

CRESUD INC
Form 6-K
February 19, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

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

For the month of February, 2008

**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)

Republic of Argentina

(Jurisdiction of incorporation or organization)

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Moreno 877, 23rd Floor, (C1091AAQ)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F T Form 40-F

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 T

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

(THE COMPANY)

REPORT ON FORM 6-K

Attached is a copy of the English translation of the Financial Statements for the six-month period ended on December 31, 2007 and on December 31, 2006 filed by the Company with the *Bolsa de Comercio de Buenos Aires* and with the *Comisión Nacional de Valores*.

Cresud Sociedad Anónima,

Comercial, Inmobiliaria, Financiera y Agropecuaria

Balance Sheet as of December 31, 2007 and 2006 and June 30, 2007

	December 31, 2007 (Notes 1 and 2) Pesos	June 30, 2007 (Notes 1 and 2) Pesos	December 31, 2006 (Notes 1 and 2) Pesos
ASSETS			
Current Assets			
Cash and banks (Note 8.a.)	1,735,456	45,450,296	12,397,381
Investments (Note 8.b.)	943,738	39,474,839	4,933,257
Trade accounts receivable (Note 8.c.)	18,046,205	35,690,201	9,602,039
Other receivables (Note 8.d.)	45,872,734	53,565,714	13,754,016
Inventories (Note 8.e.)	89,165,985	51,461,237	47,282,830
Others assets (Note 8.f.)	19,802,484		
Total Current Assets	175,566,602	225,642,287	87,969,523
Non-Current Assets			
Other receivables (Note 8.d.)	57,188,032	40,648,744	49,351,842
Inventories (Note 8.e.)	67,955,004	65,131,553	64,068,073
Investments on controlled and related companies (Note 8.b.)	771,259,529	519,790,677	504,582,334
Other investments (Note 8.b.)	262,273	37,378,273	36,764,716
Fixed assets, net (Schedule A)	226,713,465	222,106,944	214,277,136
Intangible assets, net (Schedule B)	21,910,761	21,910,761	21,910,761
Subtotal Non-Current Assets	1,145,289,064	906,966,952	890,954,862
Goodwill (Note 8.b.)	(136,310,051)	(67,306,386)	(72,145,013)
Total Non-Current Assets	1,008,979,013	839,660,566	818,809,849
Total Assets	1,184,545,615	1,065,302,853	906,779,372
	December 31, 2007 (Notes 1 and 2) Pesos	June 30, 2007 (Notes 1 and 2) Pesos	December 31, 2006 (Notes 1 and 2) Pesos
LIABILITIES			
Current Liabilities			
Debts:			
Trade accounts payable (Note 8.g.)	38,632,870	28,709,843	33,284,420
Loans (Note 8.h.)	217,809,995	122,749,734	139,817,661
Salaries and social security payable (Note 8.i.)	2,339,397	3,841,212	1,566,138
Taxes payable (Note 8.j.)	4,721,406	6,198,244	3,262,541
Advanced from customs(Note 8.k.)	11,969,669		
Other debts (Note 8.l.)	1,508,437	2,899,597	3,089,267
Total Debts	276,981,774	164,398,630	181,020,027
Total Current Liabilities	276,981,774	164,398,630	181,020,027

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Non-Current Liabilities			
Trade accounts payable (Note 8.g.)		246,231	536,279
Loans (Note 8.h.)		24,744,000	24,496,000
Taxes payable (Note 8.j.)	56,518,636	50,914,561	39,831,402
Provisions (Schedule E)	61,947	45,216	45,216
Total Non-Current Liabilities	56,580,583	75,950,008	64,908,897
Total liabilities	333,562,357	240,348,638	245,928,924
SHAREHOLDERS EQUITY	850,983,258	824,954,215	660,850,448
Total Liabilities and Shareholders Equity	1,184,545,615	1,065,302,853	906,779,372

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

Alejandro G. Elsztain
Vicepresident

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Statement of Income

Corresponding to the six-month periods beginning as from July 1, 2007 and 2006 and ended on December 31,

2007 and 2006

	December 31, 2007 (Notes 1 and 2) Pesos	December 31, 2006 (Notes 1 and 2) Pesos
Production income:		
Crops	11,994,278	6,586,411
Beef cattle	13,126,964	10,063,537
Milk	9,339,925	5,478,723
Total production income	34,461,167	22,128,671
Cost of production (Schedule F.2)		
Crops	(10,159,030)	(8,031,975)
Beef cattle	(9,367,558)	(7,022,762)
Milk	(6,252,352)	(3,537,970)
Total cost of sale	(25,778,940)	(18,592,707)
Production profit	8,682,227	3,535,964
Sales		
Crops	34,855,423	13,239,915
Beef cattle	14,739,899	11,765,581
Milk	8,958,759	4,603,474
Other	3,175,276	3,023,209
Total Sales	61,729,357	32,632,179
Cost of sales (Schedule F.1)		
Crops	(32,155,594)	(13,761,324)
Beef cattle	(13,626,567)	(11,155,428)
Milk	(8,958,759)	(4,603,474)
Other	(48,224)	(10,108)
Total cost of sale	(54,789,144)	(29,530,334)
Sales profit	6,940,213	3,101,845
Gross profit	15,622,440	6,637,809
Selling expenses (Schedule H)	(4,597,024)	(2,292,717)
Administrative expenses (Schedule H)	(8,777,938)	(8,184,539)
Gain from sale of farms	3,233,104	
Gain from valuation of others assets at net realization value	17,424,454	
Holding gain Beef cattle (Schedules F.1 and F.2)	2,431,762	1,386,719

