

CRESUD INC  
Form 6-K  
February 19, 2008

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN ISSUER**

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

**For the month of February, 2008**

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

**(Exact name of Registrant as specified in its charter)**

**CRESUD INC.**

**(Translation of registrant's name into English)**

**Republic of Argentina**

**(Jurisdiction of incorporation or organization)**

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

Buenos Aires, Argentina

(Address of principal executive offices)

Form 20-F   T        Form 40-F       

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

Yes             No   T

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

**(THE COMPANY )**

**REPORT ON FORM 6-K**

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

## Cresud Sociedad Anónima,

## Comercial, Inmobiliaria, Financiera y Agropecuaria

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

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

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

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

Alejandro G. Elsztain  
Vicepresident

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

**Statement of Income**

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

2007 and 2006

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

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

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

Alejandro G. Elsztain  
Vicepresident

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

**Statement of Changes in Shareholders Equity**

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

(Notes 1 and 2)

| Items   | Capital (Note 3) | Shareholders contributions           | Retained earnings   |             |               |                      |                         | Transitory conversion differences | Total as of December 31, 2007 | Total as of December 31, 2006 |
|---|------------------|--------------------------------------|---------------------|-------------|---------------|----------------------|-------------------------|-----------------------------------|-------------------------------|-------------------------------|
|   | Common stock     | Inflation adjustment of Common stock | Paid-in capital (1) | Subtotal    | Legal Reserve | New projects reserve | Unappropriated earnings |                                   |                               |                               |
|   | Pesos            | Pesos                                | Pesos               | Pesos       | Pesos         | Pesos                | Pesos                   | Pesos                             | Pesos                         |                               |
| Balances at the beginning of the exercise               | 309,576,220      | 166,218,124                          | 164,923,025         | 640,717,369 | 13,176,701    | 120,099,646          | 49,362,269              | 1,598,230                         | 824,954,215                   | 625,865,591                   |
| Conversion of Notes in common stock (Note 13)           | 5,343,374        |                                      | 3,175,417           | 8,518,791   |               |                      |                         |                                   | 8,518,791                     | 15,989,348                    |
| Exercise of Warrants (Note 13)                          | 5,855,178        |                                      | 5,306,325           | 11,161,503  |               |                      |                         |                                   | 11,161,503                    | 8,358,757                     |
| Shareholders meeting held on 10.10.2007                 |                  |                                      |                     |             |               |                      |                         |                                   |                               |                               |
| Legal Reserve   |                  |                                      |                     |             | 2,468,113     |                      | (2,468,113)             |                                   |                               |                               |
| Cash dividends  |                  |                                      |                     |             |               |                      | (8,250,000)             |                                   | (8,250,000)                   | (5,500,000)                   |
| New projects Reserve                                    |                  |                                      |                     |             |               | 38,644,156           | (38,644,156)            |                                   |                               |                               |
| Related companies Law 19,550 Section 33: IRSA (Note 14) |                  |                                      | (7,201,969)         | (7,201,969) |               |                      |                         |                                   | (7,201,969)                   | (3,606,649)                   |
| Transitory conversion differences                       |                  |                                      |                     |             |               |                      |                         | 7,328,062                         | 7,328,062                     | 2,704,846                     |
| Net income for the period                               |                  |                                      |                     |             |               |                      | 14,472,656              |                                   | 14,472,656                    | 17,038,555                    |
| Balances as of December 31, 2007                        | 320,774,772      | 166,218,124                          | 166,202,798         | 653,195,694 | 15,644,814    | 158,743,802          | 14,472,656              | 8,926,292                         | 850,983,258                   |                               |
| Balances as of December 31, 2006                        | 235,372,425      | 166,218,124                          | 112,890,570         | 514,481,119 | 13,176,701    | 120,099,646          | 17,038,555              | (3,945,573)                       |                               | 660,850,448                   |

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



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

Alejandro G. Elsztain  
Vicepresident

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

**Statement of Cash Flow**

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

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

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

Alejandro G. Elsztain  
Vicepresident

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Notes to the Financial Statements**

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

and ended on December 31, 2007 and 2006

**NOTE 1: ACCOUNTING STANDARDS**

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

a. Presentation standards

These financial statements are stated in Argentine Pesos (Ps.), and have been prepared in accordance with the disclosure and valuation accounting standards contained in the Technical Resolutions issued by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (F.A.C.P.C.E.), as approved, with resolutions issued by the Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (C.P.C.E.C.A.B.A.) and the Comisión Nacional de Valores (C.N.V.).

b. Unifying of accounting standards

On July 8, 2004, the F.A.C.P.C.E. and the C.P.C.E.C.A.B.A. entered into an agreement with the purpose of unifying technical standards. The latter council issued Resolution CD 93/05 on August 10, 2005 adopting the accounting standards approved by the former including the changes up to April 1, 2005.

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

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

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

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

The financial statements for the six-month periods ended December 31, 2007 and 2006 have not been audited. The Company's management estimates that such statements include all adjustments necessary to fairly present the income accounts of each period, which do not necessarily show the proportion of the Company's profits and losses for the entire fiscal years.

c. The effects of inflation

The financial statements have been prepared in constant currency units by recognizing the effects of inflation up to August 31, 1995. As from this date and up to December 31, 2001 the restatement of the financial statements has been discontinued due to that period of monetary stability.

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As from January 1, 2002 and up to March 2003 the effects of inflation were recognized as it was an inflationary period. As from such date, in accordance with Resolution 441

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 1:** (Continued)

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

d. Comparative Information

For comparison purposes, certain reclassifications have been made as of June 30, 2007 and December 31, 2006.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

a. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Estimates are used when accounting for conversion of Convertible Notes into shares of stock, allowance for doubtful accounts, investments, depreciation, income taxes, deferred liabilities, transitory conversion differences, provisions for contingencies, accrual for expenses and assets recoverable value and classification of the current and non-current assets. Actual results could differ from those estimates.

b. Local currency assets and liabilities

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

c. Foreign currency assets and liabilities

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

d. Temporary investments

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

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

**NOTE 2:** (Continued)

e. Trade accounts receivable and payable

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

f. Credits and loans

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

g. Derivates financial instruments

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

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

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

Differences generated by the application of the above mentioned valuation criteria to assets and liabilities from derivative instruments corresponding to crops have been recognized in the Statement of Income of the period or fiscal year under Holding gain Crops, raw materials and MAT.

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

h. Other receivables and payables

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

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

i. Balances with related parties

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

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

**NOTE 2:** (Continued)

j. Inventories

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

Include:

Unharvested crops

Calves

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

Include:

Dairy cattle

Breeding cows

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

Include:

Steers and heifers

Cattle round-up and mares

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



Include

Harvested crops

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

Include:

Seeds

Agrochemicals

Semen - Cattle raising and dairy

Food and by-products

Packs and bundles

Poles

Bags and blankets

Silos raw materials

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

**NOTE 2:** (Continued)

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

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

k. Others assets

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

l. Long term investments in other companies

1. Investments in subsidiaries and affiliates

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

Interests in subsidiaries and affiliates as of December 31, 2007 are as follows:

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

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

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

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 2:** (Continued)

2. Goodwill

The negative goodwill corresponding to the investment in Inversiones y Representaciones S.A. (IRSA) had been valued at cost restated as of February 28, 2003, and calculated as a difference between the market value of such investment and its equity value at the time of changing the March 2002-valuation method, and in each one of the purchases restated, if any, at that same date (Note 1.c) as well as the investment arising from subsequent acquisitions and from the conversion of negotiable bonds into shares or share warrants of IRSA at cost value.

