

CRESUD INC
Form 6-K
February 23, 2010
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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, 2010

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)

Moreno 877, 23rd Floor, (C1091AAQ)

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F 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

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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 Unaudited Financial Statements for the six-month period ended on December 31, 2009 and 2008.

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Cresud Sociedad Anonima,

Comercial, Inmobiliaria,

Financiera y Agropecuaria

Free Translation of the Unaudited Financial Statements

Corresponding to the six-month periods

ended December 31, 2009 and 2008

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

Unaudited Financial Statements

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

**Free Translation from the original prepared in Spanish
for publication in Argentina**

**Unaudited Consolidated Financial Statements
Corresponding to the six-month periods
ended December 31, 2009 and 2008**

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**Cresud Sociedad Anonima,
Comercial, Inmobiliaria, Financiera y Agropecuaria
Fiscal year No. 75 started on July 1, 2009
Unaudited Financial Statements for the period ended December 31, 2009
In comparative format with previous fiscal year (Note 1- Consolidated Statements)
(in thousands of pesos)**

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

Principal Activity: Agriculture, livestock and real-estate

DATES OF REGISTRATION AT THE PUBLIC REGISTRY OF COMMERCE

Free translation from the original prepared in spanish

for publication in Argentina

Of the by-laws: February 19th, 1937

Of the latest amendment: July 28th, 2008

Duration of the Company: June 6th, 2082

Information on controlled companies in Note 2 to the Consolidated Unaudited Financial Statements

CAPITAL STATUS (Note 3 of basic unaudited financial statements)

SHARES

Type of stock	Authorized	Subscribed	Paid-in
Ordinary certified shares of Ps. 1 face value and 1 vote each	501,539,733	501,539,733	501,539,733

Table of Contents**Cresud Sociedad Anonima,****Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries****Unaudited Consolidated Balance Sheet as of December 31, 2009 and 2008 and June 30, 2009**

(in thousands of pesos)

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

	December 31, 2009 (Notes 1, and 2)	June 30, 2009 (Notes 1, and 2)	December 31, 2008 (Notes 1, and 2)
ASSETS			
Current Assets			
Cash and banks (Note 4.a.)	57,314	82,459	76,399
Investments (Note 4.b.)	290,732	345,541	360,295
Trade accounts receivable, net (Note 4.c.)	329,193	303,095	277,660
Other receivables (Note 4.d.)	239,566	287,363	212,723
Inventories (Note 4.e.)	234,767	139,197	183,037
Total Current Assets	1,151,572	1,157,655	1,110,114
Non-Current Assets			
Trade accounts receivable (Note 4.c.)	22,912	9,230	12,039
Other receivables (Note 4.d.)	242,128	242,592	252,898
Inventories (Note 4.e.)	253,984	251,529	237,017
Investments on controlled and related companies (Note 4.b.)	1,753,246	1,337,390	979,622
Other investments (Note 4.b.)	16,045	21,215	51,295
Property and Equipment, net (Note 4.f.)	3,243,299	3,309,998	3,087,468
Intangible assets, net (Note 4.g.)	63,437	55,187	44,743
Subtotal Non-Current Assets	5,595,051	5,227,141	4,665,082
Goodwill, net (Note 4.h.)	(378,409)	(408,740)	(315,692)
Total Non-Current Assets	5,216,642	4,818,401	4,349,390
Total Assets	6,368,214	5,976,056	5,459,504
LIABILITIES			
Current Liabilities			
Trade accounts payable (Note 4.i.)	371,263	339,894	263,617
Mortgages payable (Note 4.j.)		1,930	3,450
Short-term debt (Note 4.k.)	742,079	536,888	430,084
Salaries and social security payable (Note 4.l.)	36,574	41,754	26,914
Taxes payable (Note 4.m.)	110,841	155,952	117,311
Advances from customers (Note 4.n.)	141,272	97,386	95,917
Other liabilities (Note 4.o.)	75,630	136,057	104,243
Provisions for lawsuits and contingencies (Note 4.p.)	2,224	4,051	2,045

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Total Current Liabilities	1,479,883	1,313,912	1,043,581
Non-Current Liabilities			
Trade accounts payable (Note 4.i.)	50,822	89,193	87,102
Advances from customers (Note 4.n.)	137,173	150,357	143,471
Long-term debt (Note 4.k.)	928,790	866,700	1,006,498
Taxes payable (Note 4.m.)	235,562	224,529	178,109
Other liabilities (Note 4.o.)	54,604	76,676	31,359
Provisions for lawsuits and contingencies (Note 4.p.)	8,797	5,823	10,084
Total Non-Current Liabilities	1,415,748	1,413,278	1,456,623
Total Liabilities	2,895,631	2,727,190	2,500,204
Minority interest	1,549,847	1,435,982	1,283,078
SHAREHOLDERS EQUITY	1,922,736	1,812,884	1,676,222
Total Liabilities and Shareholders Equity	6,368,214	5,976,056	5,459,504

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

Saúl Zang

Vice-president I

Acting as President

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Cresud Sociedad Anonima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Unaudited Consolidated Statements of Income
Corresponding to the six-month periods beginning on July 1, 2009 and 2008
and ended December 31, 2009 and 2008
(in thousands of pesos)

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

	December 31, 2009	December 31, 2008
Agricultural production income (Note 6)	42,392	31,039
Cost of agricultural production (Note 6)	(46,851)	(41,241)
Production Profit - Agricultural	(4,459)	(10,202)
Sales - crops, beef cattle, milk and others (Note 6)	119,324	109,539
Cost of sales - crops, beef cattle, milk and others (Note 6)	(107,648)	(88,595)
Sales profit - Agricultural business	11,676	20,944
Sales and development of properties (Note 6)	137,412	61,427
Income from lease and service of offices, shopping centers, hotels, consumer financing and others (Note 6)	527,144	263,586
Cost of sales and development of properties (Note 6)	(52,658)	(47,258)
Cost of lease and service offices, shopping centers, hotels, consumer financing and others (Note 6)	(192,694)	(98,468)
Sales profit - Real estate business	419,204	179,287
Gross profit - Agricultural business	7,217	10,742
Gross profit - Real estate business	419,204	179,287
Gross profit	426,421	190,029
Selling expenses	(103,143)	(76,249)
Administrative expenses	(104,209)	(63,116)
Gain from recognition of inventories at net realizable value	13,935	4,090
Unrealized gain (loss) on inventories (Note 4.q.)	21,366	(4,022)
Net income (loss) from retained interest in securitized receivables of Tarjeta Shopping	26,105	(18,482)
Operating gain	280,475	32,250
Amortization of negative goodwill	25,875	8,494
Financial results Generated by assets:		
Exchange gains and discounts	1,657	65,644

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Conversion differences	26	
Interest income	12,604	4,241
Gain on hedging operations	3,924	25,556
Tax on bank account operations	(3,652)	(2,609)
Loss on financial operations	18,569	(17,933)
Others	(85)	(216)
Subtotal	33,043	74,683
Generated by liabilities:		
Loans and convertible notes	(93,447)	(47,985)
Net gain from repurchase of non-convertible notes		111,844
Others	(684)	(301)
Exchange loss and discounts	15	(99,773)
Subtotal	(94,116)	(36,215)
Financial results, net	(61,073)	38,468
Gain (loss) on equity investees	137,273	(56,750)
Other income and expenses (Note 4.r.)	(12,609)	(4,230)
Management fee	(15,820)	(1,496)
Net income before income tax and minority interest	354,121	16,736
Income tax and minimum presumed income tax	(70,501)	(23,348)
Minority interest	(141,775)	18,908
Net income for the period	141,845	12,296
Earnings per share :		
Basic net gain per share (Note 5)	0.30	0.02
Diluted net gain per share (Note 5)	0.26	0.02

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

Saúl Zang

Vice-president I

Acting as President

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Cresud Sociedad Anonima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Unaudited Consolidated Statements of Cash Flows
Corresponding to the six-month periods beginning on July 1, 2009 and 2008
and ended December 31, 2009 and 2008
(in thousands of pesos)

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

	December 31, 2009	December 31, 2008
<u>Changes in cash and cash equivalents</u>		
Cash and cash equivalents at the beginning of the year	211,676	521,086
Cash and cash equivalents at the end of the period	129,556	241,148
Net decrease in cash and cash equivalents	(82,120)	(279,938)
<u>Causes of changes in cash and cash equivalents</u>		
<u>Operating activities</u>		
Income for the period	141,845	12,296
Income tax	70,501	23,348
<u>Adjustments made to reach net cash flow from operating activities</u>		
(Gain) loss on equity investees	(137,273)	56,750
Minority interest	141,848	(18,908)
Increase in allowances, provisions and accruals	37,390	51,556
Depreciation and amortization	91,221	37,675
Unrealized (gain) loss on Inventories	(21,366)	4,022
Financial results	(54,471)	82,264
Loss from sales of fixed assets	6,641	
Adjustment valuation to net realizable value in other assets	(13,935)	(4,090)
Amortization of negative goodwill	(25,875)	(8,494)
Result from barter of inventories		(2,867)
Result from repurchase of non-convertible notes		(111,844)
<u>Changes in operating assets and liabilities</u>		
Decrease (increase) in current investments	10,630	(77,052)
Increase in trade accounts receivable, leases and services	(8,049)	(52,164)
Decrease (increase) in other receivables	8,042	(94,139)
Increase in inventories	(28,225)	(27,921)
Increase in intangible assets	(1,557)	(432)
(Decrease) increase in social security payables, taxes payable and advances from customers	(94,520)	46,960
(Decrease) increase in trade accounts payable	(44,619)	3,147
Dividends collected	2,231	1,759
(Decrease) increase in accrued interest	(9,103)	6,445
Increase in other liabilities	18,618	25,640
Cash flows provided by (applied to) operating activities	89,974	(46,049)
<u>Investing activities</u>		

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Decrease in non-current investments		37,768
Increase in interest in equity method investees (except IRSA)	(154,926)	(3,597)
Increase in IRSA s interest		(89,893)
Acquisition and upgrading of fixed assets	(56,416)	(160,749)
Gain on the sales of fixed assets	294	
Increase in goodwill		(45)
Payment for subsidiary acquired, net of cash acquired	(8,622)	171,481
(Sale) purchase of undeveloped parcels of lands and other non-current investments	(48,380)	4,701
Collection (increase) of loans granted	56	(934)
Payments for the acquisition of shares in related companies	20,422	
Payment for subsidiary shareholding acquired	(78,788)	
Cash flows applied to investing activities	(326,360)	(41,268)
<u>Financing activities</u>		
Exercise of warrants and options	7	23
Expenses for repurchase of non-convertible notes	(12,000)	(69,196)
Issuance of non-convertible notes	129,227	
Increase in loans	218,216	76,620
Cash Dividends paid	(94,133)	(41,608)
Payment of short-term debt	(93,751)	(119,826)
Decrease in mortgages payable		(800)
Repurchase of treasury stock		(48,612)
Contributions received by subsidiaries from minority shareholders	24,883	10,778
Payment of non-convertible notes	(18,183)	
Cash flows provided by (applied to) financing activities	154,266	(192,621)
Net decrease in cash and cash equivalents	(82,120)	(279,938)

Saúl Zang

Vice-president I

Acting as President

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Cresud Sociedad Anonima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Unaudited Consolidated Statements of Cash Flows (continued)
Corresponding to the six-month periods beginning on July 1, 2009 and 2008
and ended December 31, 2009 and 2008
(in thousands of pesos)

