deferred amount, for the sum of Ps. 249,317. To date it has still not made use of the remaining sums available under the project.

**NOTE 19: RESTRICTED ASSETS**

As of December 31, 2006, the amount of 1,834,860 ADR's of IRSA Inversiones y Representaciones S.A. are included in Non-Current Investments and Non-Current Loans which availability is restricted as a result of the loan contracted for financing the Brazil investment as mentioned in Note 12.b) to these financial statements.

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Notes to the Financial Statements (Continued)**

**NOTE 20: ORDINARY AND EXTRAORDINARY MEETING OF SHAREHOLDERS**

During the Company's Ordinary and Extraordinary Meeting of Shareholders held on October 31, 2006 the following issues, among other, referred to the agenda were approved by the majority stockholders:

The Annual Report and the financial statements as of June 30, 2006.

The appropriation of a cash dividend for up to Ps. 5,500,000 minus the amount equivalent to 5% for Legal Reserve.

The creation of a global program for issuing simple negotiable bonds, non-convertible into shares, with or without guarantee or guaranteed by third parties, in a maximum outstanding amount at any time of up to US\$ 50,000,000 (US dollars fifty million) or its equivalent in other currencies, in conformity with the dispositions of the negotiable bonds law number 23,567 and addenda.

The establishment of a Reserve for New Projects arising from retained earnings as of 2006 closing net of appropriations for legal reserve and dividends in cash.

**NOTE 21: CAPITALIZATION PROGRAM FOR EXECUTIVE MANAGEMENT**

The Company is currently developing a capitalization program for executive management staff through contributions made by employees and by the Company (the Plan).

The Plan is addressed to employees selected by the Company with the purpose of keeping them in the company and increasing their total compensation through an extraordinary reward, provided that certain specific conditions are complied with.

Participation and contributions to the Plan are on a voluntary basis. Once the beneficiary (the Participant) has accepted, he will be able to make two types of contributions: a monthly one (based on the salary) and an extraordinary one (based on the annual bonus). The suggested contribution is up to 2.5% of the salary and up to 15% of the annual bonus. On the other hand, the Company contribution will be 200% of the monthly contributions and 300% of the employee's extraordinary contributions.

Funds collected from participants' contributions will initially be sent to an independent financial means especially created for such purpose and placed in Argentina as a Common Investment Fund, which will be approved by the C.N.V. Such funds will be freely redeemed under the requirement of the participants. The funds arising from the Company contributions will flow to other independent financial means separated from the previous one.

The participants or their successors will have access to 100% of the Plan benefits (that is, including Company contributions made in favor of the financial means especially created) under the circumstances that follow:

ordinary retirement in line with the applicable working regulations

total or permanent disability or inability

death.

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Notes to the Financial Statements (Continued)**

**NOTE 21:** (Continued)

In case of resignation or discharge without legal justification, the participant will obtain the amounts contributed by the Company only if he has participated in the plan during a minimum term of five years, provided certain conditions were complied with.

**NOTE 22: SUBSEQUENT EVENTS**

**New shareholders in Cactus Argentina S.A.**

On January 10, 2007 Tyson Foods Inc. became shareholder of Cactus Argentina S.A. by subscribing the stock subscription agreement and the stockholders agreement.

Cactus issued 9,397,213 shares with 7,296,954 premium, 100% subscribed by Tyson via the payment of Ps. 16,694,167.

Consequently, the Company's capital share is as follows:

|  |     |
|--|-----|
| Cactus Feeders Inc.                              | 24% |
| Cresud SACIF y A                                 | 24% |
| Tyson Foods Inc. (through Provemex Holdings LLC) | 52% |

The Company, in association with Tyson Foods Inc. and Cactus Feeders Inc., has started an undertaking in Argentina that will be the first vertically integrated cattle project in the country.

This undertaking will produce beef cuts for the Argentine consumer and for the European and other international markets as well.

**Acquisition of Exportaciones Agroindustriales Argentinas S.A. shares**

On January 11, 2007 the Company acquired 100% of the shareholding of Exportaciones Agroindustriales Argentinas S.A. (EAASA) through a share purchase agreement. The amount paid was Ps. 16,839,993.

EAASA owns a cold-storage plant in Santa Rosa, Province of La Pampa with monthly slaughtering and processing capacity of 9,500 cattle heads. Cactus Argentina S.A. plans to expand such capacity to 15,000 cattle heads per month.



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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria**

**Fixed Assets**

For the six-month periods ended December 31, 2006 and 2005 and year ended June 30, 2006

(Notes 1 and 2)

**Schedule A**

| Account                 | Value at the beginning of the period/year |                                  |                                   | Rate %   | Value at the end of the period/year | Depreciation     |                             |                      | Accumulated at the end of the period/year | Net carrying Value at     |                    | Net carrying Value at December 31, 2006 |
|-------------------------|---|----------------------------------|-----------------------------------|----------|-------------------------------------|------------------|-----------------------------|----------------------|---|---------------------------|--------------------|---|
|                         | Pesos                                     | Additions and/or transfers Pesos | Deductions and/or transfers Pesos |          |                                     | of the beginning | Decrease of the Period/year | Current period Pesos |   | Value at December 31 2006 | June 30, 2006      |   |
| Land                    | 151,024,186                               |                                  |                                   |          | 151,024,186                         |                  |                             |                      |   | 151,024,186               | 151,024,186        | 141,024,186                             |
| Buildings               | 3,687,149                                 |                                  |                                   | 3        | 3,687,149                           |                  | 748,749                     | 56,631               | 805,380                                   | 2,881,769                 | 2,938,400          | 2,938,400                               |
| Leasing troughs         | 3,353,328                                 |                                  |                                   | 5        | 3,353,328                           |                  | 997,004                     | 77,587               | 1,074,591                                 | 2,278,737                 | 2,356,324          | 1,356,324                               |
| Fields and pastures     | 2,814,822                                 |                                  |                                   |          | 2,814,822                           | 12-25-50         | 1,071,596                   | 226,664              | 1,298,260                                 | 1,516,562                 | 1,743,226          | 1,743,226                               |
| Buildings and equipment | 29,376,727                                | 124,011                          |                                   | 2        | 29,500,738                          |                  | 2,545,563                   | 289,185              | 2,834,748                                 | 26,665,990                | 26,831,164         | 26,831,164                              |
| Trucks                  | 10,402,597                                | 490,418                          |                                   | 10       | 10,893,015                          |                  | 6,903,504                   | 358,238              | 7,261,742                                 | 3,631,273                 | 3,499,093          | 3,499,093                               |
| Other equipment         | 2,179,159                                 | 46,620                           | 97,728                            | 20       | 2,128,051                           |                  | 1,130,562                   | 97,728               | 156,875                                   | 938,342                   | 1,048,597          | 1,048,597                               |
| Leasing equipment       | 196,306                                   | 8,736                            |                                   | 10       | 205,042                             |                  | 150,643                     | 4,769                | 155,412                                   | 49,630                    | 45,663             | 45,663                                  |
| Leasing equipment       | 1,128,401                                 | 16,897                           | 2,632                             | 10       | 1,142,666                           |                  | 788,828                     | 1,913                | 41,707                                    | 828,622                   | 314,044            | 339,573                                 |
| Trucks                  | 820,223                                   | 38,998                           |                                   | 3        | 859,221                             |                  | 131,905                     | 12,517               | 144,422                                   | 714,799                   | 688,318            | 688,318                                 |
| Other equipment         | 2,073,669                                 | 1,500                            |                                   | 10       | 2,075,169                           |                  | 806,116                     | 81,539               | 887,655                                   | 1,187,514                 | 1,267,553          | 1,267,553                               |
| Leasing equipment       | 12,476,589                                | 49,562                           |                                   | 10-20-33 | 12,526,151                          |                  | 5,731,047                   | 479,715              | 6,210,762                                 | 6,315,389                 | 6,745,542          | 6,745,542                               |
| Leasing equipment       | 1,159,824                                 | 220,944                          |                                   | 20       | 1,380,768                           |                  | 810,047                     | 89,177               | 899,224                                   | 481,544                   | 349,777            | 349,777                                 |
| Leasing equipment       | 1,096,519                                 |                                  |                                   | 5        | 1,096,519                           |                  | 406,464                     | 28,201               | 434,665                                   | 661,854                   | 690,055            | 690,055                                 |
| Leasing equipment       | 8,299,815                                 | 6,931,405                        | 37,282                            |          | 15,193,938                          |                  |                             |                      |   | 15,193,938                | 8,299,815          | 14,193,938                              |
| Leasing equipment       | 204,572                                   | 216,993                          |                                   |          | 421,565                             |                  |                             |                      |   | 421,565                   | 204,572            | 204,572                                 |
| <b>December 31,</b>     | <b>230,293,886</b>                        | <b>8,146,084</b>                 | <b>137,642</b>                    |          | <b>238,302,328</b>                  |                  | <b>22,222,028</b>           | <b>99,641</b>        | <b>1,902,805</b>                          | <b>24,025,192</b>         | <b>214,277,136</b> | <b>214,277,136</b>                      |
| <b>June 30,</b>         | <b>177,353,527</b>                        | <b>75,633,293</b>                | <b>22,692,934</b>                 |          | <b>230,293,886</b>                  |                  | <b>19,271,508</b>           | <b>1,608,274</b>     | <b>4,558,794</b>                          | <b>22,222,028</b>         | <b>208,071,858</b> | <b>208,071,858</b>                      |
|                         | <b>177,353,527</b>                        | <b>52,658,550</b>                | <b>7,656,467</b>                  |          | <b>222,355,610</b>                  |                  | <b>19,271,508</b>           | <b>1,494,909</b>     | <b>2,007,130</b>                          | <b>19,783,729</b>         | <b>202,571,881</b> | <b>202,571,881</b>                      |



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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria**

**Intangible Assets**

For the six-month periods ended December 31, 2006 and 2005 and year ended June 30, 2006

(Notes 1, 2 and 3)