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Holding gain Crops, raw materials and MAT	(4,406,931)	1,958,726
Operating income (loss)	20,929,867	(494,002)
Financial gain (loss):		
Generated by assets:		
Exchange differences and discounts	2,779,620	(332,257)
Interest income	2,837,992	949,024
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:		
Interest on Notes	(387,392)	1,474,472
Doubtful accounts (Schedule E)	(22,053)	
Tax on banking debits and credits	(1,507,666)	(490,660)
Holding gain and transactions on security stock	555,070	244,209
Total	4,255,571	1,844,788
Generated by liabilities:		
Financial expenses:		
Interest on Convertible Notes	(88,383)	(2,885,819)
Interest on loans	(9,207,323)	(3,668,628)
Others	(404,253)	(203,290)
Exchange differences and discounts	(333,933)	1,251,577
Total	(10,033,892)	(5,506,160)
Other income and expenses, net:		
Gains from other fixed assets sales		30,144
Shareholders Personal asset tax and miscellaneous	(2,551,775)	(872,962)
Others	165,681	
	(2,386,094)	(842,818)
Gain from controlled and related companies	8,894,238	22,319,693
Management fee (Note 5)	(1,582,959)	(2,108,111)
Net income before income tax	20,076,731	15,213,390
Income tax expense (Note 6)	(5,604,075)	1,825,165
Net income for the period	14,472,656	17,038,555

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

Alejandro G. Elsztain
Vicepresident

Cresud Sociedad Anónima,
Comercial, Inmobiliaria, Financiera y Agropecuaria

Statement of Changes in Shareholders Equity

Corresponding to the six-month periods beginning as from July 1, 2007 and 2006 and ended on December 31, 2007 and 2006

(Notes 1 and 2)

Items	Capital (Note 3)	Shareholders contributions	Retained earnings					Transitory conversion differences	Total as of December 31, 2007	Total as of December 31, 2006
	Common stock	Inflation adjustment of Common stock	Paid-in capital (1)	Subtotal	Legal Reserve	New projects reserve	Unappropriated earnings			
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	
Balances at the beginning of the exercise	309,576,220	166,218,124	164,923,025	640,717,369	13,176,701	120,099,646	49,362,269	1,598,230	824,954,215	625,865,591
Conversion of Notes in common stock (Note 13)	5,343,374		3,175,417	8,518,791					8,518,791	15,989,348
Exercise of Warrants (Note 13)	5,855,178		5,306,325	11,161,503					11,161,503	8,358,757
Shareholders meeting held on 10.10.2007										
Legal Reserve					2,468,113		(2,468,113)			
Cash dividends							(8,250,000)		(8,250,000)	(5,500,000)
New projects Reserve						38,644,156	(38,644,156)			
Related companies Law 19,550 Section 33: IRSA (Note 14)			(7,201,969)	(7,201,969)					(7,201,969)	(3,606,649)
Transitory conversion differences								7,328,062	7,328,062	2,704,846
Net income for the period							14,472,656		14,472,656	17,038,555
Balances as of December 31, 2007	320,774,772	166,218,124	166,202,798	653,195,694	15,644,814	158,743,802	14,472,656	8,926,292	850,983,258	
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

(1) See notes 2.p, 12.c and 14.

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Alejandro G. Elsztain
Vicepresident

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

Statement of Cash Flow

Corresponding to the six-month periods beginning as from July 1, 2007 and 2006 and ended on December 31, 2007 and 2006

	December 31, 2007 (Notes 1 and 2) Pesos	December 31, 2006 (Notes 1 and 2) Pesos
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	83,396,914	24,655,469
Cash and cash equivalents at the end of the period	1,764,918	15,830,415
Net decrease in cash and cash equivalents	(81,631,996)	(8,825,054)
Causes of changes in cash and cash equivalents		
<u>Operating activities</u>		
Income for the year	14,472,656	17,038,555
Accrued interest during the year	9,295,706	6,554,447
Income tax	5,604,075	(1,825,165)
Adjustments made to reach net cash flow from operating activities		
Income from interest in controlled and related companies	(8,894,238)	(22,319,693)
Increase in allowances , provisions and accruals	5,547,059	4,865,990
Depreciation	2,236,011	1,902,805
Holding gain Inventory	1,975,169	(3,345,445)
Financial results	(474,795)	(1,479,332)
Gain from sale of fixed assets	(3,233,104)	(30,144)
Gain from valuation of others assets at net realization value	(17,424,454)	
Changes in operating assets and liabilities		
Decrease in current investments	216,268	4,681,248
Decrease (increase) in trade accounts receivable	17,666,049	(1,152,294)
Increase in other receivables	(12,750,309)	(9,776,734)
Increase in inventories	(43,041,800)	(9,884,546)
Increase (decrease) in social security payable & taxes payable and advances to customs	8,991,016	(685,822)
Increase in trade accounts payable	5,707,374	6,276,277
Dividends collected	1,551,436	811,784
Increase in other debts	718,580	372,012
Cash flows applied to operating activities	(11,837,301)	(7,996,057)
<u>Investment activities</u>		
Increase in interest in related companies	(137,975,428)	
Increase in related companies loans	(12,342,432)	(6,330,000)
Acquisition and upgrading of fixed assets	(8,789,045)	(8,108,802)
Collections of receivables from sale of fixed assets	17,300,470	3,290,752
Sale of fixed assets	3,029,119	30,863
Cash flows applied to investment activities	(138,777,316)	(11,117,187)
<u>Financing activities</u>		
Exercise of Warrants	11,161,503	8,358,757
Dividends paid	(8,250,000)	(5,500,000)