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

	December 31, 2009	December 31, 2008
<u>Items not involving changes in cash and cash equivalents</u>		
Inventory transferred to property and equipment	1,097	771
Undeveloped parcels of land transferred to an inventories		101
Decrease in inventories through a decrease in advances from customers		15,285
Increase in other receivables through a decrease in undeveloped parcels of land		4,065
Increase in property and equipment through an increase in other liabilities		10,882
Decrease in non-current investments by transitory conversion differences	27,158	30,283
Increase in trade accounts receivable through a decrease in current investments		31,630
Increase in trade accounts receivable through a decrease in others receivable		19,434
Increase in goodwill through a decrease in minority interest		8,150
Increase in fixed assets through an increase in trade accounts payable		24,368
Acquisition of subsidiary companies through a decrease of other receivables	8,838	
Repurchase of treasury stock unpaid		544
Increase in fixed assets through an increase in trade accounts payable	7,723	
Increase in inventory through a decrease in property and equipment	39,504	11,999
Increase in trade accounts receivable through a decrease in investments not involving changes in cash and cash equivalents	41,146	
Increase in minority interest through an increase of current other debts	14,512	
<u>Complementary information</u>		
Interest paid	85,067	106,517
Income tax paid	46,147	15,880
	December 31, 2009	December 31, 2008
<u>Acquisition of subsidiaries companies</u>		
Investments	395	175,097
Trade accounts receivable and rentals	11	179,640
Other receivables	1,022	283,653
Inventories		198,387
Non-Current Investments		862,740
Property and equipment, net	289	2,581,810
Intangible assets	11,278	8,935
Goodwill		(65,724)
Trade accounts payable	(2,718)	(243,502)
Mortgage payable		(3,882)
Advances from customers		(237,539)
Financial loans		(1,369,227)
Salaries and social security payable	(87)	(31,674)
Taxes payable	(27)	(122,574)
Other liabilities	(5,294)	(134,325)

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Minority interest		(458,374)
Acquired assets that do not affect cash, net value	4,869	1,623,441
Acquires funds	13	230,472
Acquired assets, net value	4,882	1,853,913
Minority interest	(897)	(852,656)
Equity method previous to the purchase		(885,370)
Goodwill generated by the purchase	21,478	(56,896)
Purchase value of subsidiaries companies	25,463	58,991
Acquires funds	(13)	(230,472)
Amount funded by sellers	(14,574)	
Advanced amounts	(2,254)	
	8,622	(171,481)

Saúl Zang

Vice-president I

Acting as President

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**Cresud Sociedad Anonima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements
Corresponding to the six-month periods beginning on July 1, 2009 and 2008
and ended December 31, 2009 and 2008
(in thousands of pesos)**

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

NOTE 1: BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

As a consequence of the application of the Technical Resolution No. 21 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), the Balance Sheet as of December 31, 2009 and 2008 and the Statements of Income and the Statements of Cash Flows for the periods ended on those dates 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.

During the semester ended December 31, 2008, Cresud Sociedad Anonima Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries (Cresud, or the Entity or the Company) acquired directly and indirectly 68,712,008 additional shares of IRSA Inversiones y Representaciones Sociedad Anonima (IRSA). Thus, the Company's direct and indirect interest in IRSA through its affiliates amounted to 54.01%, therefore, from October 1, 2008, the Company began to consolidate the financial statements of IRSA in accordance with Technical Resolution No. 21.

The financial statements as of December 31, 2009 and 2008 of the subsidiary companies Inversiones Ganaderas S.A. (IGSA), Futuros y Opciones.Com S.A. (FyO.Com), Agropecuaria Anta S.A. (ex Agropecuaria Cervera S.A.) (ANTA), FyO Trading S.A. (FyO Trading), Agrology S.A. and IRSA have been used in order to determine line by line consolidation.

For purposes of comparability, certain reclassifications have been made on the information as of June 30, 2009 and December 31, 2008.

These Financial Statements and the corresponding notes are presented in thousand of Argentine Pesos. Figures expressed in United States dollars (US\$), are presented in million.

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Cresud Sociedad Anonima,
Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements (Continued)
(in thousands of pesos)

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

NOTE 2: CORPORATE CONTROL

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

COMPANY	CRESUD PERCENTAGE OF VOTING SHARES OWNED	CONSOLIDATED PERCENTAGE OF VOTING SHARES OWNED
IRSA	50.23	57.12 ⁽¹⁾
IGSA	99.99	99.99
FyO.Com	64.30	64.30
ANTA	90.00	99.99 ⁽²⁾
Agrology S.A.	97.00	99.99 ⁽²⁾
FyO Trading	3.63	65.60 ⁽³⁾

(1) Includes interests in participations of Agrology S.A.

(2) Includes interests in participations of IGSA

(3) Includes interests in participations of FyO.Com

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of the Subsidiaries mentioned in Note 2 have been prepared based on accounting principles consistent with those followed by the Company for the preparation of its Financial Statements, as detailed in Note 2 of the basic financial statements.

High relevant valuation and disclosure criteria applied in preparing the financial statements of consolidated companies and not explained in the valuation criteria note of the holding company are as follows:

a) Revenue recognition*Real Estate Business***1) Revenue recognition of IRSA***Sales of properties*

IRSA records revenue from the sale of properties when all of the following criteria are met:

The sale has been consummated.

There is sufficient evidence to demonstrate the buyer's ability and commitment to pay for the property.

The Company's receivable is not subject to future subordination.

The Company has transferred the property to the buyer.

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Notes to the Unaudited Consolidated Financial Statements (Continued)
(in thousands of pesos)**

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NOTE 3: (Continued)

IRSA uses the percentage-of-completion method of accounting with respect to sales of development properties under construction. Under this method, revenue is recognized based on the ratio of costs incurred to total estimated costs according to budgeted costs. IRSA does not commence revenue and cost recognition until such time as the decision to proceed with the project is made and construction activities have begun. The percentage-of-completion method of accounting requires the IRSA's Management to prepare budgeted costs in connection with sales of properties/units. All changes to estimated costs of completion are incorporated into revised estimates during the contract period.

Revenues from leases

Revenues from leases are recognized on a straight line basis over the life of the related lease contracts.

2) Revenue recognition of Alto Palermo S.A. (APSA)

Revenues for admission rights and rental of stores and stands

Leases with tenants are accounted for as operating leases. Tenants are generally charged a rent, which consists of the higher of (i) a monthly base rent (the Base Rent) and (ii) a specified percentage of the tenant's monthly revenues (the Percentage Rent) (which generally ranges between 4% and 10% of tenant's gross revenues).

Furthermore, pursuant to the rent escalation clause in most leases, the tenant's Base Rent generally increases between 7% and 12% each year during the term of the lease. Minimum rental income is recognized following on the accrued criteria.

Certain lease agreements contain provisions, which provide for rents based on a percentage of revenues or based on a percentage of revenues volume above a specified threshold. APSA determines the compliance with specific targets and calculates the additional rent on a monthly basis as provided in the contracts. Thus, these contingent rents are not recognized until the required thresholds are exceeded.

Generally, APSA's lease agreements vary from 36 to 120 months. Law No. 24,808 provides that tenants may rescind commercial lease agreements after the initial six months, upon not less than 60 days

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Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries
Notes to the Unaudited Consolidated Financial Statements (Continued)
(in thousands of pesos)**

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NOTE 3: (Continued)

written notice, subject to penalties which vary from one to one and a half months rent if the tenant rescinds during the first year of its lease, and one month of rent if the tenant rescinds after the first year of its lease.

Additionally, APSA charges its tenants monthly administration fees related to the administration and maintenance of the common area and the administration of contributions made by tenants to finance promotional efforts for the overall shopping centers operations. The administration fees are prorated among the tenants according to their leases which vary from shopping center to shopping center. Administration fees are recognized monthly when earned.

In addition to rent, tenants are generally charged admission rights, a non refundable admission fee, that tenants may be required to pay upon entering into a lease or upon lease renewal. Admission right is normally paid in one lump sum or in a small number of monthly installments. Admission rights are recognized in earnings using the straight-line method over the life of the respective lease agreements.

Credit card operations Consumer Financing

Revenues derived from credit card transactions consist of commissions and financing income, charges to clients for life and disability insurance and for statements of account, among other. Commissions are recognized at the time the merchants' transactions are processed, while the rest financial income is recognized when accrued. Income generated from granting consumer loans mainly includes financial interests, which are recognized by the accrued method during the period whether collection has or has not been made.

Lease agent operations

Fibesa S.A., company in which APSA has an interest of 99,99996%, acts as the leasing agent for APSA bringing together the Company and potential lessees for the retail space available in certain of APSA's shopping centers. Fibesa S.A.'s revenues are derived primarily from collected commissions calculated as a percentage of the final rental income value and admission's rights. Revenues are recognized at the time that the transaction is successfully concluded.

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**Cresud Sociedad Anonima,
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Notes to the Unaudited Consolidated Financial Statements (Continued)
(in thousands of pesos)**

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

NOTE 3: (Continued)

3) *Hotel operations*

IRSA recognizes revenues from its rooms, catering and restaurant facilities as accrued on the close of each business day.

Net operating results from each business unit are disclosed in Note 6.

b) *Cash and Banks*

Real Estate Business

The available cash has been computed at its face value.

c) Inventories

Real Estate Business

A property is classified as inventories upon determination by the Board of Directors that the property is to be marketed for sale in the normal course of business over the next several years.

Properties classified as inventories have been valued at acquisition or construction cost restated as mentioned in Note 1.b. to the basic financial statements or estimated market value, whichever is lower. Costs include land and land improvements, direct construction costs, construction overhead costs, financial costs and real estate taxes.

Inventories on which advance payments that establish price have been received, and the operation's contract terms and conditions assure that the sale will be effectively accomplished and that the income will be realized, are valued at its fair market value. Profits arising from such valuation are shown in the "Gain from valuation of assets at net realizable value" caption of the Statements of Income.

Properties held for sale are classified as current or non-current based on the estimated date of sale and the time at which the related receivable is expected to be collected by the Company.

The amount recorded in inventories, net of allowances set up, does not exceed their estimated recoverable value at the end of the period/year.

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**Cresud Sociedad Anonima,
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Notes to the Unaudited Consolidated Financial Statements (Continued)
(in thousands of pesos)**

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

NOTE 3: (Continued)

Property units to receive :

IRSA has rights to receive certain property units to be built. The units have been valued according to the accounting measuring standards corresponding to inventories receivables (the price established in the deed or net realizable value, as applicable) and there have been disclosed under Inventories .

d) Non-current investments

Real Estate Business

a. Investments in debt securities:

Investments in debt securities were valued based on the best estimate of the discounted amount receivable, applying the corresponding internal rate of return estimated at the time of incorporation to assets, as IRSA will hold them to maturity.

b. Investments in subsidiaries and equity investments:

Long term investments in subsidiaries and equity investments, have been valued by using the equity method of accounting based on the financial statements at December 31, 2009 issued by them. The accounting standards used by the subsidiaries to prepare their financial statements are the same as those used by IRSA. The accounting standards used by the related companies to prepare their financial statements are those currently in effect.

This item includes the lower or higher value paid for the purchase of shares in subsidiaries and affiliated companies assignable to the assets acquired, and goodwill related to the subsidiaries and affiliated companies acquired.

c. Banco Hipotecario S.A. and Banco de Crédito y Securitización S.A.:

The Financial Statements of Banco Hipotecario S.A. and Banco de Credito y Securitización S.A. are prepared in accordance with the Central Bank of the Argentine Republic (BCRA) standards. For the purpose of the valuation of the investment in IRSA, adjustments necessary to adequate the financial statements to the professional accounting standards have been considered.

In accordance with the regulations of the BCRA and the contracts signed as a result of Banco Hipotecario S.A. s financial debt restructuring process, there are certain restrictions on the distribution of profits by Banco Hipotecario S.A. to IRSA.