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

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

m. Other investments

Investments in debt securities

IRSA's Convertible Notes were valued taking into account the face value at period-end or year-end in Dollars, at the seller's exchange rate plus interest accrued as of the date of these financial statements.

Other investments

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

n. Fixed assets

Purchase value: valued at cost restated applying the coefficients mentioned in Note 1.c., based on the corresponding dates of origin.

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

Net carrying value: the net carrying value of fixed assets does not exceed their recoverable value at the end of the period or fiscal year.



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

**NOTE 2:** (Continued)

o. Intangible assets

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

p. Shareholders equity

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

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

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

r. Transitory Conversion Differences Current translation adjustment

These transitory differences result from the exchange differences shown in the conversion of the financial statements of BrasilAgro from Brazilian Reais to Argentine Pesos.

s. Results for the period

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

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

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

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

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

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

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

**NOTE 2:** (Continued)

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

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

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

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

t. Income tax

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

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

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

u. Tax on minimum presumed income

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

However, if the tax on minimum presumed income exceeds the income tax in any fiscal year, such excess may be computed as payment on account of the income tax that may be payable in any of the following 10 (ten) fiscal years.

v. Revenue recognition

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

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 3: COMMON AND TREASURY STOCK**

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

|  | Authorized<br>Pesos | Subscribed<br>Pesos | Paid-in<br>Pesos   |
|--|---------------------|---------------------|--------------------|
| Common and treasury stock as of June 30, 2004                  | 150,532,819         | 150,532,819         | 150,532,819        |
| Incentive Plan (Note 12) Fiscal Year 2005                      | 240,000             | 240,000             | 240,000            |
| Conversion of notes in common stock (Note 13) Fiscal Year 2005 | 5,918,871           | 5,918,871           | 5,918,871          |
| Exercise of Warrants (Note 13) Fiscal Year 2005                | 6,092,889           | 6,092,889           | 6,092,889          |
| Conversion of notes in common stock (Note 13) Fiscal Year 2006 | 29,151,389          | 29,151,389          | 29,151,389         |
| Exercise of Warrants (Note 13) Fiscal Year 2006                | 28,668,581          | 28,668,581          | 28,668,581         |
| Conversion of notes in common stock (Note 13) Fiscal Year 2007 | 44,352,015          | 44,352,015          | 44,352,015         |
| Exercise of Warrants (Note 13) Fiscal Year 2007                | 44,619,656          | 44,619,656          | 44,619,656         |
| Conversion of notes in common stock (Note 13) Fiscal Year 2008 | 5,343,374           | 5,343,374           | 5,343,374          |
| Exercise of Warrants (Note 13) Fiscal Year 2008                | 5,855,178           | 5,855,178           | 5,855,178          |
| <b>Common and treasury stock as of December 31, 2007</b>       | <b>320,774,772</b>  | <b>320,774,772</b>  | <b>320,774,772</b> |

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

## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Notes to the Financial Statements (Continued)

**NOTE 4: DERIVATIVE FINANCIAL INSTRUMENTS**

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

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

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



## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Notes to the Financial Statements (Continued)

**NOTE 4:** (Continued)

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

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

- (a) Corresponds to a future of sell of 8,513,683 dollars composed of: (I) US\$ 5,108,210 and US\$ 3,405,473 with Bank Río de la Plata due on 06/01/2007 and 06/05/2007 respectively. The gains generated as of December 31, 2006 are shown within financial results of the income statement.
- (b) Corresponds to a future of purchase of 4,260,000 dollars composed of: US\$ 1,960,000 and US\$ 2,300,000 with Bank Río de la Plata due on 02/12/07 and 01/22/07 respectively. The losses generated as of December 31, 2006 are shown within financial results of the income statement.

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



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 5: MANAGEMENT AGREEMENT**

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

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

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

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

The financial statements as of December 31, 2007 and 2006 include a charge in the Statement of Income of Ps. 1,582,959 and Ps. 2,108,111, and an accrual of Ps. 1,408,837 and Ps. 3,067,145 respectively.

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

**NOTE 6: INCOME TAX DEFERRED TAX**

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

Deferred assets as of December 31, 2007:

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

Deferred liabilities as of December 31, 2007:

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

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

As mentioned in Note 1.b the Company has decided not to recognize the deferred liabilities generated by the inflation adjustment on fixed assets and other non-monetary assets, which as of closing of the current period is Ps. 14,439,174. It is estimated that this liability will end up according to the detail that follows:

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

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

**NOTE 6:** (Continued)

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

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

During this period the income tax rate was 35%.

Cumulative tax loss carryforwards recorded by the Company pending utilization at period-end amount to approximately Ps. 6,694,545 and may be offset against taxable income of future periods, as follows:

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

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

Deferred assets as of December 31, 2006:

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

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

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

**NOTE 6:** (Continued)

Deferred liabilities as of December 31, 2006:

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

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

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

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

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

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



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

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

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

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

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

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

- (2) Shareholder  
(4) Related party

## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Notes to the Financial Statements (Continued)

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

b. Gain and losses provided by Subsidiaries, related companies and related parties corresponding to the periods ended as of December 31, 2007 and 2006:

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

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

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

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

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

**b. Investments and Goodwill**

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



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

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

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

**d. Other receivables**

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

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



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

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

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

**f. Others assets**

|                                   | <b>December 31,</b><br><b>2007</b><br><b>Pesos</b> | <b>June 30,</b><br><b>2007</b><br><b>Pesos</b> | <b>December 31,</b><br><b>2006</b><br><b>Pesos</b> |
|-----------------------------------|--|--|--|
| <b>Current</b>                    |  |  |  |
| Properties for sale (real states) | 19,802,484   |  |  |
|                                   | 19,802,484   |  |  |

**g. Trade accounts payable**

|                             | <b>December 31,</b><br><b>2007</b><br><b>Pesos</b> | <b>June 30,</b><br><b>2007</b><br><b>Pesos</b> | <b>December 31,</b><br><b>2006</b><br><b>Pesos</b> |
|-----------------------------|--|--|--|
| <b>Current</b>              |  |  |  |
| Suppliers in local currency | 2,056,148  | 154,255  | 3,597,389  |

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

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

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

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

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

**i. Salaries and social security payable**

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



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

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

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

**k. Advanced from customs**

|                                    | December 31,<br>2007<br>Pesos | June 30,<br>2007<br>Pesos | December 31,<br>2006<br>Pesos |
|------------------------------------|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>                     |                               |                           |                               |
| Advanced from customs (Schedule G) | 11,969,669                    |                           |                               |
|                                    | 11,969,669                    |                           |                               |