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Increase in financial loans	93,862,626	53,427,182
Decrease in financial loans	(24,098,809)	(43,767,189)
Decrease in others liabilities	(3,692,699)	(2,230,560)
Cash flows provided by financing activities	68,982,621	10,288,190
<u>Net decrease in cash and cash equivalents</u>	(81,631,996)	(8,825,054)
<u>Items not involving changes in cash and cash equivalents</u>		
Transfer of inventory to fixed assets	538,432	
Increase in interest in related companies through a decrease of non-current investment	37,764,000	
Increase in other receivables by sale of fixed assets	310,900	
Repayment of financial loans through issue of stock by exercise of conversion right	8,518,791	15,989,348
<u>Complementary information</u>		
Interest paid	4,986,541	3,816,145
Income tax paid	1,197,201	1,718,759

Alejandro G. Elsztain
Vicepresident

Cresud Sociedad Anónima, Comercial,

Inmobiliaria, Financiera y Agropecuaria

Notes to the Financial Statements

Corresponding to the six-month periods beginning as from July 1, 2007 and 2006

and ended on December 31, 2007 and 2006

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 (Ps.), and have been prepared in accordance with the disclosure and valuation accounting standards contained in the Technical Resolutions issued by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (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, 2004, 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 started 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, 2007 and 2006 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 fiscal years.

c. The effects of inflation

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.

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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 accordance with Resolution 441

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

NOTE 1: (Continued)

issued on April 8, 2003 by the C.N.V., the Company discontinued the restatement of its financial statements. This criterion does not agree with the terms of Resolution MD 041/2003 of the C.P.C.E.C.A.B.A., by which the restatement of financial statements was discontinued as from October 1, 2003. As of December 31, 2007, 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, 2007 and December 31, 2006.

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 assessments 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 period.

Estimates are used when accounting for conversion of Convertible Notes into shares of stock, allowance for doubtful accounts, investments, depreciation, income taxes, deferred liabilities, transitory conversion differences, provisions for contingencies, accrual for expenses 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 or year-end.

d. Temporary investments

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

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

NOTE 2: (Continued)

e. Trade accounts receivable and payable

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.

f. Credits and loans

Credits and loans have been valued in accordance with the sum of money delivered and/or received, respectively, net of transaction costs, plus financial results accrued on the basis of the rate estimated at such time as of period-end or year-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 and liabilities originated in derivatives instruments have been valued at their market value at period-end or 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 have been recognized in the Statement of Income of the period or fiscal year under Holding gain Crops, raw materials and MAT.

In the comparative information, purchases and sales of dollars operations are included under the financial results.

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 period-end or year-end, converted to the buyer and seller exchange rate, respectively, prevailing at the period-end or year-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.

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

NOTE 2: (Continued)

j. Inventories

- 1) Biological Assets (Under development): Unharvested crops 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 or year-end.

Include:

Unharvested crops

Calves

- 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 or year-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 or year-end in the markets in which the Company regularly operates, net of additional costs generated by marketing.

Include:

Steers and heifers

Cattle round-up and mares

- 4) Farming Products: Crops: have been measured at net realization value, representing the different quotations as of each period-end or year-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 or year-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

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

NOTE 2: (Continued)

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

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. Others assets

The other assets for which price-fixing prepayments were received and the contractual conditions of the transaction ensure the actual materialization of the sale and the income, are valued at net realization value. Income from such valuation is disclosed in the account Income from valuation of other assets at net realization value in the Statement of Income.

l. 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 as of December 31, 2007 are as follows:

Subsidiaries and affiliates	% Equity interest
Inversiones Ganaderas S.A.	99.99
Agropecuaria Cervera S.A. (Note 12.a)	90.00
Futuros y Opciones.Com S.A.	68.10
Cactus Argentina S.A. (Note 12.c)	24.00
Agro Uranga S.A.	35.72
IRSA Inversiones y Representaciones S. A.	34.44
BrasilAgro Companhia Brasileira de Propiedades Agrícolas (Note 12.b)	8.25
Exportaciones Agroindustriales Argentinas S.A. (Note 12.d.)	0.36

The Company presents as complementary information the consolidated financial statements as of December 31, 2007 and 2006 with Inversiones Ganaderas S.A., Agropecuaria Cervera S.A. and Futuros y Opciones.Com S.A.