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NOTE 3: (Continued)

d. Tyrus S.A.:

Uruguay-based Tyrus S.A. has been classified as not integrated into the IRSA's operations in relation to its subsidiaries whose operations are carried out fully abroad. IRSA does not control foreign operations, which are conducted with a significant degree of autonomy respect to the IRSA's own operations. Besides, such operations are mainly financed with funds originating in its own transactions or with local loans.

The Tyrus's assets and liabilities were converted into Pesos at the exchange rate in force at the close of the period. The Statement of Income accounts have been converted into Pesos at the exchange rates in force at the time of each transaction. Foreign exchange gains/losses arising from the conversion have been charged to the Shareholders' equity caption in the line "Cumulative Translation Adjustment" and they amounted to Ps. 12,805 as of December 31, 2009.

e. Undeveloped parcels of lands:

IRSA acquires undeveloped land in order to provide an adequate and well-located supply for its residential and office building operations. IRSA's strategy for land acquisition and development is dictated by specific market conditions where IRSA conducts its operations.

Land held for development and sale and improvements are stated at cost restated as mentioned in Note 1.b. to the basic financial statements or market value, whichever is lower.

Land and land improvements are transferred to inventories or fixed assets when construction commences or their trade is decided.

The values thus obtained, do not exceed their respective estimated recoverable values at the end of the period/year.

e) Business combinations

Real Estate Business

Significant entities on net asset acquired by the Company were recorded in line with the "purchased method" set forth in Technical Resolution No. 18. and Technical Resolution No. 21. All assets and liabilities acquired to third independent parties were adjusted to show their fair value. IRSA identified the assets and liabilities acquired including intangible assets such as: lease agreements acquired for prices and terms that are either higher or lower than in the market; costs of executing and delivering the lease agreements in force (costs that IRSA avoids incurring as a result of acquiring effective lease agreements); the value of acquired brands, the value of any deposits associated to the investment and the intangible value inherent in customer relations.

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NOTE 3: (Continued)

The process of identification and the determination of the purchased price paid is a matter that requires complex judgments and significant estimates.

IRSA uses the information contained in valuations estimated by independent appraisers as primary base for assigning the price paid for the land, the building and the shopping centers. The amounts assigned to all the other assets and liabilities are based on independent valuations or on the IRSA's own analysis on comparable assets and liabilities. The current value of tangible assets acquired considers the property value as if it was empty.

In accordance with the terms of Technical Resolution No. 21, if the value of identified tangible and intangible assets and liabilities exceeds the price paid, the intangible assets acquired are not recognized as they would cause an increase of the negative goodwill generated by these acquisitions at the time of the purchase. Furthermore, as regards the negative goodwill generated, the portion concerning the investees' expectations of future expenses or losses will be recognized in the statements of income for the same periods in which such expenses or losses are accrued and expensed. The portion that is not concerned with the investees' expectations of future expenses or losses will be treated as follows: (i) the amount that does not exceed the investor's interest over the current values of the investees' identifiable non-monetary assets will be consistently recognized in the statement of income throughout a period equivalent to a weighted average of the remaining useful lives of the investees' identifiable assets subject to depreciation; (ii) the amount that exceeds the current values of the investees' identifiable non-monetary assets will be recognized in the statement of income at the time of the acquisition.

If the price paid is larger than the value of tangible and intangible assets and liabilities as identified, the excess is considered to be goodwill.

f) Property and equipment, net

Agricultural Business

The tree plantations (wood) comprising this account has been valued at cost less respective accumulated depreciation as the Company has no intention to sell it, but use it in the production process.

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NOTE 3: (Continued)

Its cost was calculated according to a Report on forestry mass increase carried out by a forestry engineer at the request of the preceding shareholders of ANTA.

ANTA former Board of Directors based on such report as well as on owns estimates accepted the value of the tree plantations (wood) in Ps. 4,320.

Depreciation for the period was calculated based on the remaining concession term.

Other considerations concessions granted

Among other goods and rights ANTA has the concession planning and 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 ANTA.

Among other obligations ANTA has to invest Ps. 16,000 in agriculture, cattle farming, hydraulic resources, continuing education, forestry development, forest planting, fauna, natural reserve and eco-tourism.

On July 2, 2008, a memorandum of understanding was executed by which the concession agreement mentioned in Note 12 was renegotiated.

Real Estate Business

Fixed assets comprise primarily of rental properties and other properties and equipment held for use by IRSA.

Fixed assets value, net of allowances set up, does not exceed estimated recoverable value at the end of the period/year.

Rental properties

Rental properties are carried at acquisition and/or construction cost, restated as mentioned in Note 1.b. to the basic financial statements, less accumulated

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NOTE 3: (Continued)

depreciation and allowance for impairment at the end of the period/year. IRSA capitalizes the financial accrued costs associated with long-term construction projects. During the year ended June 30, 2009, financial costs were capitalized in the building known as **DIQUE IV** for Ps. 7,561.

Accumulated depreciation is computed under the straight-line method over the estimated useful lives of each asset. Expenditures for ordinary maintenance and repairs are charged to results in the period incurred.

IRSA has allowances for impairment of certain rental properties.

Significant renewals and improvements, which improve or extend the useful life of the asset are capitalized and depreciated over its estimated remaining useful life. At the time depreciable assets are retired or otherwise disposed of, the cost and the accumulated depreciation of the assets are eliminated from the accounts and the resulting gain or loss is disclosed in the Statement of Income.

Other properties and equipment

Other properties and equipment properties are carried at cost, restated as mentioned in Note 1.b. to the basic financial statements, less accumulated depreciation at the end of the period/year. Accumulated depreciation is computed under the straight-line method over the estimated useful lives of the assets.

Assets	Estimated useful life (years) on contract basis
Leasehold improvements	
Furniture and fixtures	10
Vehicles	5
Machinery and equipment	10
Computer equipment	3

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NOTE 3: (Continued)

The cost of maintenance and repairs is charged to expense as incurred.

The cost of significant renewals and improvements are added to the carrying amount of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts.

g) Intangible assets

Agricultural Business

Related to the concession right mentioned in Note 3.f.

The amortization of the concession right of ANTA is calculated according to its duration, whose remaining time is 30 years.

Real Estate Business

Intangible assets are carried at cost restated as mentioned in Note 1.b. to the basic financial statements, less accumulated amortization and corresponding allowances for impairment in value. Included in the Intangible assets caption are the following:

Trademarks

Trademarks include the expenses and fees related to their registration.

Pre-operating expenses

Those expenses were amortized by the straight-line method in 3 years, beginning as from the date of opening.

The value of the intangible assets does not exceed their estimated recoverable value at the end of the period/year.

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NOTE 3: (Continued)

h) Goodwill

Real Estate Business

- i. **Negative goodwill:** Negative goodwill represents the excess of the fair value of net assets of the subsidiaries at the percentage of participation acquired over the acquisition cost. If the value of the identified tangible and intangible assets exceeds the purchase price paid: (i) the acquired intangible assets are not recognized because they would entail an increase in the negative goodwill arising from these acquisitions at the time of the purchase and (ii) the excess will be treated as negative goodwill as follows: (a) the portion related to the expectations of future losses will be recognized in the Statements of Income for the same periods in which such losses are incurred; (b) the amount not in excess of the equity interest over the non-monetary assets of the issue will be recognized as negative goodwill and (c) the amount that exceeds the non-monetary assets will be recognized in the statement of income at the time of the purchase.

Goodwill has been restated following the guidelines mentioned in Note 1.b. to the basic financial statements and amortization has been calculated by the straight-line method based on estimated useful life, considering the weighted-average of the remaining useful life of identifiable assets acquired subject to depreciation.

- ii. **Positive Goodwill:** the goodwill represents the excess of the acquisition cost over the net assets current value of the business acquired to the share percentage.

Amortizations were calculated through the straight line method on the basis of an estimated useful life considering the weight average of the remaining useful life of the assets acquired.

The residual value of goodwill arising from acquisition of net assets and shares in companies has been shown in the Goodwill caption. Amortizations were classified in the Amortization of goodwill caption of the statement of income. Goodwills related to the acquisition of interests in subsidiaries is included in non-current investments.

Values thus obtained do not exceed the respective estimated recoverable values at the end of the period/year.

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NOTE 3: (Continued)

i) Customer advances

Real Estate Business

Customer advances represent payments received in advance in connection with the sale and rent of properties and has been valued according to the amount of money received.

j) Allowances

Real Estate Business

Allowance for doubtful accounts: IRSA allows for losses relating to trade receivables, leases and other accounts receivable. The allowance for losses is recognized when, based on current information and events, it is probable that IRSA will be unable to collect all amounts due according to the terms of the agreements. The allowance is determined on a one-by-one basis considering the present value of expected future cash flows. While Management uses the information available to make assessments, future adjustments to the allowance may be necessary if future economic conditions differ substantially from the assumptions used in making the assessments. Management has considered all events and/or transactions that are subject to reasonable and normal methods of estimations, and the financial statements reflect that consideration.

For impairment of assets: IRSA regularly assesses its non-current assets for recoverability at the end of every year.

IRSA has estimated the recoverable value of rental properties based on their economic use value, which is determined based on estimated future cash flows discounted. For the rest of the assets (inventories and undeveloped parcels of land) IRSA makes a comparison with market values based on values of comparable properties. If the recoverable value of assets, which had been impaired in prior years, increases, IRSA records the corresponding reversals of impairment loss as required by accounting standards.

For lawsuits: IRSA has certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving labor issues. IRSA accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date, IRSA's estimates of the outcomes of these matters and IRSA's lawyers' experience in contesting, litigating and settling other matters.

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NOTE 3: (Continued)

As the scope of the liabilities becomes better defined, there may be changes in the estimates of future costs, which could have an effect on IRSA's future results of operations and financial condition or liquidity.

At the date of issuance of these financial statements, IRSA's Management understands that there are no elements to foresee other potential contingencies having a negative impact on these financial statements.

k) Liabilities in kind related to barter transactions*Real Estate Business*

Liabilities in kind corresponding to obligations to deliver units to be built are valued considering the cost of the assets received. IRSA estimate that this value does exceed the cost of construction of the units to deliver plus additional costs to transfer the assets to the creditor. Liabilities in kind have been shown in the Trade account payables .

l) Deferred financing cost*Real Estate Business*

Expenses incurred in connection with the issuance of debt are amortized over the life of the related issuances. In the case of redemption or conversion of these notes, the related expenses are amortized using the accelerated depreciation method.

Amortization has been recorded under Financial results, net in the Statements of Income as a greater financing expense.

NOTE 4: Details of consolidated balance sheet and consolidated statement of income accounts

As of December 31, 2009 and 2008 and as of June 30, 2009 the principal items of the financial statements are as follows:

a. Cash and banks

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Cash	4,476	3,406	5,283
Foreign currency	91	579	1,301
Banks in local currency	42,062	24,523	24,688

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Banks in foreign currency	4,253	51,200	43,560
Checks to be deposited	6,432	2,751	1,567
	57,314	82,459	76,399

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NOTE 4: (Continued)**b. Investments**

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Investments			
Mutual Funds (2)	125,910	150,850	225,497
Time deposits	1,813	15,156	16,295
Government Bonds, Bonds and Notes (1)			
-Pre 2009 bonds		10,108	6,767
-Pro 2012 bonds		3,987	2,445
- Participation trust certificates	9,376	16,490	12,058
-Certificates of participation - Tarshop Trust	138,633	136,231	104,248
-Allowance for impairment of investments	(11,062)	(10,198)	(10,951)
-Global 2010 bonds	188	67	34
-Bocon Pro 1	1	1	1
-Mortgage Bonds	1,303	1,198	1,292
Public shares (1)	24,516	21,603	2,561
Others investments (1)	54	48	48
	290,732	345,541	360,295

(1) Not considered as cash equivalents in Cash Flow Statements.