**Schedule B**

| Principal Account                   | Value at<br>the beginning<br>of the year<br>Pesos | Additions<br>Of the<br>Year<br>Pesos | Value at<br>the end of<br>the year<br>Pesos | Accumulated<br>at the beginning<br>of the year<br>Pesos | Depreciation<br>Of the Year |                          | Accumulated<br>at the end<br>of the year<br>Pesos | Net carrying<br>value as of<br>December 31,<br>2006<br>Pesos | Net<br>carrying<br>value as of<br>June 30,<br>2006<br>Pesos | Net carrying<br>value as of<br>December 31,<br>2005<br>Pesos |
|-------------------------------------|---|--------------------------------------|---|---|-----------------------------|--------------------------|---|--|---|--|
|                                     |   |                                      |   |   | Rate<br>%                   | Current<br>year<br>Pesos |   |  |   |  |
| Concessions<br>rights               | 21,910,761  |                                      | 21,910,761                                  |   |                             |                          |   | 21,910,761   | 21,910,761  |  |
| Total as of<br>December 31,<br>2006 | 21,910,761  |                                      | 21,910,761                                  |   |                             |                          |   | 21,910,761   |   |  |
| Total as of<br>June 30, 2006        |   | 21,910,761                           | 21,910,761                                  |   |                             |                          |   |  | 21,910,761  |  |
| Total as of<br>December 31,<br>2005 |   |                                      |   |   |                             |                          |   |  |   |  |

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria**

**Investments**

For the six-month periods ended December 31, 2006 and 2005 and year ended June 30, 2006

(Notes 1 and 2)

Schedule C

|  | Amount    | Value at             |                  |                      | Market value<br>Pesos | Principal activity | INFORMATION ON THE ISSUER |   |                        |
|--|-----------|----------------------|------------------|----------------------|-----------------------|--------------------|---------------------------|---|------------------------|
|  |           | December 31,<br>2006 | June 30,<br>2006 | December 31,<br>2005 |                       |                    | Capital                   | Income<br>(loss)<br>for the<br>fiscal<br>period | Shareholders<br>Equity |
|  |           | Pesos                | Pesos            | Pesos                |                       | Pesos              | Pesos                     | Pesos   |                        |
| <b>Securities</b>                        |           |                      |                  |                      |                       |                    |                           |   |                        |
| <b>Current Investments</b>               |           |                      |                  |                      |                       |                    |                           |   |                        |
| Mutual Funds                             |           |                      |                  |                      |                       |                    |                           |   |                        |
| Bony Hamilton Fund                       | 1,136,014 | 3,433,034            | 54,906           | 91,897               | 3.022000              |                    |                           |   |                        |
|  |           | 3,433,034            | 54,906           | 91,897               |                       |                    |                           |   |                        |
| Notes and Convertible Bonds              |           |                      |                  |                      |                       |                    |                           |   |                        |
| Subsidiaries, related companies          |           |                      |                  |                      |                       |                    |                           |   |                        |
| Law No. 19,550                           |           |                      |                  |                      |                       |                    |                           |   |                        |
| Section 33 and related parties:          |           |                      |                  |                      |                       |                    |                           |   |                        |
| IRSA Inversiones y Representaciones S.A. |           |                      |                  |                      |                       |                    |                           |   |                        |
| Convertible Notes 2007                   | 12,000,00 | 36,743,999           |                  |                      |                       |                    |                           |   |                        |
| Interest of Convertible Bonds            |           |                      |                  |                      |                       |                    |                           |   |                        |
| 2007 -IRSA (US\$)                        |           | 375,605              | 386,779          | 999,287              |                       |                    |                           |   |                        |
| Bonos Global 2010                        | 110,000   | 106,208              | 92,510           | 92,549               | 0.965500              |                    |                           |   |                        |
| Bocon Pro 1                              | 157,647   | 630                  | 630              | 630                  | 0.003996              |                    |                           |   |                        |
| Nobacs                                   |           |                      | 3,030,000        | 2,947,500            |                       |                    |                           |   |                        |
| Raymond James                            |           |                      |                  |                      |                       |                    |                           |   |                        |
| Interest of Bonds                        |           |                      |                  | 11,046               |                       |                    |                           |   |                        |
| Mortgage Bonds                           | 1,042,807 | 1,017,780            | 1,334,180        | 1,477,925            | 0.976000              |                    |                           |   |                        |
|  |           | 38,244,222           | 4,844,099        | 5,528,937            |                       |                    |                           |   |                        |
|  |           | 41,677,256           | 4,899,005        | 5,620,834            |                       |                    |                           |   |                        |

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|   |            |            |            |            |   |
|---|------------|------------|------------|------------|---|
| Total current investments                                 |            |            |            |            |   |
| <b><u>Non-current investments</u></b>                     |            |            |            |            |   |
| <b>Subsidiaries, related companies</b>                    |            |            |            |            |   |
| <b>Law No. 19,550</b>                                     |            |            |            |            |   |
| <b>Section 33 and related parties:</b>                    |            |            |            |            |   |
| AGRO-URANGA S.A.  |            |            |            |            | Unlisted Agricultural livestock 2,500,000 1,236,338 11,450,689  |
| Shares  | 893,069    | 4,090,502  | 5,465,153  | 4,597,887  |   |
| Contribution on account of future subscriptions of shares |            |            | 7,865      | 7,865      |   |
| Higher value of property                                  |            | 11,179,150 | 11,179,150 | 11,179,150 |   |
|   |            | 15,269,652 | 16,652,168 | 15,784,902 |   |
| INVERSIONES GANADERAS S.A.                                |            |            |            |            | Unlisted Rising and grazing cattle 11,668,570 (467,581) 10,201,841  |
| Shares  | 11,668,569 | 10,201,818 | 10,669,399 | 10,309,256 |   |
| Contribution on account of future subscriptions of shares |            |            |            | 729,586    |   |
|   |            | 10,201,818 | 10,669,399 | 11,038,842 |   |
| CACTUS ARGENTINA S.A.                                     |            |            |            |            | Unlisted Exploitation and administration of Agriculture and beef cattle products 8,674,350 169,357 9,032,657                          |
| Shares  | 4,337,175  | 4,516,329  | 4,431,650  | 4,381,505  |   |
| Contribution on account of future subscriptions of shares |            |            |            |            |   |
|   |            | 4,516,329  | 4,431,650  | 4,381,505  |   |
| FUTUROS Y OPCIONES.COM S.A.                               |            |            |            |            | Unlisted Gives information about markets And services of economics and Financial consulting through Internet 860,937 55,192 1,921,352 |
| Shares  | 686,656    | 1,344,946  | 886,312    | 467,645    |   |
| Contribution on account of future subscriptions of shares |            |            | 420,000    |            |   |
|   |            | 1,344,946  | 1,306,312  | 467,645    |   |
| AGROPECUARIA CERVERA S.A.                                 |            |            |            |            | Unlisted Agricultural and forestal 1,334,748 (321,578) 5,112,654  |
| Shares  | 1,201,273  | 4,601,388  | 3,725,535  | 3,951,775  |   |

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|   |              |              |              |             |                                      |
|---|--------------|--------------|--------------|-------------|--------------------------------------|
| Contribution on account of future subscriptions of shares                       |              |              | 1,165,273    | 1,069,470   |                                      |
|   | 4,601,388    | 4,890,808    | 5,021,245    |             |                                      |
| IRSA Inversiones y Representaciones S.A.  |              |              |              |             | Unlisted Real Estate                 |
| Shares (Note 14)  | 116,305,767  | 408,619,576  | 396,839,494  | 274,968,300 | 448,742,660 66,199,687 1,576,577,325 |
|   | 408,619,576  | 396,839,494  | 274,968,300  |             |                                      |
| BrasilAgro Companhia Brasileira de Propiedades Agrícolas                        |              |              |              |             | Agricultural and Real Estate         |
| Shares  | 42,705       | 60,028,625   | 54,879,607   |             | 875,381,000 33,436,000 821,185,000   |
|   | 60,028,625   | 54,879,607   |              |             |                                      |
| Sub-Total   | 504,582,334  | 489,669,438  | 311,662,439  |             |                                      |
| <b>Other Investments</b>  |              |              |              |             |                                      |
| Convertible Bonds 2007 - IRSA (US\$)  |              |              |              |             |                                      |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:  |              |              |              |             |                                      |
| IRSA Inversiones y Representaciones S.A.  |              |              | 37,031,999   | 99,928,688  |                                      |
| BrasilAgro Companhia Brasileira de Propiedades Agrícolas (Pending Registration) |              |              |              | 570,932     |                                      |
| Coprolán  | 20,717       | 20,717       | 20,717       | Unlisted    |                                      |
| Subtotal  | 20,717       | 37,052,716   | 100,520,337  |             |                                      |
| <b>Goodwill</b>   |              |              |              |             |                                      |
| IRSA negative goodwill  | (72,145,013) | (76,825,838) | (28,613,032) |             |                                      |
| Agropecuaria Cervera S.A.   |              |              | 21,938,655   |             |                                      |
| Subtotal  | (72,145,013) | (76,825,838) | (6,674,377)  |             |                                      |
| Total non-current investments   | 432,458,038  | 449,896,316  | 405,508,399  |             |                                      |



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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria**

**Allowances and Provisions**

For the six-month periods ended December 31, 2006 and 2005 and the year ended June 30, 2006

(Notes 1 and 2)

Schedule E

| Item                            | Balances at beginning of the |               | Decreases | Applications | Value at          | Value at      | Value at          |
|---------------------------------|------------------------------|---------------|-----------|--------------|-------------------|---------------|-------------------|
|                                 | period/year                  | Increases (1) |           |              | December 31, 2006 | June 30, 2006 | December 31, 2005 |
|                                 | Pesos                        | Pesos         | Pesos     | Pesos        | Pesos             | Pesos         | Pesos             |
| <b>Deducted from assets</b>     |                              |               |           |              |                   |               |                   |
| Allowance for doubtful accounts | 374,830                      |               |           | (2,471)      | 372,359           | 374,830       | 356,214           |
| <b>Included in liabilities</b>  |                              |               |           |              |                   |               |                   |
| For pending lawsuits            | 69,343                       |               | (24,127)  |              | 45,216            | 69,343        | 66,002            |
| Total at December 31, 2006      | 444,173                      |               | (24,127)  | (2,471)      | 417,575           |               |                   |
| Total at June 30, 2006          | 422,085                      | 22,088        |           |              |                   | 444,173       |                   |
| Total at December 31, 2005      | 422,085                      | 131           |           |              |                   |               | 422,216           |

(1) Increases are shown in financial results within the Statement of Income.