**l. Other debts**

|  | December 31,<br>2007<br>Pesos | June 30,<br>2007<br>Pesos | December 31,<br>2006<br>Pesos |
|--|-------------------------------|---------------------------|-------------------------------|
| <b>Current</b>                             |                               |                           |                               |
| Management fees agreement accrual (Note 5) | 1,408,837                     | 2,817,997                 | 3,067,145                     |

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

## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Notes to the Financial Statements (Continued)

**NOTE 9:**

## Assets based on their estimated collection term (in Pesos)

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

## Assets classified according to their interest rate (in Pesos)

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

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



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

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

| Based on their<br>estimated payment<br>term | Trade accounts payable  |                     |                         |                         | Loans               |                         | Salaries and social security<br>payable |                     |                         |                         | Taxes payable       |                         |  |
|---|-------------------------|---------------------|-------------------------|-------------------------|---------------------|-------------------------|---|---------------------|-------------------------|-------------------------|---------------------|-------------------------|--|
|   | December<br>31,<br>2007 | June<br>30,<br>2007 | December<br>31,<br>2006 | December<br>31,<br>2007 | June<br>30,<br>2007 | December<br>31,<br>2006 | December<br>31,<br>2007                 | June<br>30,<br>2007 | December<br>31,<br>2006 | December<br>31,<br>2007 | June<br>30,<br>2007 | December<br>31,<br>2006 |  |
| 1st quarter<br>2007/2006                    |                         |                     |                         |                         |                     |                         |   |                     |                         |                         |                     |                         |  |
| 2nd quarter<br>2007/2006                    |                         |                     |                         |                         |                     |                         |   |                     |                         |                         |                     |                         |  |
| 3rd quarter<br>2007/2006                    |                         |                     | 33,284,420              |                         |                     | 13,708,670              |   |                     | 1,002,881               |                         |                     | 3,262,541               |  |
| 4th quarter<br>2007/2006                    |                         |                     |                         |                         | 629,130             |                         |   |                     |                         |                         |                     |                         |  |
| 1st quarter<br>2008/2007                    |                         | 28,709,843          |                         |                         | 15,298,547          | 4,312,710               |   | 3,124,742           | 563,257                 |                         | 6,198,244           |                         |  |
| 2nd quarter<br>2008/2007                    |                         |                     |                         |                         | 10,618,597          | 61,333,223              |   | 716,470             |                         |                         |                     |                         |  |
| 3rd quarter<br>2008/2007                    | 38,632,870              |                     |                         | 10,417,725              |                     |                         | 1,626,820                               |                     |                         | 2,734,788               |                     |                         |  |
| 4th quarter<br>2008/2007                    |                         |                     |                         | 23,414,350              |                     |                         |   |                     |                         | 1,986,618               |                     |                         |  |
| 1st quarter<br>2009/2008                    |                         |                     |                         | 3,883,851               |                     |                         | 712,577                                 |                     |                         |                         |                     |                         |  |
| 2nd quarter<br>2009/2008                    |                         |                     |                         | 25,192,000              | 24,744,000          | 24,496,000              |   |                     |                         |                         |                     |                         |  |
| Overdue                                     |                         |                     |                         |                         |                     |                         |   |                     |                         |                         |                     |                         |  |
| With no stated<br>current term              |                         |                     |                         | 154,902,069             | 96,832,590          | 59,833,928              |   |                     |                         |                         |                     |                         |  |
| With no stated<br>non-current term          |                         | 246,231             | 536,279                 |                         |                     |                         |   |                     |                         | 56,518,636              | 50,914,561          | 39,831,402              |  |
| <b>Total</b>                                | <b>38,632,870</b>       | <b>28,956,074</b>   | <b>33,820,699</b>       | <b>217,809,995</b>      | <b>147,493,734</b>  | <b>164,313,661</b>      | <b>2,339,397</b>                        | <b>3,841,212</b>    | <b>1,566,138</b>        | <b>61,240,042</b>       | <b>57,112,805</b>   | <b>43,093,943</b>       |  |

| Based on their<br>estimated payment<br>term | Advanced from customs   |                     |                         | Other debts             |                     |                         | Provisions              |                     |                         |
|---|-------------------------|---------------------|-------------------------|-------------------------|---------------------|-------------------------|-------------------------|---------------------|-------------------------|
|   | December<br>31,<br>2007 | June<br>30,<br>2007 | December<br>31,<br>2006 | December<br>31,<br>2007 | June<br>30,<br>2007 | December<br>31,<br>2006 | December<br>31,<br>2007 | June<br>30,<br>2007 | December<br>31,<br>2006 |
| 1st quarter 2007/2006                       |                         |                     |                         |                         |                     |                         |                         |                     |                         |
| 2nd quarter 2007/2006                       |                         |                     |                         |                         |                     |                         |                         |                     |                         |
| 3rd quarter 2007/2006                       |                         |                     |                         |                         |                     | 3,089,267               |                         |                     |                         |
| 4th quarter 2007/2006                       |                         |                     |                         |                         |                     |                         |                         |                     |                         |
| 1st quarter 2008/2007                       |                         |                     |                         |                         |                     | 2,899,597               |                         |                     |                         |
| 2nd quarter 2008/2007                       |                         |                     |                         |                         |                     |                         |                         |                     |                         |
| 3rd quarter 2008/2007                       |                         |                     |                         |                         | 1,508,437           |                         |                         |                     |                         |

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|                                 |            |  |  |  |           |           |           |                      |
|---------------------------------|------------|--|--|--|-----------|-----------|-----------|----------------------|
| 4th quarter 2008/2007           | 11,969,669 |  |  |  |           |           |           |                      |
| 1st quarter 2009/2008           |            |  |  |  |           |           |           |                      |
| 2nd quarter 2009/2008           |            |  |  |  |           |           |           |                      |
| Overdue                         |            |  |  |  |           |           |           |                      |
| With no stated current term     |            |  |  |  |           |           |           |                      |
| With no stated non-current term |            |  |  |  |           | 61,947    | 45,216    | 45,216               |
| Total                           | 11,969,669 |  |  |  | 1,508,437 | 2,899,597 | 3,089,267 | 61,947 45,216 45,216 |

Liabilities classified according to their interest rate (in Pesos)

| Interest in rate that they accrue | Trade accounts payable |               |                   |                   | Loans       | Salaries and social security payable |                   |                   |               | Taxes payable     |                   |               |                   |
|-----------------------------------|------------------------|---------------|-------------------|-------------------|-------------|--------------------------------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|-------------------|
|                                   | December 31, 2007      | June 30, 2007 | December 31, 2006 | December 31, 2007 |             | June 30, 2007                        | December 31, 2006 | December 31, 2007 | June 30, 2007 | December 31, 2006 | December 31, 2007 | June 30, 2007 | December 31, 2006 |
| At fixed interest rate            | 4,892,518              | 4,484,003     | 4,439,062         | 216,701,195       | 147,405,126 | 163,684,531                          |                   |                   |               |                   |                   |               |                   |
| At variable interest rate         |                        |               |                   |                   |             |                                      |                   |                   |               |                   |                   |               |                   |
| Non-interest bearing              | 33,740,352             | 24,472,071    | 29,381,637        | 1,108,800         | 88,608      | 629,130                              | 2,339,397         | 3,841,212         | 1,566,138     | 61,240,042        | 57,112,805        | 43,093,943    |                   |
| Total                             | 38,632,870             | 28,956,074    | 33,820,699        | 217,809,995       | 147,493,734 | 164,313,661                          | 2,339,397         | 3,841,212         | 1,566,138     | 61,240,042        | 57,112,805        | 43,093,943    |                   |