(2) As of December 31 and June 30, 2009 includes Ps. 55,481 and Ps. 36,789 respectively, related to mutual funds not considered as cash equivalents in Cash Flow Statement.

Non-current**Investment on equity investees****Subsidiaries, related companies Law No. 19,550****Section 33 and related parties:**

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	December 31, 2009	June 30, 2009	December 31, 2008
Agro-Uranga S.A.			
Shares	6,665	9,024	5,957
Higher property value	11,179	11,179	11,179
	17,844	20,203	17,136
Cactus Argentina S.A. (Cactus)			
Shares	18,308	10,032	6,169
Goodwill	4,015	4,015	
	22,323	14,047	6,169
Exportaciones Agroindustriales Argentinas S.A.			
Shares	99	99	46
	99	99	46
BrasilAgro Companhia Brasileira de Propriedades Agrícolas (BrasilAgro)			
Shares	295,872	220,709	127,481
Higher values (1)	6,887	6,887	6,887
Goodwill	6,965	3,841	3,841
Negative Goodwill	(16,838)	(19,163)	(1,548)
	292,886	212,274	136,661

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NOTE 4: (Continued)

	December 31, 2009	June 30, 2009	December 31, 2008
Banco Hipotecario			
Shares	755,322	516,097	220,112
Higher values (2)	10,869	13,871	11,240
Goodwill	18,013	21,152	28,407
	784,204	551,120	259,759
Banco Crédito y Securitización S.A.			
Shares	5,904	5,127	4,927
	5,904	5,127	4,927
Manibil S.A.			
Shares	25,996	25,322	179
Irrevocable capital contributions			23,892
Goodwill	10	10	10
	26,006	25,332	24,081
Hersha Hospitality Trust			
Shares	68,856		
	68,856		
Metropolitan 885 Third Avenue LLC			
Shares			72,737
			72,737
Advances for shares purchases		6,250	7,844
		6,250	7,844

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- (1) Corresponds to Ps. 10,596 of higher value property and equipment and Ps. (3,709) of higher tax effect value.
- (2) Corresponds to Ps. 283 of higher value intangible assets, Ps. 27,387 of lower value trade account payables and Ps. (18,437) of higher value trade account receivable which belongs to the business combinations of Cresud and Agrology S.A., and Ps. 1,636 of IRSA.

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NOTE 4: (Continued)

	December 31, 2009	June 30, 2009	December 31, 2008
Undeveloped parcels of land :			
- Santa Maria del Plata	204,250	203,584	177,147
- Puerto Retiro (1)	66,294	66,331	62,834
- Plot of Land Berutti (2)	54,305	54,018	52,030
- Plot of Land Caballito	40,626	40,626	39,405
- Patio Olmos (3)	33,218	33,218	32,945
- Pereiraola	24,157	24,157	23,413
- Torres de Rosario plot of land	19,105	18,641	15,172
- Air Space Coto	14,672	14,672	14,158
- Plot of Land Zetol (4)	13,296	13,116	-
- Canteras Natal Crespo	6,465	6,465	6,000
- Pilar	4,066	4,066	3,866
- Torres Jardin IV	3,038	3,038	3,030
- Plot of Land Vista al Muelle (4)	5,550	1,739	
- Catalinas Norte s advance	22,230		
- Other land reserves	23,852	19,267	20,262
	535,124	502,938	450,262
	1,753,246	1,337,390	979,622

Other Investments

The breakdown for this item is as follow:

Certificates of participation - Tarshop S.A. Trust	17,260	22,900	54,934
Allowance for impairment of investments	(1,456)	(1,891)	(5,138)
MAT	90	90	90
Coprolán	21	21	21
Other investments	130	95	1,388
	16,045	21,215	51,295

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- (1) Note 8.B.1.a. to the consolidated financial statements
- (2) Note 10.B.2.c. to the consolidated financial statements
- (3) Note 10.B.2.a. to the consolidated financial statements
- (4) Note 9.B.1.e. to the consolidated financial statements
- (5) Note 10.B.2.d. to the consolidated financial statements

c. Trade accounts receivable

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Debtors from Tarjeta Shopping	144,775	141,570	136,590
Leases and services receivables	79,526	75,077	74,003

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NOTE 4: (Continued)

	December 31, 2009	June 30, 2009	December 31, 2008
Checks to be deposited	69,836	62,230	70,575
Debtors from expenses and collective promotion fund	36,455	37,725	28,277
Debtors from leases under legal proceedings	36,901	34,583	30,853
Trade accounts receivable agricultural business	24,102	25,106	22,536
Trade accounts receivable real estate	15,466	15,681	7,812
Accounts receivable in foreign currency	14,025	15,477	9,617
Debtors from hotel activities	12,602	7,713	11,007
Documents receivable	8,429	7,461	
Debtors from Tarjeta Shopping collection agents	4,683	5,070	4,586
Debtors under legal proceedings and past due debts	1,169	1,320	1,409
Credit cards receivable	3,280	1,161	
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (note 4 s.)	5,289	2,400	2,783
Less:			
Allowance for doubtful accounts	(127,345)	(129,479)	(122,388)
	329,193	303,095	277,660
Non-current			
Trade accounts receivable agricultural business			424
Debtors from Tarjeta Shopping	20,153	6,490	9,210
Leases and services receivables	411	2,691	1,977
Trade accounts receivable real estate	2,973	2,306	8,432
Debtors from sale in foreign currency		451	
Documents receivable	1,073		
Less:			
Allowance for doubtful accounts	(1,698)	(2,708)	(8,004)
	22,912	9,230	12,039

d. Other receivables

The breakdown for this item is as follow:

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	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Call Option Metropolitan 885 Third Ave. LLC	45,879	44,877	
Receivables from the sale of shares (1)	34,580	34,553	31,422
Outstanding VAT	59,560	32,601	26,848
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.s.)	9,057	89,925	37,238
Prepaid expenses	30,456	25,869	17,178
Income tax advances and tax credit (net of provisions for income tax)	7,527	21,987	19,179

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NOTE 4: (Continued)

	December 31, 2009	June 30, 2009	December 31, 2008
Trust programs account receivables	5,311	6,782	13,526
Loans granted	932	5,424	2,990
Guarantee of defaulted credits	4,000	4,206	541
Outstanding tax on sales	5,370	3,318	1,252
Directors fees advances, net	3,792		8,219
Receivable for services of third offered in Tarshop business	3,822	2,746	2,600
Guarantee deposits	2,437	1,490	1,454
Pre-paid insurance	23	1,489	403
Tax on minimum presumed income	6,649	923	70
Premiums collected	594	743	10,687
Financial operations to liquidate	3,911		21,581
Judicial liens			212
Other tax credit	141	171	197
Administration and reserve fund			193
Prepaid leases	50	75	179
Tax on personal assets to be recovered			57
Expenses to be recovered	195	47	5,324
Receivables from stock holders in related companies		29	
Others	15,280	10,108	11,373
	239,566	287,363	212,723
Non-current			
Deferred tax	70,248	78,285	118,956
Tax on minimum presumed income	71,733	65,967	67,661
Outstanding VAT	65,066	65,575	51,320
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (note 4.s.)	25,308	22,513	4
Prepaid expenses	2,111	3,958	678
Mortgages receivables under legal proceeding	2,208	2,208	2,208
Allowance for doubtful accounts	(2,208)	(2,208)	(2,208)
Outstanding gross sales tax payable and others	2,194	1,989	2,109
Trust programs account receivables	188	999	4,931
Loans granted	393		
Guarantee of defaulted credits			3,461
Guarantee deposits		380	398
Income tax advances		109	
Prepaid leases		33	

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Others	4,887	2,784	3,380
	242,128	242,592	252,898

- ⁽¹⁾ In June, 2007 IRSA sold 10% of the shareholding in Solares de Santa Maria S.A. for US\$ 10.6 million (on such date IRSA collected US\$ 1,5 million of such amount). The balance will become due in June, 2010 and it is supported by a pledge in favor of IRSA

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NOTE 4: (Continued)*e. Inventories*

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Agricultural business			
Crops	9,722	49,258	17,209
Materials and others	51,305	26,898	39,690
Beef cattle	25,725	18,279	16,939
Unharvested crops	61,025	13,006	76,428
Seeds and fodder	1,468	2,864	1,638
Real estate business			
Credit from barter transaction of Terreno Caballito (Koad)	13,854	19,222	
Abril	1,405	3,035	2,696
Inventories (hotel business)	2,972	2,676	3,453
El Encuentro	973	2,119	
Horizons	64,661		
Other inventories	907	1,022	1,108
Dock 13			33
Torres Abasto			21
San Martin de Tours	431	431	490
Credit from barter transaction of Dique III		68	23,314
Torres Jardin	68	68	18
Rivadavia 2,768	251	251	
	234,767	139,197	183,037
Non-Current			
Agricultural Business			
Beef cattle	93,649	77,828	72,023
Real estate business			
Horizons	86,125	109,144	85,600
Credit from barter of Caballito (Cyrsa) (1)	25,155	23,099	20,974
Credit from barter of Caballito (Koad)	18,052	14,324	26,942
Credit from barter Rosario	11,121	11,121	11,111
El Encuentro	11,089	9,633	11,265

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Caballito land	6,722	4,429	4,429
Project Abasto (Cyrsa)		1,098	
Torres Jardín			79
Abril	717	768	3,899
Cruceros Buildings	6	25	
San Martín de Tours	4	3	
Other inventories	1,344	57	695
	253,984	251,529	237,017

(1) See note 9.B.1.a. to the consolidated financial statements.

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NOTE 4: (Continued)*f. Property and equipment*

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Agricultural business	451,898	430,529	359,696
Real estate business			
Shopping Center	1,603,433	1,453,747	1,421,180
Office buildings	937,303	1,153,207	992,763
Hotels (1)	210,658	217,437	217,255
Other fixed assets	31,673	51,452	92,551
Commercial real state	8,334	3,626	4,023
	3,243,299	3,309,998	3,087,468

- (1) In December 2006, Llao Llao Resorts S.A. acquired several plots of land in San Carlos de Bariloche, in the province of Río Negro, for US\$ 7,000 paid as follows: US\$ 4,200 in cash and the balance with a mortgage over the land acquired, payable in 36 monthly, equal and consecutive installments of US\$ 86 each, with the first installment maturing in January 2007. Such installments included the amortization of principal and interest calculated by application of the French system at an annual 7% over balances. In December, 2009, the last installment was cancelled. The mortgage cancellation in the Registry of Property is in process.

g. Intangible assets, net

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Concession rights	21,701	22,076	22,453
Saving expenses of contracts in acquired leases	12,519	13,897	15,113
Pre-operating expenses	26,123	16,038	4,953
Tarshop s customers	2,756	2,902	1,918

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Trademarks	277	274	306
Others	61		
	63,437	55,187	44,743

h. Goodwill, net

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Goodwill			
IRSA	41,063	41,995	35,280
APSA	19,957	20,670	21,382
Tarshop S.A.	6,588	6,897	8,150
Torre Bank Boston	5,794	5,899	
Della Paolera 265 and Museo Renault	3,195	3,276	9,545
Fibesa S.A.	1,369	2,395	3,422
Conil S.A.	507		
Arcos del Gourmet S.A.	20,873		
Baicom Network S.A.	173		

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NOTE 4: (Continued)

	December 31, 2009	June 30, 2009	December 31, 2008
Negative goodwill			
IRSA	(376,907)	(385,809)	(286,353)
APSA	(44,834)	(46,317)	(47,817)
Palermo Invest S.A.	(41,297)	(42,291)	(43,329)
Empalme S.A.I.C.F.A. y G.	(8,766)	(9,084)	(9,401)
Mendoza Plaza Shopping S.A.	(5,825)	(5,988)	(6,151)
Emprendimiento Recoleta S.A.	(299)	(336)	(374)
Tyrus S.A.		(47)	(46)
	(378,409)	(408,740)	(315,692)

i. Trade accounts payable

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Suppliers	246,701	191,122	198,698
Provisions	95,760	104,421	61,688
Debt related to purchase of establishment	21,407	35,098	
Loan with shareholders of related parties	2,265		
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.s.)	2,260	6,961	1,696
Provisions for harvest expenses	1,424	1,253	849
Others	1,446	1,039	686
	371,263	339,894	263,617
Non-Current			
Suppliers (1)	38,655	58,862	47,001
Debt related to purchase of establishment		21,893	40,101
Loan with shareholders of related parties	12,167		
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.s.)		8,438	

	50,822	89,193	87,102
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- (1) Includes as of December 31, 2009 and June 30, 2009 non current Ps. 47,593 and Ps. 46,451, respectively, corresponding to the liabilities in kind associated to the acquisition of properties in Vicente Lopez.

j. Mortgage payable

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Mortgage payable Bariloche plots of land (1)		1,930	3,450
		1,930	3,450

- (1) In December 2006, Llao Llao Resorts S.A. acquired several plots of land in San Carlos de Bariloche, in the province of Río Negro, for US\$ 7,000 paid as follows: US\$ 4,200 in cash and the balance with a mortgage over the land acquired, payable in 36 monthly, equal and consecutive installments of US\$ 86 each, with the first installment maturing in January 2007. Such installments included the amortization of principal and interest calculated by application of the French system at an annual 7% over balances. In December, 2009, the last installment was cancelled. The mortgage cancellation in the Registry of Property is in process.