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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria**

**Cost of sales**

For the six-month periods ended December 31, 2006 and 2005

(Notes 1 and 2)

Schedule F.1

| Crops                |                      | Beef cattle             |                         | Milk                 |                      | Others               |                      | Total             |                  |
|----------------------|----------------------|-------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------|------------------|
| December 31,<br>2006 | December 31,<br>2005 | December<br>31,<br>2006 | December<br>31,<br>2005 | December 31,<br>2006 | December 31,<br>2005 | December 31,<br>2006 | December 31,<br>2005 | December 31, 2006 | December<br>2005 |
| Pesos                | Pesos                | Pesos                   | Pesos                   | Pesos                | Pesos                | Pesos                | Pesos                | Pesos             | Pesos            |
|                      |                      | 59,445,800              | 55,019,469              |                      |                      |                      |                      | 59,445,800        | 55,019,469       |
| 10,550,495           | 24,930,778           |                         |                         |                      |                      |                      |                      | 10,550,495        | 24,930,778       |
| 478,313              | 128,575              |                         |                         |                      |                      |                      |                      | 478,313           | 128,575          |
|                      |                      |                         |                         |                      |                      | 127,024              | 190,843              | 127,024           | 190,843          |
| 11,028,808           | 25,059,353           | 59,445,800              | 55,019,469              |                      |                      | 127,024              | 190,843              | 70,601,632        |                  |
|                      |                      | 1,396,642               | 1,830,336               |                      |                      |                      |                      | 1,396,642         |                  |
| 1,744,377            | 2,028,381            |                         |                         |                      |                      |                      |                      | 1,744,377         |                  |
| 6,586,411            | 4,316,285            | 10,063,537              | 9,857,796               | 4,603,474            | 4,277,258            |                      |                      | 21,253,422        |                  |
| 1,421,354            | 277,608              |                         |                         |                      |                      |                      |                      | 1,421,354         |                  |
|                      |                      |                         |                         |                      |                      |                      |                      |                   | (202,737)        |
| (1,977,604)          | (2,403,431)          | (33,701)                | (320)                   |                      |                      | (508,616)            | (235,472)            | (2,519,921)       |                  |
|                      |                      |                         | 220,499                 |                      |                      |                      |                      |                   |                  |
| 1,111,511            | 1,673,735            | 2,497,435               | 4,580,203               |                      |                      | 1,009,558            | 608,320              | 4,618,504         |                  |

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|             |             |              |              |           |           |           |           |              |              |
|-------------|-------------|--------------|--------------|-----------|-----------|-----------|-----------|--------------|--------------|
|             |             |              |              |           |           | 2,268     | 13,251    |              | 2,268        |
|             |             | (62,214,285) | (57,383,708) |           |           |           |           | (62,214,285) | (57,383,708) |
| (4,554,722) | (5,508,135) |              |              |           |           |           |           | (4,554,722)  | (5,508,135)  |
| (177,457)   | (14,250)    |              |              |           |           |           |           | (117,457)    | (14,250)     |
|             |             |              |              |           |           | (620,126) | (237,986) | (620,126)    | (67,566,590) |
| 15,182,678  | 25,429,546  | 11,155,428   | 14,124,275   | 4,603,474 | 4,277,258 | 10,108    | 136,219   |              | 30,951,688   |

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria**

**Cost of production**

For the six-month periods ended December 31, 2006 and 2005

(Notes 1 and 2)

Schedule F.2

|   | Crops               |                     | Beef cattle         |                     | Milk                |                     | Total<br>December 31, 2006 | Total<br>December 31, 2005 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|----------------------------|
|   | December 31<br>2006 | December 31<br>2005 | December 31<br>2006 | December 31<br>2005 | December 31<br>2006 | December 31<br>2005 |                            |                            |
|   | Pesos               | Pesos               | Pesos               | Pesos               | Pesos               | Pesos               | Pesos                      | Pesos                      |
| <b>Inventories at the beginning of the period</b> |                     |                     |                     |                     |                     |                     |                            |                            |
| Beef cattle                                       |                     |                     |                     |                     | 9,389,631           | 6,823,744           | 9,389,631                  | 6,823,744                  |
| Unharvested crops                                 | 1,662,592           | 826,336             |                     |                     |                     |                     | 1,662,592                  | 826,336                    |
| Seeds and fodder                                  |                     |                     | 168,766             | 172,941             | 123,568             | 17,653              | 292,334                    | 190,594                    |
| Materials and others                              | 4,142,815           | 3,768,385           |                     |                     | 119,865             | 65,430              | 4,262,680                  | 3,833,815                  |
|   | 5,805,407           | 4,594,721           | 168,766             | 172,941             | 9,633,064           | 6,906,827           | 15,607,237                 | 11,674,489                 |
| Holding gain- Cattle                              |                     |                     |                     |                     | (9,923)             | 375,843             | (9,923)                    | 375,843                    |
| Holding gain - Crops                              | 1,060,860           |                     | 574,843             |                     |                     |                     | 1,635,703                  |                            |
| Production  |                     |                     |                     |                     | 875,249             |                     | 875,249                    |                            |
| Transfer of inventories to fixed assets           |                     |                     |                     |                     |                     |                     |                            |                            |
| Transfer of unharvested crops to expenses         | (11,286,408)        | (9,123,759)         | (410,422)           | (152,383)           | (580,245)           | (739,371)           | (12,277,075)               | (10,015,513)               |
| Recovery of inventories                           |                     |                     |                     |                     |                     | (220,499)           |                            | (220,499)                  |
| Purchases   | 34,375,185          | 27,829,453          | 609,183             |                     | 1,773,495           | 2,902,783           | 36,757,863                 | 30,732,236                 |
| Operating expenses (Schedule H)                   | 9,664,095           | 5,063,443           | 7,549,221           | 7,046,909           | 2,502,669           | 2,448,164           | 19,715,985                 | 14,558,516                 |
| <b>Less:</b>                                      |                     |                     |                     |                     |                     |                     |                            |                            |
| <b>Inventories at the end of the</b>              |                     |                     |                     |                     |                     |                     |                            |                            |

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| <b>period</b>             |              |              |           |              |             |              |              |              |              |              |
|---------------------------|--------------|--------------|-----------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Beef cattle               |              |              |           | (10,149,663) | (9,199,607) | (10,149,663) |              |              | (9,119,607)  |              |
| Unharvested crops         | (24,464,198) | (20,571,503) |           |              |             |              | (24,464,198) |              | (20,571,503) |              |
| Seeds and fodder          |              |              | (895,926) | (115,460)    | (262,051)   | (121,948)    | (1,157,977)  |              | (237,408)    |              |
| Materials and others      | (7,122,966)  | (3,454,188)  | (572,903) |              | (244,625)   | (131,464)    | (7,940,494)  | (43,712,332) | (3,585,652)  | (33,514,170) |
| <b>Cost of Production</b> | 8,031,975    | 4,338,167    | 7,022,762 | 6,952,007    | 3,537,970   | 2,300,728    |              | 18,592,707   |              | 13,590,902   |

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Foreign currency assets and liabilities**

For the six-month periods ended December 31, 2006 and 2005 and the year ended June 30, 2006

(Notes 1 and 2)

Schedule G

| Item                                       | December 31, 2006                   |                             |                                | June 30, 2006                       |                                |                                     | December 31, 2005              |      |           |           |
|--|-------------------------------------|-----------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|------|-----------|-----------|
|  | Type and amount of foreign currency | Current exchange rate Pesos | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos |      |           |           |
| <b>Current Assets</b>                      |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Cash and banks                             |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Cash and banks in dollars                  | US\$                                | 2,723,855                   | 3.022                          | 8,231,490                           | US\$                           | 7,821,715                           | 23,824,945                     | US\$ | 86,148    | 257,755   |
| Cash and banks in brazilian reais          | Rs                                  | 109                         | 1.343                          | 146                                 | Rs                             | 1,489                               | 1,919                          | Rs   | 857       | 1,178     |
| Investments:                               |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Mutual funds                               | US\$                                | 1,136,014                   | 3.022                          | 3,433,034                           | US\$                           | 18,026                              | 54,906                         | US\$ | 30,714    | 91,897    |
| Interest from IRSA                         |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Convertible Notes 2007                     |                                     | 122,667                     | 3,062                          | 375,605                             |                                |                                     |                                |      |           |           |
| Subsidiaries, related companies Law 19,550 |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Article 33 and related parties:            |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| IRSA Inversiones y Representaciones S.A.   | US\$                                | 12,000,000                  | 3.062                          | 36,743,999                          | US\$                           | 125,333                             | 386,779                        | US\$ | 329,580   | 999,287   |
| Trade accounts receivable:                 |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Trade accounts receivable                  | US\$                                | 268,364                     | 3.022                          | 810,997                             | US\$                           | 1,041                               | 3,170                          | US\$ | 931,033   | 2,785,651 |
| Other receivables:                         |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Secured by mortgages                       | US\$                                | 976,184                     | 3.022                          | 2,950,028                           | US\$                           | 1,148,224                           | 3,497,490                      | US\$ | 1,563,797 | 4,678,880 |
| Guarantee deposits                         | US\$                                | 1,055,350                   | 3.022                          | 3,189,269                           | US\$                           | 471,102                             | 1,434,978                      | US\$ | 389,624   | 1,165,756 |
| Subsidiaries, related companies Law 19,550 |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Article 33 and related parties:            |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Cactus Argentina S.A                       | US\$                                | 3,549                       | 3.022                          | 10,726                              | US\$                           | 4,140                               | 12,775                         |      |           |           |
| IRSA Inversiones y Representaciones S.A.   | US\$                                | 34,670                      | 3.062                          | 106,159                             | US\$                           |                                     |                                |      |           |           |
| Others                                     | US\$                                | 20,000                      | 3.062                          | 61,240                              | US\$                           | 20,698                              | 63,875                         |      |           |           |
| <b>Non-Current Assets</b>                  |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Other receivables                          |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Secured by mortgages                       | US\$                                | 1,999,992                   | 3.022                          | 6,043,975                           | US\$                           | 2,713,488                           | 8,265,284                      | US\$ | 2,853,984 | 8,539,119 |
| Subsidiaries, related companies Law 19,550 |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |
| Article 33 and related parties:            |                                     |                             |                                |                                     |                                |                                     |                                |      |           |           |