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| Interest in               | Advanced from customs   |                     |                         | Other debts             |                     |                         | Provisions              |                     |                         |
|---------------------------|-------------------------|---------------------|-------------------------|-------------------------|---------------------|-------------------------|-------------------------|---------------------|-------------------------|
|                           | December<br>31,<br>2007 | June<br>30,<br>2007 | December<br>31,<br>2006 | December<br>31,<br>2007 | June<br>30,<br>2007 | December<br>31,<br>2006 | December<br>31,<br>2007 | June<br>30,<br>2007 | December<br>31,<br>2006 |
| rate that                 |                         |                     |                         |                         |                     |                         |                         |                     |                         |
| they accrue               |                         |                     |                         |                         |                     |                         |                         |                     |                         |
| At fixed interest rate    |                         |                     |                         |                         |                     |                         |                         |                     |                         |
| At variable interest rate |                         |                     |                         |                         |                     |                         |                         |                     |                         |
| Non-interest bearing      | 11,969,669              |                     |                         | 1,508,437               | 2,899,597           | 3,089,267               | 61,947                  | 45,216              | 45,216                  |
| Total                     | 11,969,669              |                     |                         | 1,508,437               | 2,899,597           | 3,089,267               | 61,947                  | 45,216              | 45,216                  |

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

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

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

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

- a) On September 3, 2007, a deferral of payment for US\$ 1,449,726 plus US\$ 103,454 in interest was signed for the purchase of the establishment San Pedro. The new payment date is September 1, 2008 accruing interest at 7% per annum on unpaid balance.
- b) On October 22, 2007, it was deemed of sales for 4,974 hectares of the farm Los Pozos was signed. The transaction was agreed upon at US\$ 1,119,217. To date, US\$ 1,019,217 was collected. The balances of USD 100,000 should be collected by August 21, 2008, plus interest at LIBOT plus 6%. This sale generated income for about US\$ 1.03 (in millions).
- c) On December 17, 2007, it was signed the agreement of sale for the remaining undivided 25% of 72 hectares of the establishment La Adela (18 hectares). The transaction was agreed upon at USD 143,020, which was paid upon executing the agreement. With such acquisition, the establishment La Aldea has 1054 hectares.
- d) On December 27, 2007, the agreement of sale with possession for 2,471 hectares of the establishment La Esmeralda was signed. This property has been valued at net realization value as the conditions established by RT 17 apply, hence recognizing income for about USD 5,2 million.

**NOTE 12: INVESTMENTS IN COMPANIES**

- a) Agropecuaria Cervera S.A.

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

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

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

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



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

**NOTE 12:** (Continued)

The Company paid the amount of Pesos nine hundred and sixty two thousand five hundred and twenty three (Ps. 962,523) with consideration in the contribution made to the company in ACER. As part of the price, the Company paid US dollar Seven hundred thousand (US\$ 700,000), staying such contribution in guarantee for future contingencies during a two-year term. The total amount paid was allocated to the individual identifiable assets. These include Ps. 21.9 million as right of concession which have been recorded in intangible assets (Schedule B) to these financial statements.

b) BrasilAgro Companhia de Propiedades Agrícolas (BrasilAgro)

The Company values the investment in BrasilAgro according to the equity method taking into account its significant influence that derives from: (i) its capacity to affect the operative and financial decisions considering that from the nine members of the Board of Directors, three of them -including the president- are appointed by the Company, other three are designated by the stockholders of BrasilAgro and the remaining three are independent directors appointed jointly by both parts, and (ii) the stockholders' agreement existing among the founder shareholders, that is the Company, Tarpon Agro and Cape Town, owners of 12.8% of the shareholding and votes of BrasilAgro. Under the terms of such agreement, the parties have agreed to vote jointly in Meeting of Shareholders in respect of matters related to proposals to change directors' and administrators' fees, increases of capital sock and appropriation of dividends, among other issues.

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

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

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

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

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

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

**NOTE 12:** (Continued)

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

These shares were placed in conjunction with the Banco de Investimentos Credit Suisse (Brasil) S.A. in the Brazilian market by applying an investment mechanism ruled by the control authorities and with a sales effort abroad, all in compliance with the U.S. Securities Act of 1933 and other regulations established by the Securities and Exchange Commission.

The amount initially offered amounted to 432 million Reais, equivalent to 432,000 common registered shares of 1,000 Reais per share of BrasilAgro.

In accordance with the practice of the Brazilian market, BrasilAgro had an option to increase the size of the issue by 20% and Credit Suisse Investment Bank had another option for increasing the issue by 15% (Green shoe).

As the placement had demand in excess, both BrasilAgro and Credit Suisse exercised such option up to 583,200 shares equivalent to 583.2 million Reais, which were fully placed.

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

On January 19 and 22, 2007 Cresud S.A.C.I.F. y A. acquired 400 and 100 shares of BrasilAgro, respectively. Due to these new acquisitions the holding of Cresud S.A.C.I.F. y A. amounts to 43,205 shares which is equivalent to 7.4% of the capital stock of BrasilAgro.

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

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

As of December 31, 2007, the Company has not registered any value for the holding of such options.

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

**NOTE 12:** (Continued)

During this period, Cresud acquired 5,000 shares for ARS 8,645,403. Such purchase generated a change in the interest in BrasilAgro of 7.50% at 8.25%.

Likewise, as of December 31, 2007, BrasilAgro has acquired its first nine properties.

c) Cactus Argentina S.A.

Inclusion of a new shareholder in Cactus Argentina S.A. (Cactus)

On January 10, 2007 Tyson Foods Inc. joined the capital stock of Cactus by subscribing the stock subscription agreement and the stockholders agreement.

Cactus issued 9,397,213 shares with a premium over par of Ps. 7,296,954 having Tyson subscribed 100% by paying Ps. 16,694,167.

Consequently, the stock participations were modified as follows: Cactus Feeders Inc. 24%; Cresud SACIF y A 24% and Tyson Foods Inc. 52% (through Provemex Holdings LLC).

Accordingly, on December 31, 2007 Cresud registered a premium over par for such operation of Ps. 1,658,109.

In association with Tyson Foods Inc. and Cactus Feeders, Cactus has started an undertaking in Argentina that will be the country's first fully integrated cattle project. Beef cuts for the Argentine consumer will be produced in said undertaking having access to the European and other international markets.