During the year ended June 30, 2007 the interest in Cactus Argentina S.A. has been reduced from 50% to 24%, due to the inclusion of a new shareholder (see Note 12.c). Consequently, for the results as of December 31, 2006 and for the comparative information, proportional consolidation of 50% is included.

Cresud Sociedad Anónima, Comercial,

Inmobiliaria, Financiera y Agropecuaria

Notes to the Financial Statements (Continued)

NOTE 2: (Continued)

2. Goodwill

The negative goodwill corresponding to the investment in Inversiones y Representaciones S.A. (IRSA) 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 March 2002-valuation method, and in each one of the purchases restated, if any, at that same date (Note 1.c) as well as the investment arising from subsequent acquisitions and from the conversion of negotiable bonds into shares or share warrants of IRSA at cost value.

The (negative) goodwill related to the recent acquisition of the additional interest in IRSA Inversiones y Representaciones S.A. generated by the conversions of corporate bonds into shares and exercising warrants, mentioned in note 14, has been valued at cost, which was calculated as a difference between the value paid for such investment and the book value of the interest acquired. As to this goodwill, the Company is currently analyzing the fair value of assets and liabilities acquired identified as provided by Technical Resolution No. 21. Apartament 1.3.1.

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

m. Other investments

Investments in debt securities

IRSA's Convertible Notes were valued taking into account the face value at period-end or year-end in Dollars, at the seller's 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.) or at their cost for acquisitions made after such date.

n. 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 period or fiscal year.

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

NOTE 2: (Continued)

o. Intangible assets

The amortizations of the right of concession of Agropecuaria Cervera S.A. will be calculated according to the duration of the project (see Note 12.a), 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.

p. Shareholders equity

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

q. 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 Cactus Argentina 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.

r. 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.

s. Results for the period

The charges for consumption of assets were determined based on the values of such assets.

Production income has been determined based on quantitative and qualitative changes of stocks subject to the biological transformation process measured from the beginning of the year through the closing date of these financial statements.

Cattle production cost calculated to reflect production income is reflected in Schedule F.2.

Grain production cost calculated to reflect production income is reflected in Schedule F.2.

Cost of sales is calculated by inventory difference and the income for the production of meat, grain and milk is disclosed in the statement of income.

The adjustment for valuation to the net realization value of grain has been calculated as the difference between the production value at NRV upon harvesting and the value of the same production valued at NRV as of the closing date of these financial statements.

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

NOTE 2: (Continued)

Cattle holding gain is disclosed in a line of the statement of income and Schedule F and is calculated as stated in Note 2.j.

The results generated by futures and options on the Futures Market are recognized as a line on the statement of income. The closed positions are recognized as a difference between the exercise price and their close price; and the opens positions at the end of the period, as the difference between their exercise price and the market value price for futures, and as a difference between the premium and the market value premium for options.

The rest of income for the year is disclosed at incurred cost.

Financial income segregated into that generated by assets and by liabilities is disclosed in the statement of income.

t. 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.

u. Tax on minimum presumed income

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.

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 10 (ten) fiscal years.

v. Revenue recognition

The Company books its operating income as stated in Note 2.s. The Company books its sales when products are received by its customers.

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

NOTE 3: COMMON AND TREASURY STOCK

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

	Authorized Pesos	Subscribed Pesos	Paid-in Pesos
Common and treasury stock as of June 30, 2004	150,532,819	150,532,819	150,532,819
Incentive Plan (Note 12) Fiscal Year 2005	240,000	240,000	240,000
Conversion of notes 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 notes 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 notes in common stock (Note 13) Fiscal Year 2007	44,352,015	44,352,015	44,352,015
Exercise of Warrants (Note 13) Fiscal Year 2007	44,619,656	44,619,656	44,619,656
Conversion of notes in common stock (Note 13) Fiscal Year 2008	5,343,374	5,343,374	5,343,374
Exercise of Warrants (Note 13) Fiscal Year 2008	5,855,178	5,855,178	5,855,178
Common and treasury stock as of December 31, 2007	320,774,772	320,774,772	320,774,772

As of December 31, 2007, the capital authorized to be publicly offered is formed of 320,774,772 common, book-entry shares of Ps.1 par value each and entitled to one vote per share, all of which were outstanding.

Cresud Sociedad Anónima, Comercial,

Inmobiliaria, Financiera y Agropecuaria

Notes to the Financial Statements (Continued)

NOTE 4: DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2007 the Company had arranged futures and options on the Futures Market as follows:

	Tons	Margins Pesos	Premium paid or (collected) Pesos	Premium at fair value Pesos	Gain (loss) for valuation at fair value Pesos
Cereal					
<u>Futures</u>					
Purchase					
Soybean	2,720				(76,904)
US\$					20,359(a)
Sell					
Corn	18,300	398,263			(1,015,306)
Soybean	22,700	705,743			(3,378,488)
Wheat	6,300	137,107			98,804
US\$					83,820(b)
<u>Options</u>					
Purchase Call					
Corn	15,875		510,265	914,386	404,121
Soybean	8,160		548,739	546,876	(1,863)
Sell Call					
Corn	15,875		(280,587)	(795,473)	(514,886)
Soybean	10,160	76,683	(549,982)	(627,912)	(77,930)
Purchase Put					
Sunflower	500		6,218	155	(6,063)
Corn	15,875		553,402	58,388	(495,014)
Soybean	9,520		87,246	24,470	(62,776)
Sell Put					
Corn	15,875		(157,782)	(31,963)	125,819
Soybean	11,520	62	(204,728)	(25,091)	179,637
Total	153,380	1,317,858	512,791	63,836	(4,716,670)