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|  |      |            |       |            |      |            |                 |
|--|------|------------|-------|------------|------|------------|-----------------|
| Alto Palermo S.A   | US\$ | 124,787    | 3.062 | 382,099    | US\$ | 189,470    | 584,704         |
| IRSA Inversiones y Representaciones S.A.                                   | US\$ | 29,336     | 3.062 | 89,827     | US\$ | 48,721     | 150,353         |
| Others   | US\$ | 17,514     | 3.062 | 53,628     | US\$ | 27,067     | 83,529          |
| Investments:   |      |            |       |            |      |            |                 |
| IRSA Convertible Notes 2007  |      |            |       |            |      |            |                 |
| Subsidiaries, related companies Law 19,550 Article 33 and related parties: |      |            |       |            |      |            |                 |
| IRSA Inversiones y Representaciones S.A.                                   | US\$ |            | 3.062 |            | US\$ | 12,000,000 | 37,031,999      |
|  |      |            |       |            |      |            | US\$ 32,958,011 |
|  |      |            |       |            |      |            | 99,928,688      |
| US\$   | US\$ | 20,512,282 |       | 62,482,076 | US\$ | 24,589,025 | 75,394,787      |
|  |      |            |       |            |      |            | US\$ 39,142,891 |
|  |      |            |       |            |      |            | 118,447,033     |
| Rs   | Rs   | 109        |       | 146        | Rs   | 1,489      | 1,919           |
|  |      |            |       |            |      |            | 857             |
|  |      |            |       |            |      |            | 1,178           |
| <b>Total Assets</b>  |      |            |       | 62,482,222 |      | 75,396,706 | 118,448,211     |

US\$: US dollars

Rs: Brazilian Reais

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria  
Foreign currency assets and liabilities**

For the six-month periods ended December 31, 2006 and 2005 and the year ended June 30, 2006

(Notes 1 and 2)

Schedule G (Cont)

| Item   | December 31, 2006                   |                             |                                | June 30, 2006                       |                                | December 31, 2005                   |                                |
|--|-------------------------------------|-----------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|
|  | Type and amount of foreign currency | Current exchange rate Pesos | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos |
| <b>Current liabilities</b>   |                                     |                             |                                |                                     |                                |                                     |                                |
| Trade accounts payable:  |                                     |                             |                                |                                     |                                |                                     |                                |
| Suppliers  | US\$ 4,562,354                      | 3.062                       | 13,969,927                     | US\$ 3,536,482                      | 10,913,582                     | US\$ 4,015,661                      | 12,175,485                     |
| Interest to be accrued   | US\$                                | 3.062                       |                                | US\$ (36,573)                       | (112,863)                      | US\$ (138,319)                      | (419,384)                      |
| Accrual for other expenses   | US\$ 382,124                        | 3.062                       | 1,170,064                      | US\$ 862,487                        | 2,661,634                      | US\$ 1,230,438                      | 3,730,689                      |
| Loans:   |                                     |                             |                                |                                     |                                |                                     |                                |
| Local banks  | US\$ 4,477,031                      | 3.062                       | 13,708,670                     | US\$ 4,399,210                      | 13,575,961                     | US\$                                |                                |
| Interest of Convertible Bonds 2007   |                                     |                             |                                |                                     |                                |                                     |                                |
| Convertible Bonds 2007   | US\$ 82,318                         | 3.062                       | 252,058                        | US\$ 107,641                        | 332,179                        | US\$ 199,391                        | 604,553                        |
| Convertible Bonds 2007   |                                     |                             |                                |                                     |                                |                                     |                                |
| US\$ 8,052,869   | 3.062                               | 24,657,885                  |                                |                                     |                                |                                     |                                |
| Subsidiaries, related companies Law 19,550 Article 33 and related parties: |                                     |                             |                                |                                     |                                |                                     |                                |
| Shareholders   | US\$ 12,136,058                     | 3.062                       | 37,160,610                     | US\$ 156,508                        | 482,985                        | US\$ 178,589                        | 541,481                        |
| Directors  | US\$ 33,944                         | 3.062                       | 103,935                        | US\$ 351                            | 1,083                          | US\$ 343                            | 1,041                          |
| Other debts:   |                                     |                             |                                |                                     |                                |                                     |                                |
| Security transactions payable  |                                     |                             |                                |                                     |                                |                                     |                                |
| US\$   |                                     |                             |                                | US\$                                |                                | US\$                                |                                |
| Advances to customers  |                                     |                             |                                |                                     |                                |                                     |                                |
| US\$   |                                     |                             |                                | US\$                                |                                | US\$                                |                                |
| <b>Non-current liabilities</b>   |                                     |                             |                                |                                     |                                |                                     |                                |
| Trade accounts payable   |                                     |                             |                                |                                     |                                |                                     |                                |
| Accrual for other expenses   |                                     |                             |                                |                                     |                                |                                     |                                |
| US\$ 175,140   | 3.062                               | 536,279                     | US\$ 270,671                   | 835,292                             | US\$                           |                                     |                                |
| Loans:   |                                     |                             |                                |                                     |                                |                                     |                                |
| Foreign Banks  | US\$ 8,000,000                      | 3.062                       | 24,496,800                     | US\$ 6,600,000                      | 20,367,600                     | US\$                                |                                |
| Convertible Bonds 2007   | US\$                                | 3.062                       |                                | US\$ 10,306,022                     | 31,804,384                     | US\$ 19,505,607                     | 59,141,000                     |
| Subsidiaries, related companies Law 19,550 Article 33 and related parties: |                                     |                             |                                |                                     |                                |                                     |                                |
| Shareholders   | US\$                                | 3.062                       |                                | US\$ 14,984,838                     | 46,243,210                     | US\$ 17,470,641                     | 52,970,984                     |
| Directors  | US\$                                | 3.062                       |                                | US\$ 33,600                         | 103,690                        | US\$ 33,600                         | 101,875                        |
| <b>Total Liabilities</b>   | US\$ 37,901,838                     |                             | 116,055,428                    | US\$ 41,221,237                     | 127,208,737                    | US\$ 42,495,951                     | 128,847,724                    |

US\$: US dollars





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**Cresud Sociedad Anónima, Comercial,  
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Foreign currency assets and liabilities**

For the six-month periods ended December 31, 2006 and 2005

(Notes 1 and 2)

Schedule H

| Items                              | Total<br>December 31, |                   | Operating Expenses |                      |                  |                 |                  | Expenses                |                   | Total<br>December 31, |
|------------------------------------|-----------------------|-------------------|--------------------|----------------------|------------------|-----------------|------------------|-------------------------|-------------------|-----------------------|
|                                    | 2006                  | Total Pesos       | Crops<br>Pesos     | Beef cattle<br>Pesos | Milk<br>Pesos    | Others<br>Pesos | Selling<br>Pesos | Administrative<br>Pesos | 2005<br>Pesos     |                       |
| Directors fees                     | 127,972               |                   |                    |                      |                  |                 |                  | 127,972                 | 123,404           |                       |
| Fees and payments for services     | 2,406,940             | 260,806           | 24,598             | 147,768              | 88,440           |                 |                  | 2,146,134               | 1,129,971         |                       |
| Salaries and wages                 | 5,122,452             | 2,322,873         | 1,048,067          | 998,642              | 276,164          |                 |                  | 2,799,579               | 3,377,284         |                       |
| Social security taxes              | 1,178,722             | 530,336           | 309,560            | 196,098              | 24,678           |                 |                  | 648,386                 | 592,103           |                       |
| Taxes, rates and contributions     | 510,989               | 333,561           | 256,732            | 57,723               | 19,106           |                 |                  | 177,428                 | 221,016           |                       |
| Gross sales taxes                  | 332,933               |                   |                    |                      |                  |                 | 332,933          |                         | 429,076           |                       |
| Office and administrative expenses | 1,807,508             |                   |                    |                      |                  |                 |                  | 1,807,508               | 251,229           |                       |
| Bank commissions and expenses      | 9,136                 | 9,136             | 3,951              | 4,667                | 518              |                 |                  |                         | 4,942             |                       |
| Depreciation of fixed assets       | 1,902,805             | 1,736,894         | 997,059            | 525,987              | 213,848          |                 |                  | 165,911                 | 2,007,130         |                       |
| Vehicle and traveling expenses     | 206,229               | 103,408           | 46,223             | 51,413               | 5,772            |                 |                  | 102,821                 | 321,278           |                       |
| Spare parts and repairs            | 1,071,636             | 1,068,635         | 659,654            | 322,186              | 86,795           |                 |                  | 3,001                   | 596,878           |                       |
| Insurance                          | 261,630               | 215,267           | 161,904            | 46,918               | 4,247            | 2,198           |                  | 46,363                  | 125,247           |                       |
| Benefits to Employees              | 361,437               | 207,713           | 63,220             | 119,747              | 24,746           |                 |                  | 153,724                 | 219,041           |                       |
| Livestock expenses (1)             | 5,469,297             | 4,997,044         |                    | 4,997,044            |                  |                 | 472,253          |                         | 5,436,057         |                       |
| Dairy farm expenses (2)            | 1,757,710             | 1,746,983         |                    |                      | 1,746,983        |                 | 10,727           |                         | 1,594,134         |                       |
| Agricultural expenses (3)          | 7,349,935             | 5,873,131         | 5,873,131          |                      |                  |                 | 1,476,804        |                         | 6,629,645         |                       |
| Silo expenses                      | 30,496                | 30,496            | 30,496             |                      |                  |                 |                  |                         | 13,052            |                       |
| General expenses                   | 287,682               | 281,970           | 189,500            | 81,028               | 11,372           | 70              |                  | 5,712                   | 254,164           |                       |
| <b>Total at December 31, 2006</b>  | <b>30,195,509</b>     | <b>19,718,253</b> | <b>9,664,095</b>   | <b>7,549,221</b>     | <b>2,502,669</b> | <b>2,268</b>    | <b>2,292,717</b> | <b>8,184,539</b>        |                   |                       |
| <b>Total at December 31, 2005</b>  |                       | <b>14,571,767</b> | <b>5,063,443</b>   | <b>7,046,909</b>     | <b>2,448,164</b> | <b>13,251</b>   | <b>4,786,908</b> | <b>3,966,976</b>        | <b>23,325,651</b> |                       |

(1) Includes cattle food and additives, lodging, animal health and others.

(2) Includes cattle food and additives, animal health and others.

(3) Includes seeds, agrochemicals, irrigation, services hired, leases and others.

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**Additional Information to the Notes to the Financial Statements****1. LEGAL FRAMEWORK**

There are no specific significant legal regimes that would imply contingent suspension or application of the benefits included in these regulations.

**2. RELEVANT MODIFICATONS IN THE COMPANY S ACTIVITIES**

They are detailed in the Business Highlight, which is attached to the present financial statements.