Cactus Argentina S.A. acquires the Exportaciones Agroindustriales Argentinas S.A. shareholding

On January 11, 2007 Cactus acquired 100% of the Exportaciones Agroindustriales Argentinas S.A. (EAASA) shareholding by subscribing a sales contract of shares in the amount of Ps. 16,839,993.

EAASA owns a meat packing plant in Santa Rosa, Province of La Pampa with capacity to slaughter and process approximately 9,500 cattle heads per month. The idea of Cactus is to expand in the future the slaughter capacity to 15,000 heads per month.

d) Exportaciones Agroindustriales Argentinas S.A.

On May 15, 2007 Cresud acquired 0.57% of the Exportaciones Agroindustriales Argentinas S.A. (EAASA) shareholding by the acquisition of 120 shares of the latter to Cactus Argentina S.A.

As of December 31, 2007, the Company holding s in EAASA had decreased to a 0.36 percent.



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 13: ISSUANCE OF CONVERTIBLE NOTES**

The Shareholders meeting held on March 8, 2002 approved:

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

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

- a) The conversion price is US\$ 0.5078 per share (US\$ 5.0775 ADS), while the Warrant price is US\$ 0.6093 per share (US\$ 6.0930 ADS)
- b) For each of Cresud's Convertible Note the holder has the right to convert it to 1.96928 stocks (US\$ 0.1969 ADS) and has an option to purchase the same amount of stock at the price of the Warrant.

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

During the year beginning June 30, 2003 and ended November 14, 2007, 49,910,874 corporate bonds were converted into 98,288,372 shares of common stock, which originated an increase in the Company's shareholders' equity of ARS 152,102,667. In the same year, 49,867,018 warrant options were exercised; consequently, 98,202,054 shares of common stock were issued for ARS 182,912,273.

On November 14, 2007, convertible notes fell due, out of which 89,126 convertible notes were pending conversion, which were settled in cash. Likewise, there were 132,982 warrant options that were not exercised.

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 14: PURCHASE AND SALE OF CONVERTIBLE NOTES**

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

- a) The conversion price is US\$ 0.5571 per share (US\$ 5.5713 GDS), while the warrant price is US\$ 0.6686 per share (US\$ 6.6856 GDS)
- b) For each of IRSA's Convertible Note the holder has the right to convert it to 1.7949 shares (0.1795 GDS) and has an option to purchase the same amount of stock at the price of the warrant.

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

The conversion price of the Convertible Notes went from US\$ 0.5571 to US\$ 0.54505 and the warrants price went from US\$ 0.6686 to US\$ 0.6541. Such adjustment was effective as from December 20, 2002.

During the period beginning July 2003 and ended November 14, 2007, the Company acquired 600,500 Convertible Notes for USD 937,798.

During the same period, the Company sold 12,335,157 Convertible Notes of IRSA Inversiones y Representaciones Sociedad Anónima. The sale generated income for ARS 83,623,172.

Likewise, in the same period, the Company exercised its conversion right and exercised warrants of 37,958,011 Convertible Notes of IRSA Inversiones y Representaciones Sociedad Anónima giving rise to issuing 139,295,450 shares of common stock with a face value of ARS 1 each.

During the same period, third party holders of Convertible Notes into shares of common stock of IRSA have exercised the conversion right of 61,984,332 Convertible Notes and have exercised 61,938,795 warrants originating the issuance of 227,381,884 shares of common stock with a face value of ARS 1 each.

As a consequence of such conversions and exercise of third parties warrants, the Company's investment value has decreased in Ps. 64.4 million, such effect being recorded in Paid-In Capital (Related Companies Law No. 19,550 - Section 33) of Shareholders' Equity (see Note 2.q).

On November 14, 2007, convertible corporate bonds of IRSA Inversiones y Representaciones Sociedad Anónima matured.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 15: FINANCIAL LOANS**

In line with the outstanding investment opportunities that the Company took advantage of during the last year, such as our participation in BrasilAgro, and the acquisition of land and the development of investments in Norwest zone during the current year. The company contracted debt in higher levels than those incurred in previous years. As of December 31, 2007 our debt, without considering our convertible negotiable obligations, amounts to Ps. 217.8 million.

On analyzing the breakdown of such debt, we note the Credit Suisse loan to finance our investment in BrasilAgro for Ps. 25.2 million (Note 12.b) and Ps. 37.7 million to finance our crop production, the remaining balance, Ps. 154.9 million, are concentrated in the short-term.

Our aim for next years will be to adjust these maturities so as to generate cash in the Company, without putting aside a reduction of debt in line with future cash income arising from the regular business trend, the sale of assets or originated in capital increases.

The chart that follows discloses our Company debt as of December 31, 2007:

| <b>Bank</b>               | <b>Currency</b> | <b>Total<br/>(Millions Ps.)</b> | <b>Term</b>    |
|---------------------------|-----------------|---------------------------------|----------------|
| Short-term                | Pesos           | 154.9                           | Up to 180 days |
| Crop production financing | Pesos           | 37.7                            | Up to 230 days |
| Medium-term               | Pesos           | 25.2                            | Up to 330 days |

**NOTE 16: RESTRICTED ASSETS**

As of December 31, 2007, the amount of 1,834,860 ADR's of IRSA Inversiones y Representaciones S.A. are included in Non-Current Investments and Non-Current Loans which availability is restricted as a result of the loan contracted for financing the Brazil investment as mentioned in Note 12.b) to these financial statements.

The San Pedro establishment was included in fixed assets as of December 31, 2007. Such establishment has a mortgage on a fraction of its land to guarantee the payment for the purchase. To date, the amount of US\$ 1.5 million is owed for such acquisition.

On May 2, 2006, a loan agreement for USD 8 million was executed with Credit Suisse, which imposes some restrictions on our ability to pay dividends. Under this loan agreement falling due on November 2, 2008, we are not allowed to pay dividends or make other restricted payments (including the purchase or redemption of our capital stock) in cash, obligations or other assets, for a total amount not exceeding USD 5 million in any calendar year.

**NOTE 17: CAPITALIZATION PROGRAM FOR EXECUTIVE MANAGEMENT**

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

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

**NOTE 17:** (Continued)

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

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

Funds collected from participants' contributions will initially be sent to an independent financial means especially created for such purpose and placed in Argentina as a Common Investment Fund, which will be approved by the C.N.V.

Such funds will be freely redeemed under the requirement of the participants. The funds arising from the Company contributions will flow to other independent financial means separated from the previous one.

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

ordinary retirement in line with the applicable working regulations

total or permanent disability or inability

death.

In case of resignation or discharge without legal justification, the participant will obtain the amounts contributed by the Company only if he has participated in the plan during a minimum term of 5 (five) years, provided certain conditions were complied with.