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NOTE 4: (Continued)***k. Short-term and long-term debts***

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Bank loans	467,284	294,065	161,382
Debt related to purchase of subsidiaries			11,222
Foreign financial entities	2,485	788	
Debts for the purchase of Berutti plot of land			13,280
Overdraft	123,887	166,651	185,355
Seller financing	51,981	28,895	
Non-convertible Notes - IRSA 2017 (1)	14,851	14,839	13,415
Non-convertible Notes Class I	15,529		
Non-convertible Notes Class II	33,951		
Non-convertible Notes APSA US\$ 120 M.	2,441	2,471	3,004
Convertible Notes APSA 2014 US\$ 50 M.	2,645	2,610	2,389
Non-convertible Notes APSA 2011 Ps. 55 M.	362		
Non-convertible Notes APSA 2011 US\$ 6 M.	42		
Non-convertible Notes APSA 2012 Ps. 154 M.	26,621	26,569	40,037
	742,079	536,888	430,084
Non-Current			
Non-Convertible Notes IRSA 2017 (1)	423,899	421,932	397,208
Convertible Notes APSA US\$ 120 M.	251,543	250,512	331,241
Bank loans	76,566	76,611	110,330
Debts for the purchase of Berutti plot of land			15,113
Convertible Notes APSA 2014 US\$ 50 M.	58,739	58,679	53,486
Non-convertible Notes APSA 2011 Ps. 55 M.	43,571		
Non-convertible Notes APSA 2011 US\$ 6 M.	24,793		
Non-convertible Notes APSA 2012 Ps. 154 M.	37,772	50,356	99,120
Seller financing	11,907	8,610	
	928,790	866,700	1,006,498

(1) Note 13 A.1.a to the consolidated financial statements.

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NOTE 4: (Continued)*l. Salaries and social security payable*

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Provisions for vacation and legal bonus	26,103	30,677	17,816
Social security taxes payable	9,886	10,188	8,112
Salaries payable	258	299	536
Others	327	590	450
	36,574	41,754	26,914

m. Taxes payable

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Value added tax	45,841	44,290	32,966
VAT Plan of facilities		31,437	
Income taxes Plan of facilities	4,385	23,193	
Tax on minimum presumed income	5,510	20,345	22,234
Provisions Income tax	29,013	14,291	40,271
Tax on personal assets	8,982	5,096	7,836
Provisions Gross sales tax payable	5,154	4,952	4,112
Taxes withheld Income tax	3,556	3,221	2,015
Minimum presumed income Plan of facilities		1,137	
VAT withholdings	486	824	417
Gross sales tax withholdings and payments	405	373	574
Property tax payable	115	208	
Gross sales tax payable- Plan of facilities	467	140	134
Others	6,927	6,445	6,752

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110,841 155,952 117,311

Non-current

Deferred income tax	207,371	197,473	174,209
Tax moratorium Income tax payable	22,397	20,704	
Tax moratorium Personal assets	2,544	2,773	
Gross sales tax payable	1,138	1,138	1,138
Gross sales tax payable- Plan of facilities	2,110	2,433	2,762
Tax on minimum presumed income	2	8	
	235,562	224,529	178,109

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NOTE 4: (continued)*n. Advances from customers*

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Admission rights	49,795	45,935	43,377
Advanced payments from customers	63,726	30,601	33,521
Leases and service advances (1)	27,751	20,850	19,019
	141,272	97,386	95,917
Non-current			
Admission rights	62,717	60,626	65,730
Advanced payments from customers	42,743	56,822	37,721
Leases and service advances(1)	31,713	32,909	40,020
	137,173	150,357	143,471

(1) See note 14.B.2.a to the consolidated financial statements.

(a) Includes balances owed to NAI INTERNATIONAL II. INC., due to the financing agreement enclosed by Empalme S.A.I.C.F.A. y G.

(b) As of December 31 and June 30, 2009 includes advances of Ps. 10,741 and Ps. 8,122 respectively, received from Wall - Mart Argentina S.R.L. in the context of a rent contract entered into with Panamerican Mall S.A. (APSA's Subsidiary), for a 30 years term.

o. Other liabilities

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Lowest value of acquired contracts	9,823	18,711	15,239

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Payables to Nationals Park Administration	10,173	10,223	10,173
Debt related to purchase of investment	4,651		
Guarantee deposits	4,882	5,228	4,524
Administration and reserve fund			3,121
Commitment to provide	2,272	2,270	
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.s.)	3,194	90,336	12,337
Loans with shareholders of related parties		837	46,451
Premium collected	991	543	7,938
Management agreement provision	8,344		
Contributed leasehold improvements to be accrued and unrealized gains	524	524	530
Dividends payables	1,158		
Advance sale of Tarshop S.A. s shares	20,422		
Mortgage with Futuros y Opciones.Com S.A. s minority shareholder	134	134	134
Others	9,062	7,251	3,796
	75,630	136,057	104,243

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NOTE 4: (Continued)

	December 31, 2009	June 30, 2009	December 31, 2008
Non-current			
Loans with shareholders of related parties	36,432	47,388	12,086
Contributed leasehold improvements to be accrued and unrealized gains	9,941	10,203	10,209
Guarantee deposits	4,377	4,713	5,214
Unrealized gains			266
Debts for the purchase of farm		4,556	
Commitment to provide	3,428	3,425	
Lowest value of acquired contracts		1,308	3,169
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties (Note 4.s.)	12	20	20
Others	414	5,063	395
	54,604	76,676	31,359

p. Provisions for lawsuits and contingencies

The breakdown for this item is as follow:

	December 31, 2009	June 30, 2009	December 31, 2008
Current			
Law contingencies for pending lawsuits	2,224	4,051	2,045
	2,224	4,051	2,045
Non-current			
Law contingencies for pending lawsuits	8,797	5,823	10,084
	8,797	5,823	10,084

q. Unrealized gain (loss) on inventories

The breakdown for this item is as follow:

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	December 31, 2009	December 31, 2008
Unrealized gain (loss) on inventories - Beef cattle	25,040	(1,054)
Unrealized loss on inventories - Crops, raw materials and MAT	(3,674)	(2,968)
Total unrealized gain (loss) on inventories	21,366	(4,022)

r. Other income and expenses, net

The breakdown for this item is as follow:

	December 31, 2009	December 31, 2008
Other Income		
Recovery of allowances	71	
Gains on the sale of other fixed assets	40	125
Others	1,462	806
Sub-total Other Income	1,573	931

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NOTE 4: (Continued)

	December 31, 2009	December 31, 2008
Other Expenses		
Lawsuits contingencies	(44)	(1)
Tax on shareholders' personal assets	(6,611)	(3,653)
Unrecoverable VAT receivable	(2,509)	(1,369)
Donations	(3,159)	(133)
Others	(1,859)	(5)
Sub-total Other Expenses	(14,182)	(5,161)
Total Other Income and Expenses, net	(12,609)	(4,230)

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NOTE 4: (Continued)*s. Companies under Law No. 19,550 Section 33 and others related parties:*

Balances as of December 31, 2009, compared to the balances as of June 30, 2009 and December 31, 2008, as well as the Statement of income for the six-month periods ended December 31, 2009 and 2008, held with related companies, persons and shareholders are as follows:

Companies	Relationship	Item	Gain (loss) for the period ended		Assets (liabilities) as of		
			December 31, 2009	December 31, 2008	December 31, 2009	June 30, 2009	December 31, 2008
Shareholders in general	Shareholders	Others income and expenses, current tax on personal assets	(202)	(274)			
Agro Uranga S.A.	Related party	Current trade accounts payable				(45)	
Agro Uranga S.A.	Related party	Current trade receivables			39		
Agro Uranga S.A.	Related party	Current other receivables			391	39	1,413
Agro Uranga S.A.	Related party	Others	355	215			
Baicom Networks S.A.	Joint control	Non-current other receivables			277		
Banco Hipotecario S.A.	Related party	Current trade receivables			131	5	
Banco Hipotecario S.A.	Related party	Current other receivables					4
Banco Hipotecario S.A.	Related party	Current other liabilities					(16)
Banco Crédito y Securitización	Related party	Current trade receivables					18
BrasilAgro	Related party	Current other receivables					69
BrasilAgro	Related party			408			

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		Administrative services			
BrasilAgro	Related party	Current trade receivables		52	13
Cactus	Related party	Current trade receivables		65	25
Cactus	Related party	Current other receivables		11	15,031
Cactus	Related party	Current trade accounts payable		(99)	(5,133)
Cactus	Related party	Current other liabilities			(3)
Cactus	Related party	Beef cattle expenses	(1,189)	(301)	
Cactus	Related party	Gained interest	9	444	
Cactus	Related party	Administrative services	83	75	
Cactus	Related party	Others	(158)	274	
Canteras Natal Crespo S.A.	Joint control	Current trade receivables		224	193
Canteras Natal Crespo S.A.	Joint control	Current other receivables		1,037	864
Canteras Natal Crespo S.A.	Joint control	Sales and fees for shared services	24	24	
Canteras Natal Crespo S.A.	Joint control	Gained interest	50	39	
Consorcio Libertador S.A.	Related party	Current trade receivables		539	330
Consorcio Libertador S.A.	Related party	Current other receivables		16	532
Consorcio Libertador S.A.	Related party	Current trade accounts payable		(81)	(122)
Consorcio Libertador S.A.	Related party	Current other liabilities		(38)	(2)
Consorcio Libertador S.A.	Related party	Sales and fees for shared services	51	61	
Consorcio Libertador S.A.	Related party	Gained leases	5	5	
Consorcio Dock del Plata	Related party	Current trade accounts payable		(6)	(46)
Consorcio Dock del Plata	Related party	Sales and fees for shared services	117		
Consorcio Dock del Plata	Related party	Current trade receivable		844	
Consorcio Dock del Plata	Related party	Current other receivables		1	370
Consultores Asset Management S.A.	Related party	Current trade receivable		641	597
Consultores Asset Management S.A.	Related party	Current other receivables		2	3,826
Consultores Asset Management S.A.	Related party	Current trade accounts payable		(7)	(7)
Consultores Asset Management S.A.	Related party	Fees	(15,820)		(2)
Cresca S.A.	Related party	Current other receivables		2,754	788
Cyrsa S.A.	Joint control	Current trade receivables		1,632	1,530