**3. CLASSIFICATION OF OUTSTANDING ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES ACCORDING TO THEIR MATURITY**

- a. Other Receivables and prepaid expenses without a due date at December 31, 2006

|             | Law No. 19,550 Section 33 |                       |              |                 |               |               |                     |               |
|-------------|---------------------------|-----------------------|--------------|-----------------|---------------|---------------|---------------------|---------------|
|             | Other                     | AGRO<br>URANGA        | FYO<br>Other | CACTUS<br>Other | IGSA<br>Other | IRSA<br>Other | BRASILAGRO<br>Other | ACER<br>Other |
|             | Receivables               | Others<br>Receivables | Receivables  | Receivables     | Receivables   | Receivables   | Receivables         | Receivables   |
|             | Pesos                     | Pesos                 | Pesos        | Pesos           | Pesos         | Pesos         | Pesos               | Pesos         |
| Current     | 176,784                   | 1,052,378             | 23,603       |                 |               | 106,159       | 593,313             |               |
| Non-current | 32,668,379                |                       |              | 10,726          | 1,359,299     | 89,827        |                     | 9,179,635     |

- b. Trade Accounts Receivable and other receivables to fall due at December 31, 2006

|          | Law No. 19,550 Section 33        |  |   |   |   | Law No. 19,550 Section 33 |                             |                               |                             |
|----------|----------------------------------|--|---|---|---|---------------------------|-----------------------------|-------------------------------|-----------------------------|
|          | Trade<br>Accounts<br>Receivables | FYO<br>Trade<br>Accounts<br>Receivable | IGSA<br>Trade<br>Accounts<br>Receivable | CACTUS<br>Trade<br>Accounts<br>Receivable | ACER<br>Trade<br>Accounts<br>Receivable | Other<br>Receivables      | IRSA<br>Other<br>Receivable | CACTUS<br>Other<br>Receivable | ACER<br>Other<br>Receivable |
|          | \$                               | \$                                     | \$                                      | \$  | \$                                      | \$                        | \$                          | \$                            | \$                          |
| 03/31/07 | 8,898,681                        | 427,667                                | 153,202                                 | 65,288                                    | 57,201                                  | 8,352,112                 |                             |                               |                             |
| 06/30/07 |                                  |  |   |   |   | 335,857                   |                             |                               |                             |
| 09/30/07 |                                  |  |   |   |   | 2,777,972                 |                             |                               |                             |
| 12/31/07 |                                  |  |   |   |   | 335,848                   |                             |                               |                             |
| 03/31/08 |                                  |  |   |   |   | 424,579                   |                             |                               |                             |
| 06/30/08 |                                  |  |   |   |   |                           |                             |                               |                             |
| 09/30/08 |                                  |  |   |   |   | 2,156,185                 |                             |                               |                             |
| 12/31/08 |                                  |  |   |   |   |                           |                             |                               |                             |

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|          |           |
|----------|-----------|
| 09/30/09 | 1,731,606 |
| 09/30/10 | 1,731,606 |

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**Additional Information to the Notes to the Financial Statements**

(Continued)

**4. CLASSIFICATION OF OUTSTANDING DEBTS ACCORDING TO THEIR MATURITY**

- a. There are no past due debts at December 31, 2006.
- b. Debts without a due date at December 31, 2006.

|             | Trade<br>Payables | Loans      | Taxes<br>Payable | Allowances |
|-------------|-------------------|------------|------------------|------------|
|             | Pesos             | Pesos      | Pesos            | Pesos      |
| Current     |                   | 59,833,928 |                  |            |
| Non-current | 536,279           |            | 39,831,402       | 45,216     |

- c. Debts to fall due at December 31, 2006.

|          | Trade<br>Accounts<br>Payable | Law No. 19,550<br>IGSA | Section 33<br>CACTUS | Loans      | Salaries<br>and<br>Social<br>Security<br>Payable | Taxes<br>Payable | Other<br>Debts |
|----------|------------------------------|------------------------|----------------------|------------|--|------------------|----------------|
|          | Pesos                        | Pesos                  | Pesos                | Pesos      | Pesos  | Pesos            | Pesos          |
| 03/31/07 | 33,284,420                   |                        |                      | 13,708,670 | 1,002,881  | 3,262,541        | 3,089,267      |
| 06/30/07 |                              |                        |                      | 629,130    |  |                  |                |
| 09/30/07 |                              |                        |                      | 4,312,710  | 563,257  |                  |                |
| 12/31/07 |                              |                        |                      | 61,333,223 |  |                  |                |
| 12/31/08 |                              |                        |                      | 24,496,000 |  |                  |                |

**5. CLASSIFICATION OF OUTSTANDING ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES ACCORDING TO THEIR FINANCIAL EFFECTS**

- a.

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|               | Trade<br>Accounts<br>Receivable<br>Pesos | Law No. 19,550 Section 33                       |  |  |  | Other<br>Receivables<br>Pesos | IRSA<br>Other<br>receivables<br>Pesos | Law No. 19,550 Section 33                       |                                       |                                      |        | Cactus<br>Other<br>receivables<br>Pesos |
|---------------|--|---|--|--|--|-------------------------------|---------------------------------------|---|---------------------------------------|--------------------------------------|--------|---|
|               |  | FYO<br>Trade<br>accounts<br>receivable<br>Pesos | IGSA<br>Trade<br>accounts<br>receivable<br>Pesos | CACTUS<br>Trade<br>accounts<br>receivable<br>Pesos | ACER<br>Trade<br>accounts<br>receivable<br>Pesos |                               |                                       | AGRO<br>URANGA<br>Other<br>receivables<br>Pesos | IGSA<br>Other<br>receivables<br>Pesos | FYO<br>Other<br>receivables<br>Pesos |        |   |
| In<br>Pesos   | 8,087,684                                | 427,667   | 153,202  | 65,288   | 57,201   | 38,497,833                    | 106,159                               | 9,179,635                                       | 1,052,378                             | 1,359,299                            | 23,603 |   |
| In<br>Dollars | 810,997                                  |   |  |  |  | 12,680,239                    | 195,986                               |   |                                       |                                      |        | 10,726                                  |

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**Additional Information to the Notes to the Financial Statements**

(Continued)

- b. All accounts receivable and other receivables and prepaid expenses are not subject to adjustment provisions.
- c.

|   | Trade               | Law No. 19,550 Section 33 |         |        |        | Other      | Law No. 19,550 Section 33 |        |           |             |         |        |
|---|---------------------|---------------------------|---------|--------|--------|------------|---------------------------|--------|-----------|-------------|---------|--------|
|   | Accounts Receivable | IGSA                      | FYO     | Cactus | ACER   |            | IGSA                      | FYO    | ACER      | Agro Uranga | IRSA    | Cactus |
|   | Pesos               | Pesos                     | Pesos   | Pesos  | Pesos  | Pesos      | Pesos                     | Pesos  | Pesos     | Pesos       | Pesos   | Pesos  |
| Outstanding balances accruing interests     |                     |                           |         |        |        | 8,829,786  | 1,263,925                 |        | 9,037,416 |             |         |        |
| Outstanding balances not accruing interests | 8,898,681           | 153,202                   | 427,667 | 65,288 | 57,201 | 42,454,445 | 95,374                    | 23,603 | 142,219   | 1,052,378   | 195,986 | 10,726 |

**6. CLASSIFICATION OF DEBTS ACCORDING TO THEIR FINANCIAL EFFECTS**

a.

|            | Law No. 19,550 Section 33 Agro |                                |                                | Loans       | Salaries and Social security Payables | Taxes Payables | Other debts | Provisions |
|------------|--------------------------------|--------------------------------|--------------------------------|-------------|---------------------------------------|----------------|-------------|------------|
|            | Trade Accounts Payable         | Uranga Trade Accounts Payables | Cactus Trade Accounts Payables |             |                                       |                |             |            |
|            | Pesos                          | Pesos                          | Pesos                          | Pesos       | Pesos                                 | Pesos          | Pesos       | Pesos      |
| In Pesos   | 18,004,657                     |                                |                                | 63,934,503  | 1,566,138                             | 43,093,943     | 3,089,267   | 45,216     |
| In Dollars | 15,676,270                     |                                |                                | 100,379,158 |                                       |                |             |            |

- b. All debts outstanding are not subject to adjustment provisions.

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(Continued)

c.

|  | Trade<br>Accounts<br>Payable | Law No. 19,550<br>IRSA<br>Trade<br>Accounts<br>Payable | Section 33<br>Cactus<br>Trade<br>Accounts<br>Payable | Loans       | Salaries<br>and<br>Social<br>Security<br>Payable | Taxes<br>Payable | Other<br>Debts | Provisions |
|--|------------------------------|--|--|-------------|--|------------------|----------------|------------|
|  | Pesos                        | Pesos  | Pesos  | Pesos       | Pesos  | Pesos            | Pesos          | Pesos      |
| Outstanding debts accruing Interests     | 4,439,062                    |  |  | 163,684,531 |  |                  |                |            |
| Outstanding debts not accruing interests | 29,241,865                   | 139,772  |  | 629,130     | 1,566,138  | 43,093,943       | 3,089,267      | 45,216     |

**7. INTEREST IN OTHER COMPANIES (Law No. 19,550 Section 33)**

Interests in other companies capital and the number of votes held in those companies governed by Law No. 19,550 Section 33 are explained in Note 2 to the consolidated financial statements and intercompany balances as of December 31, 2006 are described in captions 4 and 5 above.

**8. RECEIVABLES FROM OR LOANS TO DIRECTORS AND STATUTORY AUDIT COMMITTEE MEMBERS**

As of December 31, 2006 there were advance payments to directors for Ps. 90,000, and there were no receivables due from or loans to Statutory Auditors and relatives up to and including second degree, of directors and Statutory Auditors.

**9. PHYSICAL INVENTORIES**

The company conducts physical inventories once a period in each property, covering all the assets under such account. There is no relevant immobilization of inventory.

**10. VALUATION OF INVENTORIES**

We further inform the sources for the information used to calculate the fair value:

- Cattle for fattening, valued at the market value net of estimated sale expenses: quotation in (Mercado de Hacienda de Liniers).
- Cattle for raising and daily production valued at its replacement cost: according to specific appraisals made by renowned experts.

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c. Crops: official quotation of the Cámara Arbitral de Cereales for the port closest to the warehouse, published by media of wide circulation (Diario La Nación) net of estimated sale expenses.

d. The remaining inventory stated at its replacement cost: seeds, forage and materials: replacement cost published by a well-known magazine (revista Márgenes Agropecuarios).



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**Additional Information to the Notes to the Financial Statements**

**(Continued)**

**11. TECHNICAL REVALUATION OF FIXED ASSETS**

There are no fixed assets subject to technical revaluation.

**12. OBSOLETE FIXED ASSETS**

There are no obsolete fixed assets with accounting value.

**13. EQUITY INTERESTS IN OTHER COMPANIES**

There are no equity interests in other companies in excess of the provisions of Law No. 19,550 Section 31.