As of December 31, 2007 the Company had made contributions to the Program that amount Ps. 261,356

**NOTE 18: SUBSEQUENT EVENTS**

The Company has not recorded any significant subsequent effect that should be disclosed in a note to the financial statements.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Fixed Assets**

Corresponding to the sixth periods beginning as from July 1, 2007 and 2006

and ended on December 31, 2007 and 2006

(Notes 1 and 2)

Schedule A

| Detail Account | Value at                        | Additions and/or Transfers Pesos | Deductions and/or Transfers Pesos | Value at the end of the year/period Pesos | Rate %   | Accumulated at the beginning of the year Pesos | Depreciation                      |                           | Accumulated at the end of the year/period Pesos | Net carrying Value as of December 31, 2007 Pesos | Net carrying Value as of June 30, 2007 Pesos | Net carrying Value as of December 31, 2006 Pesos |
|----------------|---------------------------------|----------------------------------|-----------------------------------|---|----------|--|-----------------------------------|---------------------------|---|--|--|--|
|                | the beginning of the year Pesos |                                  |                                   |   |          |  | Decrease of the year/period Pesos | Current year/Period Pesos |   |  |  |  |
| State          | 161,689,175                     | 646,510                          | 2,008,242                         | 160,327,443                               |          |  |                                   |                           |   | 160,327,443                                      | 161,689,175                                  | 151,000,000                                      |
| ences          | 5,946,395                       |                                  | 339,656                           | 5,606,739                                 | 3        | 748,542  | 54,212                            | 90,204                    | 784,534   | 4,822,205  | 5,197,853                                    | 2,800,000  |
| ng troughs     | 4,406,916                       |                                  | 193,019                           | 4,213,897                                 | 5        | 1,125,310                                      | 68,417                            | 104,009                   | 1,160,902                                       | 3,052,995  | 3,281,606                                    | 2,200,000  |
| fields and     |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
| ws             | 3,227,641                       | 228,551                          |                                   | 3,456,192                                 | 12-25-50 | 1,533,523                                      |                                   | 271,717                   | 1,805,240                                       | 1,650,952  | 1,694,118                                    | 1,500,000  |
| gs and         |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
| ctions         | 30,612,362                      | 171,874                          | 54,632                            | 30,729,604                                | 2        | 3,123,956                                      | 8,446                             | 316,650                   | 3,432,160                                       | 27,297,444                                       | 27,488,406                                   | 26,600,000                                       |
| ery            | 11,098,971                      | 536,942                          |                                   | 11,635,913                                | 10       | 7,628,609                                      |                                   | 376,918                   | 8,005,527                                       | 3,630,386  | 3,470,362                                    | 3,600,000  |
| es             | 2,283,471                       | 179,316                          |                                   | 2,462,787                                 | 20       | 1,307,439                                      |                                   | 171,298                   | 1,478,737                                       | 984,050  | 976,032                                      | 900,000  |
|                | 208,811                         | 1,200                            |                                   | 210,011                                   | 10       | 160,632  |                                   | 5,340                     | 165,972   | 44,039   | 48,179                                       | 40,000   |
| re and         |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
| ent            | 1,143,068                       | 63,244                           |                                   | 1,206,312                                 | 10       | 869,760  |                                   | 40,535                    | 910,295   | 296,017  | 273,308                                      | 300,000  |
| and leading    |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
|                | 896,488                         | 14,865                           | 23,867                            | 887,486                                   | 3        | 145,473  | 3,396                             | 13,340                    | 155,417   | 732,069  | 751,015                                      | 700,000  |
|                | 2,058,589                       |                                  |                                   | 2,058,589                                 | 10       | 720,499  |                                   | 85,182                    | 805,681   | 1,252,908  | 1,338,090                                    | 1,100,000  |
| es             | 13,617,658                      | 18,736                           |                                   | 13,636,394                                | 10-20-33 | 6,696,165                                      |                                   | 528,704                   | 7,224,869                                       | 6,411,525  | 6,921,493                                    | 6,300,000  |
| ter            |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
| ent            | 1,967,450                       | 58,705                           |                                   | 2,026,155                                 | 20       | 1,133,754                                      |                                   | 194,868                   | 1,328,622                                       | 697,533  | 833,696                                      | 400,000  |
| ants           | 1,277,416                       |                                  |                                   | 1,277,416                                 | 5        | 464,374  |                                   | 37,246                    | 501,620   | 775,796  | 813,042                                      | 600,000  |
| uctions in     |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
| s              | 7,034,802                       | 6,915,499                        | 228,551                           | 13,721,750                                |          |  |                                   |                           |   | 13,721,750                                       | 7,034,802                                    | 15,100,000                                       |
| ces to         |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
| rs             | 295,767                         | 1,016,353                        | 295,767                           | 1,016,353                                 |          |  |                                   |                           |   | 1,016,353  | 295,767                                      | 400,000  |
| s of           |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
| ber 31, 2007   | 247,764,980                     | 9,851,795                        | 3,143,734                         | 254,473,041                               |          | 25,658,036                                     | 134,471                           | 2,236,011                 | 27,759,576                                      | 226,713,465                                      |  |  |
| s of June 30,  |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
|                | 230,293,886                     | 40,658,831                       | 23,187,737                        | 247,764,980                               |          | 22,222,028                                     | 589,460                           | 4,025,468                 | 25,658,036                                      |  | 222,106,944                                  |  |
| s of           |                                 |                                  |                                   |   |          |  |                                   |                           |   |  |  |  |
| ber 31, 2006   | 230,293,886                     | 8,146,084                        | 137,642                           | 238,302,328                               |          | 22,222,028                                     | 99,641                            | 1,902,805                 | 24,025,192                                      |  |  | 214,200,000                                      |

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Intangible Assets**

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

and ended on December 31, 2007 and 2006

(Notes 1, 2, and 3)

**Schedule B**

| Principal Account             | Value at the beginning of the year<br>Pesos | Additions of the year/period<br>Pesos | Value at the end of the year/period<br>Pesos | Accumulated at the beginning of the year<br>Pesos | Depreciation<br>Of the year |                       | Accumulated at the end of the year/period<br>Pesos | Net carrying value as of December 31, 2007<br>Pesos | Net carrying value as of June 30, 2007<br>Pesos | Net carrying value as of December 31, 2006<br>Pesos |
|-------------------------------|---|---------------------------------------|--|---|-----------------------------|-----------------------|--|---|---|---|
|                               |   |                                       |  |   | Rate %                      | Current year<br>Pesos |  |   |   |   |
| Concessions rights            | 21,910,761                                  |                                       | 21,910,761                                   |   |                             |                       |  | 21,910,761  | 21,910,761                                      | 21,910,761  |
| Total as of December 31, 2007 | 21,910,761                                  |                                       | 21,910,761                                   |   |                             |                       |  | 21,910,761  |   |   |
| Total as of June 30, 2007     | 21,910,761                                  |                                       | 21,910,761                                   |   |                             |                       |  |   | 21,910,761                                      |   |
| Total as of December 31, 2006 | 21,910,761                                  |                                       | 21,910,761                                   |   |                             |                       |  |   |   | 21,910,761  |

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

**Investments**

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

and ended on December 31, 2007 and 2006

(Notes 1, and 2)