- (a) Corresponds to a future of call of 7,455,152 Dollars composed of: (I) US\$ 5,002,307 with Santander Río Bank due on 01/21/2007; (II) US\$ 2,452,846 with MBA Bank due on 01/07/2008. The gains generated as of December 31, 2007 are shown within financial results of the income statement.
- (b) Corresponds to a future of sell of 7,455,152 Dollars composed of US\$ 5,002,307 and US\$ 2,452,846 with Santander Río Bank due on 01/07/2008 and 01/21/2008 respectively. The gains generated as of December 31, 2007 are shown within financial results of the income statement.

Cresud Sociedad Anónima, Comercial,

Inmobiliaria, Financiera y Agropecuaria

Notes to the Financial Statements (Continued)

NOTE 4: (Continued)

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

Cereal	Tons	Margins Pesos	Premium paid or (collected) Pesos	Premium at fair value Pesos	Gain (loss) for valuation at fair value Pesos
Futures					
Purchase					
Corn	3,810				61,571
Wheat	4,080				(40,774)
US\$					629,818 (a)
Sell					
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)
Options					
Purchase Call					
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)
Sell Call					
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
Purchase Put					
Wheat	9,520		68,751	70,033	1,282
Sell Put					
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
Total	283,568	1,347,096	(661,667)	(582,519)	(3,007,384)

- (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.
- (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 losses generated as of December 31, 2006 are shown within financial results of the income statement.

Crops: As of December 31, 2007 and 2006 the Company recognized results of Ps. 12,728,340 (loss) and Ps. 1,421,354 (loss), respectively, to reflect the closing of the transactions carried out during those periods. This results is disclosed a part of the statement in the line Holding gain Crops and MAT in the statement of income.

Cresud Sociedad Anónima, Comercial,

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, 2007 and 2006 include a charge in the Statement of Income of Ps. 1,582,959 and Ps. 2,108,111, and an accrual of Ps. 1,408,837 and Ps. 3,067,145 respectively.

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

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, 2007:

	Cumulative tax loss carryforwards	Other	TOTAL
Initial balance	2,683,880	372,955	3,056,835
Gain (Loss) recognized	4,823,833	(321,538)	4,502,295
Closing balance	7,507,713	51,417	7,559,130

Deferred liabilities as of December 31, 2007:

	Fixed Assets	Inventories	Accruals	TOTAL
Initial balance	(35,931,323)	(17,738,498)	(301,575)	(53,971,396)
Gain (Loss) recognized	(7,506,468)	(1,960,347)	(639,555)	(10,106,370)
Closing balance	(43,437,791)	(19,698,845)	(941,130)	(64,077,766)

As of December 31, 2007, net liabilities at period-end as per the information included in the preceding tables amount to Ps. 56,518,636.

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. 14,439,174. It is estimated that this liability will end up according to the detail that follows:

Term	TOTAL
1 year	199,405
2 years	175,979
3 years	104,988
over 3 years	1,090,807
no term	12,867,995
Total	14,439,174

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

NOTE 6: (Continued)

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:

Description	December 31, 2007	December 31, 2006
Net income before income tax	20,076,731	15,213,390
Tax rate	35%	35%
Net income at tax rates:	7,026,856	5,324,687
Permanent differences at tax rate:		
Restatement into constant currency	549,753	125,179
Donations	2,286	1,494
Results from controlled and related companies	(3,112,983)	(7,811,893)
Personal asset tax	893,121	305,537
Miscellaneous permanent differences	245,042	229,831
Income tax	5,604,075	(1,825,165)

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. 6,694,545 and may be offset against taxable income of future periods, as follows:

Origination year	Amount	Expiration Year
2003	824,753	2008
2005	162,854	2010
2007	633,942	2012
2008	5,072,996	2013

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

Deferred assets as of December 31, 2006:

	Cumulative tax loss carryforwards	Others	TOTAL
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

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(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).