**14. RECOVERABLE VALUES**

The recoverable value of the inventory under consideration is the net realizable value (selling price at the end of the period less estimated selling expenses). The recoverable value of fixed assets under consideration is the economic use value determined by the possibility of absorbing the depreciations with the income of the Company.

**15. INSURANCES**

The types of insurance used by the company are the following:

|   |   | <b>Amount insured</b> | <b>Account Value</b> |
|---|---|-----------------------|----------------------|
| <b>Insured property</b>                   | <b>Risk covered</b>                               | <b>Pesos</b>          | <b>Pesos</b>         |
| Buildings, machinery, silos and furniture | Theft, fire and technical insurance               | 67,269,720            | 31,754,705           |
| Vehicles                                  | Theft, fire and civil and third parties liability | 2,188,386             | 938,342              |

**16. CONTINGENCIES**

At December 31, 2006 there are no contingent situations that have not been accounted for.

**17. IRREVOCABLE CONTRIBUTIONS TO CAPITAL ON ACCOUNT OF FUTURE SUBSCRIPTIONS**

None.

**18. DIVIDENDS ON PREFERRED STOCK**

There are no cumulative dividends not paid on preferred stock.

**19. LIMITATIONS OF PROFIT DISTRIBUTIONS**

See Note 19 to the Financial Statements.

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**Cresud Sociedad Anónima, Comercial,**

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Business Highlight

**Buenos Aires, February 12, 2007** - Cresud S.A.C.I.F. y A. (Nasdaq: CRESY BCBA: CRES), one of the leading agricultural companies in Argentina, announced today its results for the first six-month period of fiscal year 2007, ended December 31, 2006.

**The results for the first six-month period of fiscal year 2007 showed a net profit of Ps. 17.0 million** compared to the Ps. 23.9 million profit for the same period of the previous fiscal year.

**Consolidated net sales for the period** showed Ps. 41.4 million, 24.3% lower than consolidated net sales for the same period of the previous year.

The decrease in net results and net sales is basically attributable to a decrease in the tons of crops sold, mainly due to the fact that a significant part of the production was sold during the last weeks of June 2006, leaving a lesser available stock for the current period.

For this same reason, **gross profit** for the six-month period of fiscal year 2007 was Ps. 5.9 million as compared to Ps. 10.0 million gross profit for the same period of the previous year.

**Operating results** for the six-month period ended December 31, 2006 showed a Ps. 0.4 million loss, as compared to the Ps. 14.7 million profit for the same period of the previous fiscal year. This difference is mainly attributable to a Ps. 9.9 million profit recorded in the prior fiscal year as a result of the sale of El Gualicho farm.

**Results from related companies** showed a Ps. 23.0 million profit, recording a 200% increase as compared to the same period of fiscal year 2006, mainly due to our interest in IRSA Inversiones y Representaciones S.A. as of December 31, 2006.

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Business Highlight (Continued)

**Summary of operations**

**Crops**

Crops sales totaled Ps. 13.2 million for this six month period, as compared to Ps. 28.9 million crop sales for the previous period. Crops sales amounted to 31,256 tons at an average price per ton of Ps. 423.5 compared to 86,347 tons sold at an average price of Ps. 335 during the same period of the previous fiscal year. The decrease in tons sold is mainly due to that a significant part of the production was sold in the last weeks of June 2006, leaving a lesser available stock for the current period. However, the average price increase per ton of more than 25% should be highlighted.

At December 31, 2006, 100% of the 7,107 hectares sown with wheat had been harvested. Corn, sunflower and soybean crops have also been showing a satisfactory performance.

Our crop stock, mainly made up by 12,905 tons of wheat and 816 tons of corn, totaled 14,481 tons at the end of the six-month period. The rest pertains to soybean, peas and sorghum.

In the period ended December 31, 2006, the gross results in this segment were a Ps. 3.4 million loss compared to a Ps. 3.5 million profit for the same period of the previous fiscal year. The decrease is basically due to the fact that 90% of our crops have not been harvested yet, and so the results thereof shall be recorded in the next semester.

In the current season, our agricultural activities extend over 48,015 hectares, 25,307 of which were leased from third parties. The total number of hectares devoted to agricultural activities has risen by 10,993 compared to the previous year, mainly as a result of the increase in land leased from third parties.

**Beef Cattle**

At December 31 2006, the Company had a 95,010-head cattle stock. The total surface area devoted to beef cattle activities was 119,361 hectares.

Livestock sales decreased by 10.8% compared to the previous fiscal year, from Ps. 17.3 million at December 31, 2005 to Ps. 15.4 million at December 31, 2006. During the first six-month period of the current fiscal year, sales totaled 6,696 tons, compared to 7,792 tons sold in the first six-month period of fiscal year 2006, showing a 14% decrease.

Gross profit in the cattle beef segment was Ps. 3.5 million, compared to Ps. 2.6 million for the first six-month period of the previous fiscal year, generating a 35% improvement.

Cattle beef production was 5,200 tons, showing a 14.7% increase as compared to the previous fiscal year.

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Business Highlight (Continued)

**Milk**

Milk production increased by 13.1% in the six-month period, from 7.9 million liters at December 31, 2005 to 8.9 million liters at December 31, 2006.

Gross profit as of December 31, 2006 amounted to Ps. 1.9 million, maintaining the same level recorded in the same period of the previous fiscal year.

Although the price per liter of milk kept steady, milk production rose in a greater proportion, so the sales for the six-month period totaled Ps. 4.6 million, showing a 7.6% increase as compared to the same semester of fiscal year 2006.

At present, the Company has two dairy farms: El Tigre, equipped with state-of-the-art technology, and La Juanita, where the feeding system is mainly pasture-based (implying lower costs).

The Company is making investments in the premises of a second dairy farm at La Juanita; the works are expected to be finished by mid-March 2007. This would be the second dairy farm at La Juanita, with a capacity to milk 1,200 cows per day. Productive capacity of this farm is expected to rise approximately by 24,000 liters per day, thereby generating more than 40,000 liters of milk per day.

**Feed Lot**

The Company has a 50% equity interest in Cactus Argentina S.A., which in turn operates a 170-hectare Feed Lot in the province of San Luis; during the six-month period ended December 31, 2006, the Feed Lot continued to play a key role in our Company's cattle beef production, thereby consolidating its growth.

Cactus Argentina S.A.'s gross profit for the six-month period was Ps. 0.9 million, showing a 31% decrease as compared to the same semester of the previous fiscal year. Net result for the same period amounted to Ps. 0.2 million profit, maintaining the same level recorded in the six-month period ended December 31, 2005.

Feed-lot fed animals yield consistently standard-end products, therefore buyers obtain high quality, which facilitates trading activities, increases prices and enhances access to the European market.

Furthermore, the recent association with Tyson foods Inc. constitutes the first Argentine livestock vertically integrated project, which shall produce beef cattle cuts for the Argentine consumer and shall have access to the European market and other international markets.

**Purchase and sale of farms**

In September 2005, we signed the title deed for the acquisition of San Pedro, a 6,022-hectare farm located in the Department of Concepción del Uruguay, province of Entre Ríos. The purchase price was agreed at US\$16.0 million, of which US\$9.5 million were paid upon execution of the title deed, US\$4.0 million were canceled on December 14, 2005, and US\$1.05 were cancelled on September 1, 2006. The remaining US\$1.4 million matures in September 2007.

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Business Highlight (Continued)

**Development of marginal lands**

We believe that the potential of the segment lies on the development of marginal land, as has been the case in various countries worldwide. With the help of state-of-the-art technology we can obtain yields similar to, and returns better than, those in the core areas.

During the second quarter of fiscal year 2007, development efforts continued at our Los Pozos farm located in the province of Salta, where 32,000 hectares have already been prepared for agricultural and/or livestock activities. A further 32,000 hectares continue to be developed.

Furthermore, 5,700 hectares of Cervera Agropecuaria have been prepared for production activities, and a further 30,000 hectares continue to be developed.

At December 31, 2006, Cresud's land reserves amounted in the aggregate to 250,722 hectares, which had been acquired at very low prices. In our opinion, the development of these areas, accompanied by technological breakthroughs will contribute to appreciate the value of land which will in turn imply significant gains for the Company.

**Investments in other companies**

Cresud, through its subsidiary Cactus Argentina S.A., together with Tyson Foods, Inc. and Cactus Feeders Inc, has commenced an entrepreneurship in Argentina that will be the first Argentine livestock vertically integrated project.

Therefore, the capital stock of Cactus Argentina is comprised as follows: Cactus Feeders Inc. 24%; Cresud SACIF y A 24%; and Tyson (through Provemex Holdings LLP) 52%.

This development will produce cattle beef cuts for the Argentine consumer and shall have access to the European market and other international markets.

Cactus and Cresud have successfully operated the feed lot located in Villa Mercedes, San Luis, since 1999. Actually, the feed lot can lodge 25,000 heads, but the capacity shall be enlarged during this new stage. Furthermore, Cactus Argentina has acquired a slaughter house

Exportaciones Agroindustriales Argentina S.A. located in Santa Rosa, La Pampa. Such plant can process 9,500 heads per month, but can be expanded up to 15,000 head per month with a limited capital investment. The plant is fully licensed to export to the European Union and other international markets.

Cresud's ability in the agricultural and livestock market, Cactus experience in the feedlot business and Tyson's success in the production and marketing of beef cattle shall create a new leading company that will produce beef cuts both for the domestic and foreign market.

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Business Highlight (Continued)

**Expansion to Brazil**

On May 2, 2006, BrasilAgro Compañía Brasileira de Propriedades Agrícolas- shares began to be listed on Novo Mercado de la Bolsa de Valores Brasileña (BOVESPA) under the symbol AGRO3 meeting the highest standards of the Brazilian Government. Shares were paid in and subscribed for an aggregate amount of Reales 42.4 million (approximately US\$20.6 million). As from such subscription, Cresud S.A.C.I.F. y A. holds an aggregate number of 42,705 shares, equal to 7.3% of BrasilAgro's equity. As consideration for founding the company, Cresud S.A.C.I.F. y A. received, at no cost, 104,902 purchase options to subscribe additional shares of BrasilAgro during 15 years at the same price offered in the initial offering, i.e. Reales 1,000 adjusted by the IPCA inflation index. In the event of exercise of the option, Cresud S.A.C.I.F. y A. may acquire 59,850 additional shares, increasing to 14.1% its interest in BrasilAgro's diluted capital. The third part of this option may be exercised upon the second anniversary, and the balance upon the third anniversary.