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Cyrsa S.A.	Joint control	Current other receivables			20	416
Cyrsa S.A.	Joint control	Current other liabilities				(100)
Cyrsa S.A.	Joint control	Current trade accounts payable			(995)	(560)
Cyrsa S.A	Joint control	Gained leases	45	138		(449)
Directors	Related party	Current other receivables			162	191
Directors	Related party	Current trade accounts payable			(29)	(29)

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NOTE 4: (Continued)

s. Companies under Law No. 19,550 Section 33 and others related parties: (continued)

Companies	Relationship	Item	Gain (loss) for the period ended		Assets (liabilities) as of		
			December 31, 2009	December 31, 2008	December 31, 2009	June 30, 2009	December 31, 2008
Directors	Related party	Current other liabilities			(2,083)	(2,362)	(548)
Directors	Related party	Salaries and wages		(271)			
Directors	Related party	Administrative services	(5,670)	(10,504)			
Directors	Related party	Non-current other liabilities			(12)	(20)	(20)
Directors	Related party	Lost interest	(3)	(6)			
Directors	Related party	Fees	(6,014)	(5,403)			
Directors	Related party	Salaries and wages	(362)				
Banco Hipotecario S.A. s Directors	Related party	Gained interest		(6)			
Dolphin Fund PLC	Related party	Current other receivables				63,560	
Dolphin Fund PLC	Related party	Current other liabilities				(61,398)	
Estudio Zang, Bergel & Viñes	Related party	Current other receivables			25	20	19
Estudio Zang, Bergel & Viñes	Related party	Current trade receivables				2	
Estudio Zang, Bergel & Viñes	Related party	Current trade accounts payable			(1,003)	(683)	(999)
Estudio Zang, Bergel & Viñes	Related party	Current other liabilities					(326)
Estudio Zang, Bergel & Viñes	Related party	Fees	(1,379)	(1,175)			
Fundación IRSA	Related party	Current trade receivables			28	22	14

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Fundación IRSA	Related party	Current other receivables	2	3	6
Fundación IRSA	Related party	Current trade accounts payable		(259)	
Fundación IRSA	Related party	Current other liabilities	(4,582)	(1,073)	(1,073)
Fundación IRSA	Related party	Others	(311)		
Hersha Hospitality Trust	Related party	Current other receivables	758		
Inversiones Financieras del Sur S.A.	Shareholders	Current other receivables	65	39	74
Inversiones Financieras del Sur S.A.	Shareholders	Current other liabilities		(25,500)	
Metroshop S.A.	Joint control	Current other receivables	2,265	2,265	23,138
Metroshop S.A.	Joint control	Non-current trade accounts payable		(8,438)	
Metroshop S.A.	Joint control	Current other liabilities			(6,756)
Metroshop S.A.	Joint control	Non-current other receivables	25,027	22,513	4
Museo de los niños	Related party	Current trade accounts payable	(5)	(5)	
Museo de los niños	Related party	Current trade receivable	985		20
Museo de los niños	Related party	Current other receivables		811	519
Parque Arauco S.A.	Related party	Financial loans			55,812
Parque Arauco S.A.	Related party	Lost interest	(2,976)		
Credits to employees	Related party	Gained interest	59	62	
Credits to employees	Related party	Gained leases	10		
Credits to employees	Related party	Lost leases		(17)	
Credits to employees	Related party	Current trade receivables	62	6	2
Credits to employees	Related party	Current other receivables	1,513	1,553	1,727
Credits to employees	Related party	Non-current other receivables	4		
Credits to employees	Related party	Current trade accounts payable	(35)	(50)	(29)
Credits to employees	Related party	Current other liabilities			(7)
Puerto Retiro S.A.	Joint control	Current trade receivables	39	7	24
Puerto Retiro S.A.	Joint control	Current other receivables	55	13	13
Rummaalá S.A.	Joint control	Current trade receivables	8		
Rummaalá S.A.	Joint control	Current other receivables			3
Rummaalá S.A.	Joint control	Current trade accounts payable		(22)	

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NOTE 5: EARNINGS PER SHARE

Following reconciliation between the weighted average of outstanding shares of common stock and the diluted weighted average of shares of common stock. As of December 31, 2009 and 2008, it has been determined considering the possibility that the holders of options issued by the Company exercise them in shares of common stock of the Company up to 60,000,000 shares (see Note 15 to the basic financial statements).

	December 31, 2009	December 31, 2008
Weight average of outstanding shares of common stock	476,701,748	494,733,236
Diluted weighted average of shares of common stock	535,944,655	553,976,143
	December 31, 2009	December 31, 2008
Earnings for the calculation of basic earnings per share	141,845	12,296
Earnings for the calculation of diluted earnings per share	141,845	12,296
	December 31, 2009	December 31, 2008
BASIC Earnings per share		
Earnings	141,845	12,296
Number of shares	476,701,748	494,733,236
Earnings per share	0.30	0.02
	December 31, 2009	December 31, 2008
DILUTED Earnings per share		
Earnings	141,845	12,296
Number of shares	535,944,655	553,976,143
Earnings per share	0.26	0.02

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NOTE 6: SEGMENT REPORTING

As of December 31, 2009 :

Crops	Agricultural							Real estate				Financial operations and others		
	International	Beef cattle	Milk	Feed lot	Others	Farm sales	Non Operating	Subtotal Agricultural business	Development and sale of properties	Office and others	Shopping Centers		Hotel operations	Consumer financing
	14,829	5,497	11,364					42,392						
)	(12,526)	(11,170)	(10,237)					(46,851)						
)	2,303	(5,673)	1,127					(4,459)						
)	17,345	10,048	10,788		28,740			119,324	137,412	80,332	258,837	76,276	111,699	
)	(15,404)	(9,169)	(10,788)		(23,835)			(107,648)	(52,658)	(18,224)	(77,045)	(49,607)	(47,818)	
)	1,941	879			4,905			11,676	84,754	62,108	181,792	26,669	63,881	
)	4,244	(4,794)	1,127		4,905			7,217	84,754	62,108	181,792	26,669	63,881	
)	(2,214)	(623)	(233)		(960)			(12,064)	(2,383)	(6,995)	(18,967)	(7,703)	(55,031)	
)	(2,522)	(6,534)	(1,493)		(1,439)			(21,598)	(13,306)	(17,002)	(19,528)	(15,952)	(16,683)	(140)
									13,935					
)	(392)	25,040			(193)			21,366						

26,105

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	(884)	13,089	(599)		2,313			(5,079)	83,000	38,111	143,297	3,014	18,272	(140)
318,129	221,547	47,862	22,385	9,129	7,392	131,496	1,235,513	593,146	1,026,476	1,892,609	239,799	195,105	1,185,566	
33,850	1,963	930	95	5,045		537,472	625,453	272,446	370,538	1,026,934	206,275	233,457	160,528	
292,886	116	2,212	22,323			1,651	333,152	26,007					858,963	
5,511	7,835	271		557		1	25,249	8	1,550	38,868	2,072	1,402		
147	945	340		825		187	4,165	10,127	12,342	52,635	8,992	2,960		

(1) Include equity method of BrasilAgro, Cactus, Agro Uranga, Exportaciones Agroindustriales Argentinas S.A., Banco Hipotecario S.A., Banco Crédito and Securitización S.A., Manibil S.A. y Hersha Hospitality Trust.

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NOTE 6: (Continued)

As of December 31, 2008 :

Crops	Agricultural							Real estate					Financial operations and others	Su	
	Foreign	Beef cattle	Milk	Feed lot	Others	Farm sales	Non Operating	Subtotal Agricultural business	Development and sale of properties	Office and other	Shopping Centers	Hotel operations			Consumer financing
593		5,031	11,415					31,039							
030)		(8,806)	(9,405)					(41,241)							
437)		(3,775)	2,010					(10,202)							
516		8,348	10,763		21,812			109,539	61,427	41,710	100,755	45,734	74,772	615	3
978)		(7,610)	(10,781)		(15,226)			(88,595)	(48,246)	(7,951)	(27,167)	(26,984)	(35,378)	(1	(1
538		738	(18)		6,586			20,944	13,181	33,759	73,588	18,750	39,394	615	1
201		(3,037)	1,992		6,586			10,742	13,181	33,759	73,588	18,750	39,394	615	1
542)		(628)	(132)		(1,540)			(10,942)	(823)	(2,625)	(7,720)	(4,060)	(50,079)	((
373)		(5,146)	(752)		(1,357)			(13,628)	(5,994)	(9,906)	(15,868)	(9,779)	(7,941)	((
									4,090						
968)		(1,054)						(4,022)					(18,482)	((

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782)		(9,865)	1,108		3,689		(17,850)	10,454	21,228	50,000	4,911	(37,108)	615
495	9,422	185,837	42,539	6,169	15,966	127,568	778,996	542,265	1,174,006	1,825,502	253,655	173,512	711,568
182	35,979	2,492	356		6,529	255,987	357,525	262,510	306,365	968,824	240,875	229,387	134,718
110		46	2,027	6,169		136,661	160,013	24,081	72,737				264,686
188	60,869	16,268	401		10,866	912	96,504	3,118	442,585	250,887	40,077	6,822	
840	9	690	278		539	325	3,681	160	14,849	36,086	6,524	941	

(1) Include equity method of BrasilAgro, Cactus, Agro Uranga, Exportaciones Agroindustriales Argentinas S.A., Banco Hipotecario S.A., Banco Crédito and Securitización S.A., Manibil S.A. and Metropolitan 885 Third Avenue LLC.

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NOTE 7: LAWSUITS AND CLAIMS IN COURSE

A. Agricultural Business

1. Ongoing litigation with the city of Villa Mercedes.

The Misdemeanours Court Judge to the city of Villa Mercedes issued resolution No. 2980/08 about the situation of Cactus in such city, determining that the Company had a 36-month term to stop operating and transferring the establishment located on the Provincial Route 2B.

In such 36-month period, the Company shall not host over 18,500 head of cattle.

Such brief was appealed by Cactus before the Municipality, which was negatively answered on April 7, 2009, by means of Decree No. 0662/09, thus ratifying the Misdemeanour Court Judge's ruling. Under the administrative justice of the city of Villa Mercedes, Cactus would have until April 7, 2012 to conclude its operations and transfer the establishment.

Cactus has filed appeals with the High Court of Justice of the Province of San Luis, objecting the lawfulness of the rulings entered by the Misdemeanours Court Judge of Villa Mercedes. The appeals are pending and the High Court has not ruled on them.

The Company's legal advisors are optimistic about the possibilities of reversing the Misdemeanours Court Judge's ruling.

B. Real Estate Business

1. Provision for unexpired claims against Llao Llao Holding S.A.

The Llao Llao Holding S.A. (LLH) Company (in liquidation process following the merger with and into the Company), predecessor of Llao Llao Resorts S.A. (LLR) as operator of the Llao Llao Hotel, was sued in 1997 by the National Parks Administration seeking collection of the unpaid balance of the additional sale price, in Argentine External Debt Bond (EDB) amounting to US\$ 2.9 million. A ruling of the court of original jurisdiction sustained the claim. That ruling was appealed and the Court of Appeals confirmed the judgment of the court of original jurisdiction, demanding payment from the company of US\$ 3.8 million, plus interest accrued through payment, punitive interest and attorney's fees. In March 2004, LLH paid Ps. 9,156 in cash and EDB.

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NOTE 7: (Continued)

The plaintiff requested the court of original jurisdiction to initiate an incidental procedure for execution of sentence by performing a settlement through the Ministry of Economy, the procedure has been questioned by LLR. In view of the fact that the information provided was not sufficient to evaluate the amount settled by the Ministry of Economy, it was requested that the execution be suspended until there is a sentence on the complaint recourse filed to the National Supreme Court for the denial of the extraordinary recourse soliciting that the debt be converted to pesos (pesification).