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

NOTE 6: (Continued)

Deferred liabilities as of December 31, 2006:

	Fixed Assets	Inventories	Investments	Accruals	TOTAL
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)

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

Cresud Sociedad Anónima, Comercial,
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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:

a. Balances as of December 31, 2007 and 2006 and June 30, 2007 with Subsidiaries, related companies and related parties:

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
<u>IRSA Inversiones y Representaciones S.A.(3)</u>			
Current Investments			
-Interest of Convertible Notes 2007-IRSA (US\$)		379,408	375,605
Non-Current Investments			
-Convertible Notes 2007-IRSA (US\$)		37,116,000	36,743,999
Current other receivables		106,903	106,159
Non-Current other receivables		41,117	89,827
Current Trade accounts payable	160,730	124,752	139,772
<u>Inversiones Ganaderas S.A.(1)</u>			
Current Trade accounts receivable	163,751		153,202
Current other receivables	6,393,969		1,359,299
Current trade accounts payable		40,820	
<u>Futuros y opciones.Com S.A.(1)</u>			
Current Trade accounts receivable	4,141,272	18,640,536	427,667
Current Other receivables	23,603	23,603	23,603
<u>Cactus Argentina S.A.(3)</u>			
Current Trade accounts receivable			65,288
Current Other receivables	3,215,234	4,266,771	
Non-Current other receivables		4,100	10,726
Current Trade accounts payable	132,490	669,346	
<u>Agro-Uranga S.A.(3)</u>			
Current Other receivables	1,214,366	511,221	1,052,378
<u>Fundación IRSA (4)</u>			
Current Trade accounts payable	1,190,000	1,800,000	2,200,000
<u>CYRSA S.A.(4)</u>			
Current Trade accounts payable	38,062		
<u>Inversora Bolívar (4)</u>			
Current Trade accounts payable	89,177	40,508	27,405
<u>Alto Palermo S.A.(4)</u>			
Non-Current other receivables		178,341	382,099
Current Trade accounts payable	1,367,340	1,075,643	1,295,803
<u>Alto City.Com S.A.(4)</u>			
Current Trade accounts receivable	933	933	
Current Trade accounts payable			298
<u>BrasilAgro-Compahía Brasileira de Propiedades Agrícolas(4)</u>			
Current other receivables		30,537	593,313
<u>Agropecuaria Cervera S.A.(4)</u>			
Current Trade accounts receivable	223,747		57,201
Current other receivables		14,603,614	
Non-Current other receivables	22,605,494		9,179,635
Current trade accounts payable		170,645	
<u>Consultores Asset Management S.A.(4)</u>			

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Management Fees	1,408,837	2,817,997	3,067,145
<u>Credits to employees (4)</u>			
Current credits to Senior management, directors and staff of the company	158,495	191,252	56,854
<u>Estudio Zang, Bergel & Viñes (4)</u>			
Current Trade accounts payable	514,955	324,389	143,675

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

Cresud Sociedad Anónima, Comercial,
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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):

a. Balances as of December 31, 2007 and 2006 and June 30, 2007 with Subsidiaries, related companies and related parties (Continued):

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
<u>Directors (4)</u>			
Current Loans			
Convertible Notes 2007 and interest payable (Schedule G) Directors		3,148	1,052
Convertible Notes 2007 (Schedule G) Directors		104,160	102,883
Other current debts	99,600	81,600	22,122
<u>Shareholders (2)</u>			
Current Loans			
Convertible Notes 2007 Interest payable (Schedule G) Shareholders			376,020
Non-Current Loans			
Convertible Notes 2007 (Schedule G) Shareholders			36,784,590

- (2) Shareholder
- (4) Related party

Cresud Sociedad Anónima, Comercial,
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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 as of December 31, 2007 and 2006:

Subsidiaries, related companies Law No, 19,550 Section 33 and related parties:	Year	Sales and Fees for shared services	Interest paid	Salaries	Fees	Livestock expenses	Interest income	Administrative services	Others
Agro-Uranga S.A.	2008								
	2007								(174)
Alto Palermo S.A.	2008	(631,719)							
	2007	(1,975,338)							
Comercializadora Los Altos S.A. (Ex-Alto City.Com)	2008								
	2007	5,987							
Consultores Assets Management S.A.	2008				(1,582,959)				
	2007				(2,108,111)				
Cactus Argentina S.A.	2008					(1,564,788)	257,303	86,080	4,597
	2007					(1,653,320)	929	82,400	6,511
Directors	2008			(915,928)					
	2007			(1,203,843)					
Estudio Zang, Bergel & Viñes	2008				(531,756)				
	2007				(255,590)				
Fundación IRSA	2008								
	2007								
Futuros y opciones.Com S.A.	2008								122,886
	2007							82,201	(24,234)
Inversiones Ganaderas S.A.	2008						69,197		854,958
	2007						34,015	6,634	(404,596)
Agropecuaria Cervera S.A.	2008						1,001,880		(279,389)
	2007						348,173		6,845
Inversora Bolívar S.A.	2008								(110,006)
	2007								(121,236)
IRSA Inversiones y Representaciones S.A.	2008	(274,835)					(387,392)		
	2007	(207,345)					1,474,472		
Credits to employees	2008						6,302		
	2007						3,682		
Management fees	2008			(1,314,434)					
	2007			(822,753)					

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Total 2008	(906,554)	(2,230,362)	(2,114,715)	(1,564,788)	947,290	86,080	593,046
Total 2007	(2,176,696)	(2,026,596)	(2,363,701)	(1,653,320)	1,861,271	171,235	(536,884)