**Schedule C**

| Securities   | Amount  | Value as of<br>December 31,<br>2007<br>Pesos | Value as of<br>June 30,<br>2007<br>Pesos | Value as of<br>December 31,<br>2006<br>Pesos | Market<br>value<br>Pesos | Principal activity     | INFORMATION ON THE ISSUER |   |                                 |
|--|---------|--|--|--|--------------------------|------------------------|---------------------------|---|---------------------------------|
|  |         |  |  |  |                          |                        | Capital<br>Pesos          | Latest financial statements<br>Income (loss)<br>for the period<br>Pesos | Shareholders<br>Equity<br>Pesos |
| <b><u>Current Investments</u></b>  |         |  |  |  |                          |                        |                           |   |                                 |
| Mutual Funds   |         |  |  |  |                          |                        |                           |   |                                 |
| Bony Hamilton Fund (US\$)  | 9,476   | 29,462                                       | 37,946,618                               | 3,433,034                                    | 3.109000                 |                        |                           |   |                                 |
|  |         | 29,462                                       | 37,946,618                               | 3,433,034                                    |                          |                        |                           |   |                                 |
| <b><u>Notes and Convertible Notes</u></b>  |         |  |  |  |                          |                        |                           |   |                                 |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties, Interest on Convertible Notes |         |  |  |  |                          |                        |                           |   |                                 |
| 2007 IRSA (US\$):  |         |  |  |  |                          |                        |                           |   |                                 |
| <b><u>IRSA Inversiones y Representaciones S.A.</u></b>   |         |  |  |  |                          |                        |                           |   |                                 |
| Bonos Global 2010  | 110,000 | 117,987                                      | 120,899                                  | 106,208                                      | 1.072605                 |                        |                           |   |                                 |
| Bocon Pro 1  | 157,647 | 630  | 630                                      | 630  | 0.003996                 |                        |                           |   |                                 |
| Mortgage Bonds   | 845,996 | 795,659                                      | 1,027,284                                | 1,017,780                                    | 0.940500                 |                        |                           |   |                                 |
|  |         | 914,276                                      | 1,528,221                                | 1,500,223                                    |                          |                        |                           |   |                                 |
| Total current investments  |         | 943,738                                      | 39,474,839                               | 4,933,257                                    |                          |                        |                           |   |                                 |
| <b><u>Non-current investments</u></b>  |         |  |  |  |                          |                        |                           |   |                                 |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:                               |         |  |  |  |                          |                        |                           |   |                                 |
| <b><u>AGRO-URANGA S.A.</u></b>   |         |  |  |  |                          |                        |                           |   |                                 |
| Shares   | 893,069 | 6,217,215                                    | 6,895,791                                | 4,090,502                                    | Unlisted                 | Agricultural livestock | 2,500,000                 | 4,523,719   | 17,404,071                      |

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|  |             |             |             |             |           |  |             |           |               |
|--|-------------|-------------|-------------|-------------|-----------|--|-------------|-----------|---------------|
| Higher value of property   | 11,179,150  | 11,179,150  | 11,179,150  |             |           |  |             |           |               |
|  | 17,396,365  | 18,074,941  | 15,269,652  |             |           |  |             |           |               |
| <b>INVERSIONES GANADERAS S.A.</b>  |             |             |             |             | Unlisted  | Rising and grazing cattle  | 11,668,570  | (76,342)  | 9,712,133     |
| Shares   | 11,668,569  | 9,712,112   | 9,788,454   | 10,201,818  |           |  |             |           |               |
|  |             | 9,712,112   | 9,788,454   | 10,201,818  |           |  |             |           |               |
| <b>CACTUS ARGENTINA S.A.</b>   |             |             |             |             | Unlisted  | Exploitation and administration of Agriculture and beef cattle         | 27,455,563  | 458,503   | 34,114,920    |
| Shares   | 6,589,335   | 8,187,581   | 5,825,380   | 4,516,329   |           |  |             |           |               |
|  |             | 8,187,581   | 5,825,380   | 4,516,329   |           |  |             |           |               |
| <b>FUTUROS Y OPCIONES.COM S.A.</b>   |             |             |             |             | Unlisted  | Gives information about markets and services of economics and finances | 960,937     | 138,568   | 2,928,068     |
| Shares   | 654,398     | 1,994,014   | 1,952,651   | 1,344,946   |           |  |             |           |               |
|  |             | 1,994,014   | 1,952,651   | 1,344,946   |           |  |             |           |               |
| <b>AGROPECUARIA CERVERA S.A.</b>   |             |             |             |             | Unlisted  | Agricultural and forestal  | 1,334,748   | (147,770) | 4,506,756     |
| Shares   | 1,201,273   | 4,056,079   | 4,189,072   | 4,601,388   |           |  |             |           |               |
|  |             | 4,056,079   | 4,189,072   | 4,601,388   |           |  |             |           |               |
| <b>IRSA Inversiones y Representaciones S.A.</b>                                |             |             |             |             | 4.70      | Real Estate  | 578,676,461 | 5,782,983 | 1,875,087,223 |
| Shares (Note 15)   | 199,312,030 | 645,831,410 | 411,903,577 | 408,619,576 |           |  |             |           |               |
|  |             | 645,831,410 | 411,903,577 | 408,619,576 |           |  |             |           |               |
| <b>BrasilAgro Companhia Brasileira de Propiedades Agrícolas</b>                |             |             |             |             | (1) 10.00 | Agricultural and Real Estate   | 875,381,000 | 2,046,000 | 1,021,689,000 |
| Shares   | 48,205      | 84,081,968  | 68,056,602  | 60,028,625  |           |  |             |           |               |
|  |             | 84,081,968  | 68,056,602  | 60,028,625  |           |  |             |           |               |
| Subtotal   | 771,259,529 | 519,790,677 | 504,582,334 |             |           |  |             |           |               |
| <b>Other Investments</b>   |             |             |             |             |           |  |             |           |               |
| Convertible Notes 2007 IRSA (US\$)   |             |             |             |             |           |  |             |           |               |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |             |             | 37,116,000  | 36,743,999  |           |  |             |           |               |



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IRSA Inversiones  
y Representaciones  
S.A.

|  |                |                   |                   |          |
|--|----------------|-------------------|-------------------|----------|
| Coprolan   | 20,717         | 20,717            | 20,717            | Unlisted |
| Exportaciones<br>Agroindustriales<br>Argentinas S.A. | 241,556        | 241,556           |                   | Unlisted |
| <b>Subtotal</b>                                      | <b>262,273</b> | <b>37,378,273</b> | <b>36,764,716</b> |          |

**Goodwill**

IRSA Inversiones  
y Representaciones  
S.A. negative  
goodwill

|                 |                      |                     |                     |  |
|-----------------|----------------------|---------------------|---------------------|--|
|                 | (136,310,051)        | (67,306,386)        | (72,145,013)        |  |
| <b>Subtotal</b> | <b>(136,310,051)</b> | <b>(67,306,386)</b> | <b>(72,145,013)</b> |  |

|  |                    |                    |                    |  |
|--|--------------------|--------------------|--------------------|--|
| <b>Total non-current<br/>investments</b> | <b>635,211,751</b> | <b>489,862,564</b> | <b>469,202,037</b> |  |
|--|--------------------|--------------------|--------------------|--|