In July 2008, the Court of Appeals notified LLR that by means of a resolution dated June 18, 2008 it had confirmed the settlement approved by the court of original jurisdiction.

On March 17, 2009, the National Supreme Court admitted the appeal against and decided to suspend the enforcement of the judgment in so far as the extraordinary appeal lodged by LLR is not resolved.

In accordance with the information provided by the attorneys, the amount to be recorded to Ps. 10,173 as of December 31, 2009 such amount being recorded in Other current liabilities payables to National Parks Administration.

NOTE 8: RESTRICTED ASSETS

A. Agricultural Business

1. Mortgages on plots of land in the Republic of Bolivia

Due to the purchase of farms in the Republic of Bolivia, a mortgage was established on such properties as mentioned in Note 10.A.1. As of the date of these financial statements, the mortgage on the Las Londras farm amounts to US\$ 2.5 million, effective through November 11, 2010; the mortgage on the San Cayetano and San Rafael farms amount to US\$ 1.9 million, effective through November 11, 2010 and the mortgage on the La Fon Fon farm amounts to US\$ 1.9 million, effective through 11 November, 2010.

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NOTE 8: (Continued)

B. Real Estate Business

1. IRSA

a. Puerto Retiro S.A.

On April 18, 2000, Puerto Retiro S.A (indirect subsidiary of IRSA) was notified of a filing made by the National Government, through the Ministry of Defense, to extend the petition in bankruptcy of Inversora Dársena Norte S.A. (Indarsa) to Puerto Retiro S.A. At the request of plaintiff, the bankruptcy court granted an order restraining the ability of Puerto Retiro S.A. to sell or dispose in any manner the acquired real estate property from Tandanor S.A. in June 1993.

Indarsa had acquired 90% of the capital stock of Tandanor S.A. to a formerly estate owned company privatized in 1991, engaged in the shipyard industry.

Indarsa did not comply with the payment of the outstanding price for the acquisition of the stock of Tandanor, and therefore the Ministry of Defense requested the bankruptcy of Indarsa, pursuing to extend the bankruptcy to Puerto Retiro S.A.

The evidence steps of the legal procedures have been completed. Puerto Retiro S.A. appealed the precautionary measure, being the same confirmed by the Court on December 14, 2000. The parties have submitted their claims in due time. The file was passed for the judge to issue a pronouncement, the judge issued a decree adjourning the summoning of decisions to pronouncement in the understanding that there exists pre-judgment in respect of the penal cause filed against ex-officers of the Ministry of Defense and ex-directors of the Company. Consequently, the matter will not be solved until there is final judgment in penal jurisdiction.

The Management and legal advisors of Puerto Retiro S.A. estimate that there are legal and technical issues sufficient to consider that the request for bankruptcy will be denied by the court. However, taking the circumstances into account and the progress of the legal action, this position cannot be considered final.

b. Mortgage guaranteed loan Hoteles Argentinos S.A.

In March 2005, Credit Suisse First Boston (CSFB) acquired the debt for US\$ 11.1 million of Hoteles Argentinos S.A. (HASA), which had been in

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NOTE 8: (Continued)

non-compliance since January 2002. In April 2006 HASA made a payment reducing the capital amount payable to US\$ 6.0 million. The balance accrue interests at a LIBOR rate 6 months plus 7.0% and will be paid off in installments, being the last of US\$ 5.07 due in March 2010.

In addition, two credit default swaps were subscribed. One between IRSA and CSFB for 80% of the restructured debt value, and the other one was between Starwood Hotels and Resorts Worldwide Inc. (Starwood) and CSFB for the remaining 20%. Under these contracts, both companies are able to protect CSFB in case of non-compliance with HASA's obligations. For valuable consideration, IRSA and Starwood will be received a payment of a coupon on a periodical basis. To support the obligations assumed, the Company deposited as guarantee the amount of US\$ 1.2 million.

- c. IRSA and its subsidiaries has mortgaged on the following properties:

Property	Book value as of December 31, 2009
	Ps.
República Building	222,128
Plot of land Beruti	53,002
Libertador Hotel	41,988
Plot of land Caballito	6,722
Plot of land Bariloche	21,900
Suipacha 652	11,162
Plot of land Caballito	36,741
Plot of land Zetol	13,296
Plot of land Vista al muelle	5,550

- d. IRSA maintains a pledge over CYRSA's shares
- e. To guarantee due compliance with all the covenants assumed by Liveck S.A., Zetol S.A.'s and Vista al Muelle S.A.'s minority shareholder pursuant to the stock purchase agreement for Vista al Muelle S.A.'s shares executed on June 11, 2009 and the Addendum to the Agreement dated January 4, 2010 as well as payment of any damages and associated expenses, the parties have reciprocally tendered a security interest consisting in a possessory pledge over the shares in Vista al Muelle S.A. and Zetol S.A..

2. APSA

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- a) The accounts receivable financial trusts include the contingency and expenses funds of financial trust as credit protection for investors that as of December 31, 2009 amounted to Ps. 4,392. They are restricted availability credits until settlement in accordance with the respective prospectus.

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- b) Other current investments account includes BONTE 2006 bonds for Ps. 34, which are deposited as rental guarantee.

- c) As of December 31, 2009, Tarshop S.A. has granted a pledge over Certificates of Participation related to the Fideicomisos Financieros Tarjeta Shopping, (CP) according to the following detail:
 - To Standard Bank Argentina S.A., CP related to the Fideicomisos Financieros Tarjeta Shopping Series XLII, XLIV, XLVI and XLVIII (loan of Ps. 6,909).

 - To Banco Itaú Buen Ayre S.A., CP related to the Fideicomisos Financieros Tarjeta Shopping Series XXXIX and XL (loan of Ps. 3,722).

- d) Tarshop S.A. has granted cash as guarantee for leases, related to the stores where its branches operate, which are included in Other receivables and prepaid expenses for an amount of Ps. 411.

- e) As of December 31, 2009, in other current receivables, APSA has deposits that are restricted by virtue of several judicial liens.

- f) As regards the case Alto Palermo S.A. with Dirección General Impositiva in re: Appeal , Case file No. 25.030-I, currently heard by Room A, Office of the 3rd Nomination, the property located at Av. Olegario Andrade 367, Caballito, Buenos Aires City has been encumbered, and its value as of December 31, 2009 amounts to Ps. 36,741 (disclosed in other Non-current investments- Undeveloped parcels of land).

- g) As of December 31, 2009, the plot of land located at Beruti 3351/59, Buenos Aires City, is encumbered by a first mortgage in favor of Dowler Company S.A., in security of the unpaid balance as of the date of purchase for US\$ 4.5 million.

- h) As regards the case styled Case File N° 88.390/03 with María del Socorro Pedano; for Tres Ce S.A. o Alto Palermo S.A. , the building located at Av. Virrey Toledo 702, Salta, has been encumbered for an amount of Ps. 180 (disclosed in Fixed assets).

- i)

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Guarantee Tarshop S.A.: On May 13, 2009, the Board of Directors of Alto Palermo S.A. resolved to approve that the Company stands as surety before Banco Itaú for the payment of emerging obligations for Tarshop as

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NOTE 8: (Continued)

regards the organization of a new financial trust with such bank for up to a maximum amount equivalent to 10% of the face value of VDF s (trust debt securities) subscribed by Banco Itaú. The total maximum amount of this surety stands at Ps. 5,000 and extends through the actual settlement of VDF s. Likewise, it was resolved that APSA assumes the obligation to act as Substitute Manager in the eventual case that Tarshop were removed from its function as Manager under the trust agreement.

- j) As regards the barter commitment described in Note 10.B.2.d.), the delivery and title deed of Air Space Coto is compromised.
- k) The fixed assets account included the multiplex cinema building in the Córdoba Shopping Villa Cabrera, which is encumbered by an antichresis to secure the financial payable carried by Empalme S.A.I.C.F.A. y G. (merged into Shopping Alto Palermo S.A. as from January 1st , 2009) had with NAI INTERNATIONAL II Inc..

NOTE 9: ACQUISITION, CONSTITUTION AND RESTRUCTURING OF COMPANIES

A. Agricultural Business

1. Name change of Agropecuaria Cervera S.A

On November 12, 2008, the Extraordinary Shareholders Meeting of Agropecuaria Cervera S.A. approved the corporate name change to Agropecuaria Anta Sociedad Anonima , hence amending section 1 of the bylaws.

On December 17, 2008, formalities were approved by the Province of Salta s IGPI (Provincial regulatory agency of business associations) and was registered as of March 6, 2009.

2. Republic of Bolivia and Republic of Uruguay

Under a series of transactions that constitute for Cresud a new expansion of the agricultural and livestock Business in South America as designed in its business plan, the Company through its affiliates Agrology S.A., IGSA and ANTA has organized companies in the Republic of Bolivia and has acquired a company in the Republic of Uruguay.

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NOTE 9: (Continued)

Hence, the following companies were organized:

Agropecuaria Acres del Sud S.A., Aguaribay Agropecuaria S.A., Calden Agropecuaria S.A., Itín Agropecuaria S.A., Ñandubay Agropecuaria S.A., Ombú Agropecuaria S.A., Yatay Agropecuaria S.A. and Yuchán Agropecuaria S.A. whose shareholders are: Agrology S.A. holding a 95.12% interest, IGSA and ANTA holding a 2.44% interest each. Such companies in Bolivia (except Agropecuaria Acres del Sud S.A.) acquired plots of land for the agricultural exploitation which are described in Note 10.A.1.. Thus, Cresud holds a 100% interest in such companies, engaged in agricultural exploitation.

Additionally, during October 2008, the Company acquired through its affiliate Agrology S.A. 100% of the common stock of a company called Helmir S.A., located in Republic of Uruguay whose corporate purpose is broad.

3. Expanding business into the Republic of Paraguay

Under the framework of a series of transactions that constitute for Cresud a new expansion of the agricultural and livestock businesses in South America, on September 3, 2008, the Company executed jointly with Carlos Casado S.A., an Argentine company owning large stretches of land in southern Paraguay, a framework agreement by which it was decided to generate synergy between both companies to do business on the real estate, agricultural and livestock, and forestry markets, as well as series of related agreements aiming at formalizing the productive coalition between both companies.

Within such context, Cresud participates together with Carlos Casado (with a 50% interest each) in Cresca S.A. a stock company organized under the law of the Republic of Paraguay, under which Cresud will assume the capacity of advisor under an advisory agreement, for the agricultural, livestock and forestry exploitation of an important rural area in Paraguay (hereinafter the Property) and possibly of up to 100,000 hectares also located in Paraguay, derived from the option exercised by the Company, granted by Carlos Casado S.A..

The advisory agreement shall be valid for 10 year terms as from the date the framework agreement is executed and will automatically renewed for two additional 10-year period as from maturity date of the original period, in turn being able to be renewed after the expiration of the additional period.

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NOTE 9: (Continued)

Cresud has additionally executed a pre-purchase agreement as committed to acquire for a 50% interest in 41,931 hectares in Paraguay, owned by Carlos Casado S.A. for a total and agreed-upon amount of US\$ 5.2 million in turn, to be contributed in kind to the Company aiming at developing the agricultural and forestry business in the neighboring country.

On January 23, 2009, Agrology S.A. directly and indirectly controlled by 99.99% by Cresud made a contribution in kind to the Paraguayan company, Cresca S.A.. Such contribution is made up of undivided 50% of five plots of land with whatever they have on, located in Mariscal José Félix Estigarribia, Dept. of Boquerón, Chaco Paraguayo, Republic of Paraguay, for 41,931 hectares, acquired from the Company Carlos Casado S.A.