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, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Cash	32,112	55,863	32,215
Foreign currency (Schedule G)	5,415	4,137	77,910
Local currency checking account	609,839	5,832,486	3,882,817
Foreign currency checking account (Schedule G)	928,091	39,177,167	8,120,503
Local currency saving account	47,108	49,708	69,409
Foreign currency saving account (Schedule G)	46,304	4,360	33,223
Checks to be deposited	66,587	326,575	181,304
	1,735,456	45,450,296	12,397,381

b. Investments and Goodwill

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Investment			
Investment (Schedule C and G)	943,738	39,474,839	4,933,257
	943,738	39,474,839	4,933,257
Investment			
Investment on controlled and related companies (Notes 12 and 14 and Schedule C)	771,259,529	519,790,677	504,582,334
	771,259,529	519,790,677	504,582,334
Other investments			
Other investments (Schedules C and G)	262,273	37,378,273	36,764,716
	262,273	37,378,273	36,764,716
Goodwill			
Goodwill (Schedule C)	(136,310,051)	(67,306,386)	(72,145,013)
	(136,310,051)	(67,306,386)	(72,145,013)

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

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

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Accounts receivable in local currency	10,660,046	16,889,320	8,460,043
Less:			
Allowance for doubtful accounts (Schedule E)	(394,412)	(372,359)	(372,359)
Accounts receivable in foreign currency (Schedule G)	3,250,868	531,771	810,997
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversiones Ganaderas S.A.	163,751		153,202
Futuros y Opciones.Com S.A.	4,141,272	18,640,536	427,667
Cactus Argentina S.A.			65,288
Agropecuaria Cervera S.A.	223,747		57,201
Comercializadora de los Altos S.A. (Ex-Alto City.Com S.A.)	933	933	
	18,046,205	35,690,201	9,602,039

d. Other receivables

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Prepaid leases	27,073	6,434,233	119,930
Income tax credit and advances (net of accrual for income tax)	8,932,961	10,093,179	2,869,018
Guarantee deposits and premiums (Schedule G)	1,634,329	2,805,415	3,189,269
Secured by mortgage (Schedule G)	7,291,321	6,995,220	2,950,028
Prepaid expenses	178,375	190,428	132,468
Tax prepayments (net of accruals)	14,228,678	6,956,648	1,909,934
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	3,215,234	4,266,771	
Futuros y Opciones.Com S.A.	23,603	23,603	23,603
Agropecuaria Cervera S.A.		14,603,614	
Inversiones Ganaderas S.A.	6,393,969		
IRSA Inversiones y Representaciones S.A. (Schedule G)		106,903	106,159
Agro-Uranga S.A.	1,214,366	511,221	1,052,378
BrasilAgro Companhia Brasileira de Propiedades Agrícolas		30,537	593,313
Credits to employees	158,495	191,252	56,854

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Others (Schedule G)	2,574,330	356,690	751,062
	45,872,734	53,565,714	13,754,016
Non-current			
Secured by mortgage (Schedule G)	11,119,860	13,097,871	6,043,975
Income tax prepayments, VAT and others	13,515,091	19,966,998	28,192,027
Tax on minimum presumed income	9,670,132	7,337,465	3,922,131
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversiones Ganaderas S.A.			1,359,299
Cactus Argentina S.A. (Schedule G)		4,100	10,726
Agropecuaria Cervera S.A	22,605,494		9,179,635
Alto Palermo S.A. (Schedule G)		178,341	382,099
IRSA Inversiones y representaciones S.A (Schedule G)		41,117	89,827
Prepaid leases	277,455	179	118,495
Others (Schedule G)		22,673	53,628
	57,188,032	40,648,744	49,351,842

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

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

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Beef cattle	12,946,888	11,072,429	8,295,875
Crops	18,363,443	30,866,271	4,554,722
Unharvested crops	41,582,709	2,342,025	24,464,198
Seeds and fodder	1,540,487	2,250,776	1,335,434
Materials and others	14,721,938	4,929,736	8,560,620
Advances to suppliers	10,520		71,981
	89,165,985	51,461,237	47,282,830
Non-Current			
Beef cattle	67,955,004	65,131,553	64,068,073
	67,955,004	65,131,553	64,068,073

f. Others assets

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Properties for sale (real states)	19,802,484		
	19,802,484		

g. Trade accounts payable

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Suppliers in local currency	2,056,148	154,255	3,597,389

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Suppliers in foreign currency (Schedule G Note 11) (1)	9,998,126	12,742,867	13,969,927
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversora Bolívar S.A.	89,177	40,508	27,405
Alto Palermo S.A.	1,367,340	1,075,643	1,295,803
Inversiones Ganaderas S.A.		40,820	
Comercializadora de los Altos S.A. (ex Alto City.Com S.A.)			298
IRSA Inversiones y Representaciones S.A.	160,730	124,752	139,772
Cactus Argentina S.A.	132,490	669,346	
Estudio Zang, Bergel & Viñes	514,955	324,389	143,675
Fundación IRSA	1,190,000	1,800,000	2,200,000
CYRSA S.A.	38,062		
Agropecuaria Cervera S.A.		170,645	
Accrual for other expenses (Schedule G)	23,085,842	10,402,907	10,379,754
Accrual for cereal expenses		1,163,711	1,530,397
	38,632,870	28,709,843	33,284,420
Non-Current			
Accrual for other expenses (Schedule G)		246,231	536,279
		246,231	536,279

- (1) Includes as of December 31, 2007 US\$ 1,449,726 for the acquisition of farm San Pedro , corresponding to suppliers in foreign currency secured by mortgage. See Note 11.