Furthermore, Cresud received, at no cost, a second series of options for an aggregate of 104,902, which may be exercised at the election of Cresud in the event that a third party makes an offer to acquire the BrasilAgro shares. The exercise price of these options shall be the same price of the acquisition offer mentioned above. The second series of options matures on 2021. As of December 31, 2006, the Company has not recorded any amount in connection with the holding of such options.

BrasilAgro continues to acquire properties. On December 2006, the company added the Engenho farm to the ones recently acquired ( Sao Pedro , located at Chapadao do Sul (MS) with an area of 2,443 hectares and Cremaq , located at Bahía Grande do Ribeiro (Piauui) with an area of 32,375 hectares). Engenho is located in Maracaju, state of Mato Grosso do Sul and has an area of 2,022 hectares. The real property was acquired for Reales 10.1 million (approximately US\$4.7 million<sup>1</sup>). Currently, the property is operated under a lease agreement by the factory Maracaju which will provide the company with 7.5 or 8 tons of sugar cane per hectare per year. The company expects to develop sugar cane activities upon the termination of the lease agreements.

BrasilAgro will continue to focus its activities on the el agricultural Real Estate and on the development of its four main business lines: sugar cane; crops and cotton; forestry and livestock.

**Internet**

The Company holds a 70% equity interest in Fyo.com, an Internet site. Fyo.com's position as leader in the farming sector continues to strengthen on the basis of the broad range of business services offered to the sector and Fyo.com's role in direct sales of supplies and crop brokerage services.

At present, Futuros y Opciones.com S.A. has a database of 60,000 users and more than 7,000 farmers authorized to carry out business. The strategy implemented consists in focusing on business services to farmers by leveraging on Cresud's experience and operating capacity in the business, with Fyo.com being the link with customers.

During the period ended December 31, 2006, Futuros y Opciones.com S.A. posted income for Ps. 2 million, 40% higher than the income for the same period of the previous fiscal year. Net results for the period were a Ps. 0.05 million profit, as compared to the Ps. 0.26 million loss for the same period in fiscal year 2006.

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<sup>1</sup> Exchange rate as of 12/29/06: 1US\$ - R\$ 2.1355

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Business Highlight (Continued)

**Principal indicators for the six-month periods ended December 31, 2006 and 2005**

|                                     | 6-month period<br>ended December 31,<br>2006 | 6-month period<br>ended December 31,<br>2005 | %             |
|-------------------------------------|--|--|---------------|
| <b>Sales (volume)</b>               |  |  |               |
| Wheat (tons)                        | 15,199                                       | 6,189  | 145.6%        |
| Corn (tons)                         | 4,133  | 49,386                                       | -91.6%        |
| Sunflower (tons)                    | 479  | 1,810  | -73.6%        |
| Soybean (tons)                      | 11,445                                       | 25,539                                       | -55.2%        |
| Others (tons)                       |  | 3,423  | 0.0%          |
| <b>Total crops (tons)</b>           | <b>31,256</b>                                | <b>86,347</b>                                | <b>-63.8%</b> |
| Beef cattle (tons)                  | 6,696  | 7,792  | -14.1%        |
| Milk (Thousands of liters)          | 8,896  | 7,863  | 13.1%         |
| <b>Production</b>                   |  |  |               |
| Wheat (Tons)                        | 16,902                                       | 14,305                                       | 18.2%         |
| Corn (Tons)                         | 2,618  | 2,311  | 13.3%         |
| Sunflower (Tons)                    |  |  | 0.0%          |
| Soybean (Tons)                      |  | 6  | 0.0%          |
| Beef cattle (Tons)                  | 5,200  | 4,532  | 14.7%         |
| Milk (Thousands of liters)          | 8,896  | 7,863  | 13.1%         |
| <b>Exploited surface (hectares)</b> |  |  |               |
| Crops                               |  |  |               |
| Ownedfarms                          | 22,708                                       | 20,018                                       | 13.4%         |
| Leasedfarms                         | 25,307                                       | 17,004                                       | 48.8%         |
| Beef cattle                         |  |  |               |
| Ownedfarms                          | 104,933                                      | 97,299                                       | 7.8%          |
| Leasedfarms                         | 14,428                                       | 32,647                                       | -55.8%        |
| Dairy                               |  |  |               |
| Ownedfarms                          | 2,376  | 1,505  | 57.9%         |
| <b>Land Reserve (hectares)</b>      | 250,722                                      | 258,477                                      | -3.0%         |
| <b>Surface under irrigation</b>     |  |  |               |
| Ownedfarms                          | 3,701  | 3,750  | -1.3%         |
| Leasedfarms                         | 1,002  |  | 0.0%          |
| <b>Storage capacity (tons)</b>      |  |  |               |
| Ownedplants                         | 10,000                                       | 10,000                                       | 0.0%          |
| Leasedplants                        | 8,000  |  | 0.0%          |
| <b>Total head of cattle</b>         | 95,010                                       | 93,242                                       | 1.9%          |
| <b>Dairy farm stock (head)</b>      | 6,615  | 5,262  | 25.7%         |
| <b>Milking cows</b>                 | 3,406  | 3,070  | 10.9%         |

*Note: This table does neither include Agro-Uranga (35.72% of 8,299 hectares) nor Agropecuaria Cervera S.A. (99.99% of 160,000 hectares. Under concession)*





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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

**Results from IRSA Inversiones y Representaciones S.A.**

The result derived from our equity interest in IRSA Inversiones y Representaciones (NYSE: IRS BCBA: IRSA) showed a Ps. 66.1 million profit for the semester under consideration, compared to a Ps. 29.0 million profit at December 31, 2005.

IRSA's results are basically due to the following circumstances: revenues increased by 56.1% from Ps. 256.4 million at December 31, 2005 to Ps. 400.2 million at December 31, 2006, accounted for by the following increases (i) Ps. 61.0 million in the shopping center segment, (ii) Ps. 63.0 million in sales and developments, (iii) Ps. 9.6 million in the hotels segment, (iv) Ps. 9.6 million in offices and other lease properties, and (v) Ps. 0.6 million in financial and other operations.

IRSA is Argentina's leading real estate company with a fully diversified portfolio of properties. IRSA participates in the following business segments:

**Office rental** with more than 104,257 sqm. for lease of premium offices.

Operation of **Shopping Centers** through its 61.7% equity interest in Alto Palermo S.A. (APSA) (Nasdaq: APSA, BCBA: APSA). APSA is one of the leading operators of shopping centers in Argentina and owns or has majority interests in 10 shopping centers with 213,470 sqm. of Gross Leasable Area.

Holding and operation of luxury **hotels** through its equity interest in 3 five-star hotels. Besides, IRSA owns residential properties for sale and land reserves for **current and future developments** with a book value of Ps. 419.3 million.

Additionally, IRSA has an 11.76% ownership interest in Banco Hipotecario, the leading Argentine mortgage bank which net worth amounts to Ps. 2,379.7 million. This amount has been calculated in accordance with the regulations of the Argentine Central Bank on the basis of temporary amounts, as at the time of issuance of IRSA's financial statements at December 31, 2006, Banco Hipotecario S.A. had not yet completed the issuance and approval of its financial statements.

IRSA's total consolidated assets amount to Ps. 3,099.3 million and its net worth amounts to Ps. 1,576.6 million.

At December 31, 2006, the amount of outstanding Convertible Notes and warrants was US\$ 24.7 million and US\$ 46.2 million, respectively. Outstanding shares at that date were 448,742,660.

At December 31, 2006, our equity interest in IRSA amounted to 25.9% of its total outstanding shares. In addition, our holdings of Convertible Notes and Warrants issued by IRSA amount to US\$12.0 million and 32,958,011 units respectively. Should the option and conversion rights be exercised on equal footing with all remaining bondholders, Cresud would become the owner of 34.3% of IRSA's capital stock. Our ownership interest in IRSA is currently assessed through the application of the equity method.

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

**Other Highlights**

**Reduction of debt due to the conversion of Notes and exercise of Warrants**

As of the date of this report, Cresud's indebtedness resulting from the issuance of Convertible Notes diminished by US\$29.9 million, from the US\$50.0 million originally issued, as a result of the conversions received. In addition, as of the date of this report, a total amount of 26,510,277 Warrants have been exercised, which generated income for the company in the amount of US\$31.8 million.

Therefore, after giving effect to all the conversions received and warrants exercised, the amount of Convertible Notes outstanding as of the date of this report is US\$20.1 and the amount of outstanding Warrants is 23,489,723. The amount of shares issued was 14,569,588, which raised the company's total outstanding shares to 235,372,425.

At December 31, 2006, the Company's holdings in IRSA's Convertible Notes amounted to US\$12.0 million; such Notes accrue interest at an 8% annual rate (payable on a half-yearly basis). During this period, Cresud did not make any conversion.

The following is a detail of the past, present and potential situation of the Convertible Notes issued on November 14, 2002 under the laws of the State of New York at an 8% interest rate (payable on a half-yearly basis) maturing on November 14, 2007 and convertible at a price of US\$ 0.5078 per share of 1.00 par value (1.9693 shares for each Convertible Note). The Convertible Notes also have a warrant attached that allows its holder to purchase 1.9693 shares of \$1.00 par value at a price of US\$0.6093 each per Convertible Note.

**Note:** Total conversion refers to a situation in which all the holders of Convertible Notes exercise their right to convert the notes into shares and all the options granted by the Warrants.

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

**Dividend Distribution**

On October 31, 2006, the Company's Ordinary and Extraordinary Shareholders Meeting approved the distribution in cash of Ps. 5.5 million as dividends or Ps. 0.0248 per share of Ps. 1.00 par value (Ps. 0.248 per ADR). Dividends were effectively paid as from November 29, 2006.

**Prospects for the coming quarter**

Prospects for the coming quarter are quite encouraging: the prices of commodities continue to be very firm and therefore we expect an increase in our returns. Prospects are also favorable as regards progress in soybean, sunflower and corn harvesting activities for next quarter. In relation to the budget, soybean and sunflower crops are showing optimum performance as of the date of this report. In the case of corn, we estimate a 10% gain resulting from the good climate.