Consequently, together with Carlos Casado S.A.'s contribution, the total contribution to Cresca S.A. stands at US\$ 10.5 million.

On February 3, 2009, the previously called general shareholders' meetings were held at Cresca S.A. headquarters, whose agenda included among other matters, the capital increase and the issuance of shares of such company as well as the ratification of those agreements that are among the transactions that together with Carlos Casado S.A. had been planned and that at present Cresud will develop through its affiliate, Agrology S.A..

Likewise, on that date, the amount of US\$ 5.1 million was paid for the balance of the price originated by the capital contribution made by Carlos Casado S.A. to Cresca S.A. on behalf of Agrology S.A. and which resulted from the in-kind contribution of five plots of land located in The Republic of Paraguay, as it was mentioned opportunately.

4. Investment in Cactus

On June 30, 2009, Agrology, by means of its affiliate Helmir S.A. executed with the company Cactus Feeders Inc. an agreement to purchase shares of the company Cactus Argentina S.A.

By means of this agreement, Helmir S.A. acquired 3,294,667 registered, non endorsable shares of common stock with a face value of Ps. 1 each, entitled to 1 vote per share of Cactus, representing 12% of the common stock of such company, at a price of US\$ 1.2 million, which will be paid on June 30, 2010, plus interest at 4% p.a. (See Note 12.2.a to the basic financial statements).

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The debt is secured by a promissory in favor of Cactus Feeders Inc. for US\$ 1.2 million, falling due on June 30, 2010. Likewise, a first degree security interest in favor of Cactus Feeders Inc. on the 3,294,667 shares acquired to secure the established payment.

Afterwards, Cresud assigned a receivable for Ps. 2,245, it carried from Cactus, to Helmir S.A. Both Cresud and Helmir S.A. have decided to capitalize those receivables it carried from Cactus.

As on July 2, 2009, Cactus's shareholders have capitalized their interests accordingly, Helmir S.A.'s interest in Cactus has not changed.

B. Real Estate Business

1. IRSA

a. **Creation of CYRSA - Horizons Project**

In January 2007, IRSA acquired the total share of the company named Rummaala S.A. (Rummaala), the main asset of which was a plot of land located in Vicente López, Province of Buenos Aires. The purchase price was US\$ 21.2 million, payable as follows: (i) US\$ 4.3 million in cash and (ii) by delivering certain units of the building to be constructed in the plot of land owned by Rummaala in the amount of US\$ 17 million. As security for compliance with, the shares acquired were pledged.

Simultaneously with the above transaction, Rummaala acquired a plot of land adjacent to its own in the amount of US\$ 15 million, payable as follows: (i) US\$ 0.5 million in cash; (ii) by delivering certain units of buildings Cruceros I and II owned by the Company in the amount of US\$ 1.24 million and (iii) by delivering certain units of the building to be constructed in the land acquired in the amount of US\$ 13.25 million. As security for compliance, IRSA's property located at Suipacha 652 was mortgaged. In April, 2007, IRSA constituted Cyrsa S.A., to have a legal entity that allows developing a specific project together with one or more investors having the required knowledge and expertise. In August 2007, CYRELA is incorporated with the ownership of 50% of CYRSA capital stock.

In the same act, IRSA contributed 100% of the shareholding of Rummaala and the liability in kind related to the acquisition of a plot of land to CYRSA in the amount of Ps. 21,495 and CYRELA contributed Ps. 21,495 (amount equivalent to the net value of the shares contributed by IRSA).

Then, a major real estate development known as Horizons was launched on the two plots of land mentioned.

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From May 2008, Rummaalá (merged with CYRSA since October 1st, 2009) continued the marketing process of the building units to be constructed on the plot referred to above called Complejo Horizontos . Certain clients have made advances by means of signing preliminary sales contracts for 99% of the units to be marketed, which are disclosed in Customer advances .

The sale prices set forth in these preliminary sales contracts are made of a fixed and determined portion and another portion to be determined in line with the future construction expenses.

The buyer can choose from the following purchase plan:

The balance is cancelled in installments and is fully paid at the time of transfer and signature of deeds.

Partial cancellation will be on installments payable up to the time of transfer/signatures of deeds, the remaining balance to be financed during 90 months term with units having mortgaged guarantees.

Through preliminary sales agreements, CYRSA has committed to transfer the functional units before February 2011 to the latest.

As of December 31, 2009, the percentage of completion of the Horizontos project was 65.11%.

b. Acquisition of shares in Hersha Hospitality Trust (Hersha)

On August 4, 2009, IRSA through Real Estate Investment Group (REIG), an entity controlled and managed by IRSA, announced the subscription of 5,700,000 ordinary shares representative of approximately 10.4% Hersha s common stock. Together with the acquisition of this shareholding, REIG shall be entitled to an option for a five-year term over a further 5,700,000 additionally ordinary shares at a price of US\$ 3 per share. The total price paid by REIG for such shares was US\$ 14.3 million. Also contemplated in the investment agreements was the appointment of our Chairman and CEO, Mr. Eduardo S. Elsztain, to the position of member of Hersha s Board of Directors. As of December 31, 2009, IRSA s ownership interest in Hersha amounts to 11.30%. Besides, if the purchase option previously mentioned were exercised without any new shares being issued in favor of third parties, IRSA s stake in Hersha would amount to 19.28%.

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NOTE 9: (Continued)

Hersha is a Real Estate Investment Trust (REIT) listed in the New York Stock Exchange (NYSE) under the HT symbol that holds majority interests in 73 hotels throughout the United States of America totaling approximately 9,294 rooms. These hotels are rated as select service and upscale hotels and they are mainly located in the Northeast coast of the US, including New York, New Jersey, Boston, Washington D.C. and Philadelphia, whilst a few are located in northern California and some others in Arizona. These properties are operated under franchises that are leaders and enjoy widespread recognition in their markets, such as Marriot International, Intercontinental Hotel Group, Starwood Hotels, Hilton Hotels Corporation, Global Hyatt Corporation and Choice Hotels International.

c. Acquisition of Metropolitan 885 Third Ave. LLC (Metropolitan)

In July 2008, IRSA (through its subsidiaries) acquired a 30% interest in Metropolitan 885 Third Ave. LLC (or Metropolitan) whose equity is composed of an office building known as Lipstick Building and debt related to that asset. The transaction included the acquisition of (i) a put right exercisable until July 2011 to sell a 50% portion of the interest acquired at the same value paid plus interest at 4.5% per annum and (ii) a right of first offering to acquire a 60% portion of the 5% of its equity interest . The price paid in this transaction was US\$ 22.6 million.

On June 30, 2009, Metropolitan had incurred losses in excess of the book value at which IRSA carried this investment arising mainly from the allowance for impairment booked in connection with the Lipstick Building. IRSA's share in these losses exceeds value of the investment booked by IRSA. Therefore, the investment was valued at zero and a liability was recognized and recorded under Other liabilities for US\$ 1.5 million (equivalent to the maximum amount that IRSA has agreed to contribute in the event of being required to fund Metropolitan's operations). The put right was revalued accordingly and adjusted to its value at year-end, estimated at US\$ 12.1 million and disclosed under Other receivables.

d. Acquisition of shares in Banco Hipotecario S.A.

In fiscal year ended as of June 30, 2009, IRSA (through its subsidiaries) acquired, in arm's length conditions, from Dolphin Fund PLC and from Inversiones Financieras del Sur S.A., 143,627,987 shares in Banco Hipotecario S.A. (BHSA) in exchange for Ps. 107.6 million. The transaction was recognized by the acquisition method (see Note 2.k.2. to the basic financial statements). As a result of these acquisitions, as of June 30, 2009 IRSA held a 21.34% interest in BHSA's capital stock.

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NOTE 9: (Continued)

During the semester, IRSA (through its subsidiaries) acquired the equivalent to 82,842,493 shares of BHSA for an amount of US\$ 25 million.

The above transaction was recorded by application of the acquisition method (See Note 2.k.2. to the stand-alone financial statements), the analysis of the current value of assets and liabilities acquired is in the process.

After the above mentioned purchase, as of December 31, 2009 IRSA has 26.86% of the shares of BHSA (without consideration treasury stock).

e. Acquisition of companies in the Oriental Republic of Uruguay

During the fiscal year ended June 30, 2009, IRSA acquired a 100% stake in Liveck S.A. (Liveck) (a company organized in the Oriental Republic of Uruguay). On June 30, 2009, IRSA sold 50% of its stake in Liveck to Cyrela Brazil Realty S.A. for a price of US\$ 1.3 million.

On June 11, 2009 Liveck acquired, a 90% interest over the shares of the companies Vista al Muelle S.A. (Vista al Muelle) and Zetol, both property owners in Uruguay's Canelones Department.

The price of the purchase of all the shares in Zetol, of which 90% was acquired by Liveck and the remaining 10% of which was acquired by Banzey S.A. (Banzey), had been fixed at US\$ 7.0 million, of which:

- I) US\$ 2.0 million have already been paid.
- II) The US\$ 5.0 million balance is to be paid in 5 installments of US\$ 1.0 million each and tied to the consummation of the release to the market of the real estate projects or within a maximum term of 93 months counted as from the date of acquisition of IRSA.

The balance outstanding on the price accrues an annual 3.5% compensatory interest rate calculated on the total outstanding amount and payable jointly and undividedly with each one of the price balance installments.

The sellers of the shares of Zetol may choose to receive, in lieu of the amounts outstanding in cash (principal plus interest) the ownership rights to the units to be built in the real estate owned by Zetol representative of 12% of the total marketable square meters built.

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The price for the purchase and sale of all the shares in Vista al Muelle amounted to US\$ 0.8 million, of which:

I) US\$ 0.5 million have already been paid.

II) US\$ 0.3 million to be paid within a maximum two-year term counted as from the date of the purchase and sale agreement. An annual 8% compensatory interest rate has been agreed on the outstanding amounts, to be paid jointly and undividedly with each one of the price balance installments.

To guarantee compliance with the duties agreed by Liveck in the above transactions, Ritelco S.A. has tendered a surety bond guaranteeing payment of 45% of the outstanding balance, interest thereon and the option rights of the sellers. As a consequence of the above-mentioned sale of a 50% stake to Cyrela Brazil Realty S.A., there has been a 50% reduction in the original amount of the surety bond.

On December 22, 2009, Vista al Muelle acquired plot of land for a total of US\$ 1.9 million and the terms of payment were:

I) US\$ 0.1 million have already been paid.

II) US\$ 0.2 million will be paid within the 10 days immediately following the earlier of the date on which the municipal office of the Mayor of Canelones serves conclusive notice of the approval and coming into force of the so-called Detailed Urban Plan (PUD) or within a maximum term of 8 months as from the date of execution of the agreement.

III) US\$ 1.6 million to be paid by delivering Home Units and/or Retail Stores to be built and representative of a 12% portion of the 65.54% interest resulting from the sum of the prices of all the units appearing on the Price List for the launch to the market of the B Sector (with the parties having signed a boundary plan of said sector).

Pursuant to the stock purchase agreement for Vista al Muelle's shares executed on June 11, 2009 and the Addendum to the Agreement dated January 4, 2010, Liveck has agreed to buy the shares held by Ernesto Kimelman or Banzey or a company owned by Ernesto Kimelman (as applicable), of Vista al Muelle and Zetol and the latter have agreed to sell them, in exchange for the amount of US Dollars or Uruguayan Pesos, as the case may be, that Ernesto Kimelman or Banzey or a company owned by Ernesto Kimelman (as applicable), would have actually contributed to Zetol and Vista al Muelle until the execution of said purchase and sale.

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NOTE 9: (Continued)

Both parties have agreed that this purchase and sale is dependent upon, and shall be rendered ineffectual if the parties entered into a shareholder agreement