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

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

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Local financial loans (Note 15 and Schedule G)	192,261,964	114,005,729	77,855,308
Foreign financial loans (Notes 15 and 16 and Schedule G)	25,548,031		
Convertible Notes 2007 (Schedule G)		8,563,979	24,657,885
Convertible Notes 2007 - Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders			36,784,590
Directors		104,160	102,883
Convertible Notes 2007 expenses		(12,742)	(212,135)
Convertible Notes 2007 Interest payable (Schedule G)		85,460	252,058
Convertible Notes 2007 Interest payable - Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders			376,020
Directors		3,148	1,052
	217,809,995	122,749,734	139,817,661
Non-Current			
Foreign Financial Loans (Notes 15 and 16 and Schedule G)		24,744,000	24,496,000
		24,744,000	24,496,000

i. Salaries and social security payable

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Accrual for vacation and statutory annual bonus	1,843,247	3,490,543	1,018,479
Social security taxes payable	474,530		420,860
Salaries payable			81,205
Health care payable	21,203	32,694	36,592
Others	417	317,975	9,002
	2,339,397	3,841,212	1,566,138

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

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

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Tax on minimum presumed income (Note 2.u.)	2,462,689	5,394,648	1,979,314
Property tax payable		226,947	199,840
Taxes withheld for income tax	154,174	415,606	83,480
Gross sale tax payable	117,252	140,100	98,116
Taxes withheld-value added tax		20,270	11,266
Others	1,987,291	673	890,525
	4,721,406	6,198,244	3,262,541
Non-Current			
Deferred tax	56,518,636	50,914,561	39,831,402
	56,518,636	50,914,561	39,831,402

k. Advanced from customs

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Advanced from customs (Schedule G)	11,969,669		
	11,969,669		

l. Other debts

	December 31, 2007 Pesos	June 30, 2007 Pesos	December 31, 2006 Pesos
Current			
Management fees agreement accrual (Note 5)	1,408,837	2,817,997	3,067,145

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Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Directors	99,600	81,600	22,122
	1,508,437	2,899,597	3,089,267

Cresud Sociedad Anónima, Comercial,

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Notes to the Financial Statements (Continued)

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

Based on their estimated collection term	Current and non-current investment			Trade accounts receivable			Other receivables and prepaid expenses		
	December 31, 2007	June 30, 2007	December 31, 2006	December 31, 2007	June 30, 2007	December 31, 2006	December 31, 2007	June 30, 2007	December 31, 2006
3th quarter 2007/2006 financial period							9,602,039		8,352,112
4th quarter 2007/2006 financial period			375,605						335,847
1st quarter 2008/2007 financial period					35,690,201			17,580,104	2,777,972
2nd quarter 2008/2007 financial period		379,408						3,692,125	335,848
3th quarter 2008/2007 financial period				18,046,205			21,442,876	1,421,935	424,579
4th quarter 2008/2007 financial period							7,706,453	4,703,416	
1st quarter 2009/2008 financial period							4,153,803	2,178,303	2,156,185
2nd quarter 2009/2008 financial period							1,536,862		
4th quarter 2009/2008 financial period							3,778,473	3,710,415	
1st quarter 2010/2009 financial period							1,781,457	1,749,369	1,731,606
4th quarter 2010/2009 financial period							3,778,473	3,710,415	
1st quarter 2011/2010 financial period							1,781,457	1,749,369	1,731,606
Overdue									
With no stated current term	943,738	39,095,431	4,557,652				11,032,740	26,168,134	1,952,237
With no stated non-current term	262,273	37,378,273	36,764,716				46,068,172	27,550,873	43,307,866
Total	1,206,011	76,853,112	41,697,973	18,046,205	35,690,201	9,602,039	103,060,766	94,214,458	63,105,858

Assets classified according to their interest rate (in Pesos)

Based on their estimated collection term	Current and non-current investment			Trade accounts receivable			Other receivables and prepaid expenses		
	December 31, 2007	June 30, 2007	December 31, 2006	December 31, 2007	June 30, 2007	December 31, 2006	December 31, 2007	June 30, 2007	December 31, 2006

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At fixed interest rate	37,116,000	36,743,999					17,711,889	23,995,134	8,829,786
At variable interest rate	943,738	39,095,431	4,557,652				29,987,263	13,652,208	10,301,341
Non-interest bearing	262,273	641,681	396,322	18,046,205	35,690,201	9,602,039	55,361,614	56,567,116	43,974,731
Total	1,206,011	76,853,112	41,697,973	18,046,205	35,690,201	9,602,039	103,060,766	94,214,458	63,105,858

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

NOTE 9: (Continued)

Liabilities based on their estimated payment term (in Pesos)

	Trade accounts payable			Loans			Salaries and social security payable		Taxes payable
	December	June	December	December	June	December	December	June	December
Based on their estimated payment term	31,2007	30,2007	31,2006	31,2007	30,2007	31,2006	31,2007	30,2007	December 31,