Saul Zang  
Vicepresident

**Table of Contents****Cresud Sociedad Anónima, Comercial,****Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

**Comparative Shareholders Equity Structure**

|                          | At December 31,<br>2006 | At December 31,<br>2005 | At December 31,<br>2004 | At December 31,<br>2003 | At December 31,<br>2002 |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                          | Pesos                   | Pesos                   | Pesos                   | Pesos                   | Pesos                   |
| Current Assets           | 135,970,112             | 80,446,179              | 89,091,991              | 69,522,344              | 82,707,765              |
| Non-current Assets       | 779,643,108             | 672,427,556             | 609,533,419             | 525,729,702             | 497,572,921             |
| <b>Total Assets</b>      | <b>915,613,220</b>      | <b>752,873,735</b>      | <b>698,625,410</b>      | <b>595,252,046</b>      | <b>580,280,686</b>      |
| Current Liabilities      | 187,681,350             | 52,277,762              | 66,430,672              | 12,520,393              | 27,866,941              |
| Non-current Liabilities  | 66,504,994              | 157,085,143             | 152,099,365             | 151,890,701             | 193,294,773             |
| <b>Total Liabilities</b> | <b>254,186,344</b>      | <b>209,362,905</b>      | <b>218,530,037</b>      | <b>164,411,094</b>      | <b>221,161,714</b>      |
| Minority Interest        | 576,428                 | 200,444                 | 5,366                   | 104,178                 | 318,671                 |
| Shareholders Equity      | 660,850,448             | 543,310,386             | 480,090,007             | 430,736,774             | 358,800,301             |
|                          | <b>915,613,220</b>      | <b>752,873,735</b>      | <b>698,625,410</b>      | <b>595,252,046</b>      | <b>580,280,686</b>      |

**Comparative Income Structure**

|  | At December 31,<br>2006 | At December 31,<br>2005 | At December 31,<br>2004 | At December 31,<br>2003 | At December 31,<br>2002 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Pesos                   | Pesos                   | Pesos                   | Pesos                   | Pesos                   |
| Operating income (loss)                        | (381,418)               | 14,670,866              | 7,058,416               | 5,486,663               | 20,659,485              |
| Financial and holding gain (loss)              | (4,343,286)             | 16,876,779              | (2,194,831)             | 602,205                 | (13,012,668)            |
| Other income and expenses and income on equity | 21,747,793              | 6,625,773               | 10,781,030              | 2,359,620               | 39,728,645              |
| Management fees                                | (2,108,111)             | (2,653,994)             | (1,059,305)             | (529,129)               | (3,419,171)             |
| <b>Operating net income (loss)</b>             | <b>14,914,978</b>       | <b>35,519,424</b>       | <b>14,585,310</b>       | <b>7,919,359</b>        | <b>43,956,291</b>       |
| Income Tax                                     | 2,140,134               | (11,709,985)            | (5,111,658)             | (3,259,735)             | (7,964,246)             |
| Minority Interest                              | (16,557)                | 76,503                  | 60,085                  | 102,532                 | 112,129                 |
| <b>Net Income</b>                              | <b>17,038,555</b>       | <b>23,885,942</b>       | <b>9,533,737</b>        | <b>4,762,156</b>        | <b>36,104,174</b>       |

**Production volume**

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|                          | Three-month<br>period<br>December 31,<br>2006 | Accumulated<br>July 1, 2006 to<br>December 31,<br>2006 | Three-month<br>period<br>December 31,<br>2005 | Accumulated<br>July 1, 2005 to<br>December 31,<br>2005 | Three-month<br>period<br>December 31,<br>2004 | Accumulated<br>July 1, 2004 to<br>December 31,<br>2004 | Three-month<br>period<br>December 31,<br>2003 | Accumulated<br>July 1, 2003 to<br>December 31,<br>2003 | Three-month<br>period<br>December 31,<br>2002 | Accumulated<br>July 1, 2002 to<br>December 31,<br>2002 |
|--------------------------|---|--|---|--|---|--|---|--|---|--|
| Beef Cattle<br>(in Kgs.) | 3,446,722                                     | 5,200,447  | 2,036,531                                     | 4,532,104  | 4,261,029                                     | 5,987,932  | 3,027,981                                     | 5,111,038  | 3,253,774                                     | 5,505,936  |
| Butyraceous<br>(in Kgs.) | 174,855                                       | 317,788  | 155,145                                       | 286,329  | 72,518  | 125,596  | 71,199  | 135,196  | 56,314  | 113,688  |
| Crops (in<br>quintals) * | 171,257                                       | 197,442  | 143,047                                       | 170,677  | 205,947                                       | 224,380  | 115,712                                       | 140,050  | 74,744  | 128,056  |

\* One quintals equals one hundred kilograms

Saul Zang  
Vicepresident

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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria**

**Sales volume**

|                          | Three-month                    |  | Three-month                    |  | Three-month                    |  | Three-month                    |  | Three-month                    |  |
|--------------------------|--------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|--|
|                          | period<br>December 31,<br>2006 | Accumulated<br>July 1, 2006 to<br>December 31,<br>2006 | period<br>December 31,<br>2005 | Accumulated<br>July 1, 2005 to<br>December 31,<br>2005 | period<br>December 31,<br>2004 | Accumulated<br>July 1, 2004 to<br>December 31,<br>2004 | period<br>December 31,<br>2003 | Accumulated<br>July 1, 2003 to<br>December 31,<br>2003 | period<br>December 31,<br>2002 | Accumulated<br>July 1, 2002 to<br>December 31,<br>2002 |
| Beef Cattle<br>(in Kgs.) | 2,117,400                      | 6,695,835  | 2,992,841                      | 7,792,495  | 4,037,087                      | 8,952,625  | 3,454,520                      | 6,621,506  | 2,250,703                      | 4,855,825  |
| Butyraceous<br>(in Kgs.) | 174,855                        | 317,788  | 155,145                        | 286,329  | 72,518                         | 125,596  | 71,199                         | 135,196  | 56,314                         | 113,688  |
| Crops (in<br>quintals) * | 110,268                        | 312,557  | 467,245                        | 863,468  | 125,556                        | 319,058  | 113,710                        | 236,011  | 338,738                        | 711,420  |

\* One quintals equals one hundred kilograms

**Local Market**

|                          | Three-month                    |  | Three-month                    |  | Three-month                    |  | Three-month                    |  | Three-month                    |  |
|--------------------------|--------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|--|--------------------------------|--|
|                          | period<br>December 31,<br>2006 | Accumulated<br>July 1, 2006 to<br>December 31,<br>2006 | period<br>December 31,<br>2005 | Accumulated<br>July 1, 2005 to<br>December 31,<br>2005 | period<br>December 31,<br>2004 | Accumulated<br>July 1, 2004 to<br>December 31,<br>2004 | period<br>December 31,<br>2003 | Accumulated<br>July 1, 2003 to<br>December 31,<br>2003 | period<br>December 31,<br>2002 | Accumulated<br>July 1, 2002 to<br>December 31,<br>2002 |
| Beef Cattle<br>(in Kgs.) | 2,117,400                      | 6,695,835  | 2,992,841                      | 7,792,495  | 4,037,087                      | 8,952,625  | 3,454,520                      | 6,621,506  | 2,250,703                      | 4,855,825  |
| Butyraceous<br>(in Kgs.) | 174,855                        | 317,788  | 155,145                        | 286,329  | 72,518                         | 125,596  | 71,199                         | 135,196  | 56,314                         | 113,688  |
| Crops (in<br>quintals) * | 110,268                        | 312,557  | 467,245                        | 863,468  | 125,556                        | 319,058  | 113,710                        | 236,011  | 338,738                        | 711,420  |

\* One quintals equals one hundred kilograms

**Exports**

There were no exports (foreign trade) in the last five fiscal years.

**Ratios**

| At December 31,<br>2006 | At December 31,<br>2005 | At December 31,<br>2004 | At December 31,<br>2003 | At December 31,<br>2002 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Pesos                   | Pesos                   | Pesos                   | Pesos                   | Pesos                   |

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|                              |       |       |       |       |       |
|------------------------------|-------|-------|-------|-------|-------|
| Liquidity                    | 0.724 | 1.539 | 1.341 | 5.553 | 2.968 |
| Solvency                     | 2.600 | 2.595 | 2.197 | 2.620 | 1.622 |
| Non-current assets to assets | 0.851 | 0.893 | 0.872 | 0.883 | 0.857 |
| Return on Equity             | 0.028 | 0.047 | 0.021 | 0.012 | 0.109 |

Saul Zang  
Vicepresident



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Free translation from the original prepared in Spanish for publication in Argentina

**Report of Independent Auditors**

To the Shareholders, President and Board of Directors of

Cresud Sociedad Anónima Comercial,

Inmobiliaria, Financiera y Agropecuaria

1. We have reviewed the balance sheets of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria at December 31, 2006 and 2005, and the related statements of income, of changes in shareholders' equity and of cash flows for the six-month periods ended December 31, 2006 and 2005 and the complementary notes 1 to 22 and schedules A, B, C, E, F.1, F.2, G and H. Furthermore, we have reviewed the consolidated financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria, which are presented as complementary information. These financial statements are the responsibility of the Company's management.
2. We conducted our review in accordance with standards established by Technical Resolution N° 7 of the Argentine Federation of Professional Councils of Economic Sciences for limited reviews of financial statements. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.
3. Based on our work and our examinations of the financial statements of this Company and the consolidated financial statements for the years ended June 30, 2006 and 2005, on which we issued our unqualified report dated September 8, 2006, we report that:
  - a) The financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria at December 31, 2006 and 2005 and its consolidated financial statements at those dates, set out in point 1, prepared in accordance with accounting standards prevailing in the Autonomous City of Buenos Aires, include all significant facts and circumstances of which we are aware, and we have no observations to make on them.
  - b) The comparative information included in the basic and consolidated balance sheets and the supplementary notes and schedules to the attached financial statements arise from Company financial statements at June 30, 2006.
4. In accordance with current regulations, we report that:
  - a) the financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria and its consolidated financial statements have been transcribed to the "Inventory and Balance Sheet Book" and comply, within the field of our competence, with the Corporations Law and pertinent resolutions of the National Securities Commission;
  - b) the financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria arise from official accounting records carried in all formal respects in accordance with legal requirements; that maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;

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- c) we have read the business highlights and the additional information to the notes to the financial statements required by section 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, 2006, the debt of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria accrued in favor of the Integrated Pension and Survivors Benefit System according to the accounting records amounted to \$ 202.783,92 which is not yet due.

Autonomus City of Buenos Aires, February 12, 2007

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Diego M. Niebuhr

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**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Buenos Aires, Argentina.

**CRESUD SOCIEDAD ANONIMA COMERCIAL  
INMOBILIARIA FINANCIERA Y  
AGROPECUARIA**

By: /S/ Saúl Zang

Name: Saúl Zang

Title: Vice Chairman of the Board of Directors

Dated: February 20, 2007