(1) In Brazilian Reais

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Allowances and Provisions**

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

and ended on December 31, 2007 and 2006

(Notes 1 and 2)

**Schedule E**

| <b>Item</b>                          | <b>Balances at<br/>beginning<br/>of the year<br/>Pesos</b> | <b>Increases<br/>Pesos</b> | <b>Decreases<br/>Pesos</b> | <b>Applications<br/>Pesos</b> | <b>Value as of<br/>December 31,<br/>2007<br/>Pesos</b> | <b>Value as of<br/>June 30,<br/>2007<br/>Pesos</b> | <b>Value as of<br/>December 31,<br/>2006<br/>Pesos</b> |
|--------------------------------------|--|----------------------------|----------------------------|-------------------------------|--|--|--|
| <b>Deducted from assets</b>          |  |                            |                            |                               |  |  |  |
| Allowance for doubtful accounts      | 372,359  | 41,286                     | (19,233)                   |                               | 394,412  | 372,359  | 372,359  |
| <b>Included in liabilities</b>       |  |                            |                            |                               |  |  |  |
| For pending lawsuits                 | 45,216   | (1) 16,731                 |                            |                               | 61,947   | 45,216   | 45,216   |
| <b>Total as of December 31, 2007</b> | <b>417,575</b>   | <b>58,017</b>              | <b>(19,233)</b>            |                               | <b>456,359</b>   |  |  |
| Total as of June 30, 2007            | 444,173  |                            | (24,127)                   | (2,471)                       |  | 417,575  |  |
| <b>Total as of December 31, 2006</b> | <b>444,173</b>   |                            | <b>(24,127)</b>            | <b>(2,471)</b>                |  |  | <b>417,575</b>   |

(1) Included in other income and expenses in the statement of income.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Cost of sales**

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

and ended on December 31, 2007 and 2006

(Notes 1 and 2)

**Schedule F.1**

| Crops             |                   | Beef cattle       |                   | Milk              |                   | Others            |                   | Total             |                   |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| December 31, 2007 | December 31, 2006 | December 31, 2007 | December 31, 2006 | December 31, 2007 | December 31, 2006 | December 31, 2007 | December 31, 2006 | December 31, 2007 | December 31, 2006 |
| Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             | Pesos             |
|                   |                   | 65,090,604        | 59,445,800        |                   |                   |                   |                   | 65,090,604        | 59,445,800        |
| 30,866,271        | 10,550,495        |                   |                   |                   |                   |                   |                   | 30,866,271        | 10,550,495        |
| 360,162           | 478,313           |                   |                   |                   |                   |                   |                   | 360,162           | 478,313           |
|                   |                   |                   |                   |                   |                   | 693,296           | 127,024           | 693,296           | 127,024           |
| 31,226,433        | 11,028,808        | 65,090,604        | 59,445,800        |                   |                   | 693,296           | 127,024           | 97,010,333        |                   |
|                   |                   | 2,537,295         | 1,396,642         |                   |                   |                   |                   | 2,537,295         |                   |
| 6,528,102         | 1,744,377         |                   |                   |                   |                   |                   |                   | 6,528,102         |                   |
| 11,483,962        | 6,586,411         | 13,126,964        | 10,063,537        | 8,958,759         | 4,603,474         |                   |                   | 33,569,685        |                   |
|                   |                   |                   |                   |                   |                   | (393,118)         |                   | (393,118)         |                   |
| (2,533,678)       | (1,977,604)       | (64,219)          | (33,701)          |                   |                   | (694,567)         | (508,616)         | (3,292,464)       |                   |
| 4,306,384         | 1,111,511         | 1,949,720         | 2,497,435         |                   |                   | 1,224,060         | 1,009,558         | 7,480,164         |                   |
|                   |                   |                   |                   |                   |                   | 208,436           | 2,268             | 208,436           |                   |
|                   |                   | (68,439,184)      | (62,214,285))     |                   |                   |                   |                   | (68,439,184)      | (62,214,285)      |
| (18,363,443)      | (4,554,722)       |                   |                   |                   |                   |                   |                   | (18,363,443)      | (4,554,722)       |
| (492,166)         | (177,457)         |                   |                   |                   |                   |                   |                   | (492,166)         | (177,457)         |
|                   |                   | (574,613)         |                   |                   |                   | (989,883)         | (620,126)         | (1,564,496)       | (88,859,289)      |
|                   |                   |                   |                   |                   |                   |                   |                   |                   | (620,126)         |

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|            |            |            |            |           |           |        |        |            |
|------------|------------|------------|------------|-----------|-----------|--------|--------|------------|
| 32,155,594 | 13,761,324 | 13,626,567 | 11,155,428 | 8,958,759 | 4,603,474 | 48,224 | 10,108 | 54,789,144 |
|------------|------------|------------|------------|-----------|-----------|--------|--------|------------|

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Cost of production**

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

and ended on December 31, 2007 and 2006

(Notes 1 and 2)

**Schedule F.2**

|   | Crops        |              | Beef cattle  |              | Milk         |              | Total        | December 31, |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | December 31, | December 31, | December 31, | December 31, | December 31, | December 31, |              |              |
|   | 2007         | 2006         | 2007         | 2006         | 2007         | 2006         | 2007         | 2006         |
|   | Pesos        | Pesos        | Pesos        | Pesos        | Pesos        | Pesos        | Pesos        | Pesos        |
| <b>Inventories at the beginning of the year</b> |              |              |              |              |              |              |              |              |
| Beef cattle                                     |              |              |              |              | 11,113,378   | 9,389,631    | 11,113,378   | 9,389,631    |
| Unharvested crops and other unharvested         | 2,342,025    | 1,662,592    |              |              |              |              | 2,342,025    | 1,662,592    |
| Seeds and fodder                                |              |              | 1,336,519    | 168,766      | 554,095      | 123,568      | 1,890,614    | 292,334      |
| Materials and others                            | 3,609,519    | 4,142,815    | 465,981      |              | 160,940      | 119,865      | 4,236,440    | 4,262,680    |
|   | 5,951,544    | 5,805,407    | 1,802,500    | 168,766      | 11,828,413   | 9,633,064    | 19,582,457   | 15,607,237   |
| Holding gain - Beef cattle                      |              |              |              |              | (105,533)    | (9,923)      | (105,533)    | (9,923)      |
| Holding gain - Crops and raw materials          | 1,793,307    | 1,060,860    |              | 574,843      |              |              | 1,793,307    | 1,635,703    |
| <b>Production</b>                               |              |              | 510,316      |              | 381,166      | 875,249      | 891,482      | 875,249      |
| Transfer of inventories to fixed assets         | (145,314)    |              |              |              |              |              | (145,314)    |              |
| Transfer of unharvested crops to expenses       | (17,623,485) | (11,286,408) | (1,793,975)  | (410,422)    | (2,628,573)  | (580,245)    | (22,046,033) | (12,277,075) |
| Purchases                                       | 64,013,927   | 34,375,185   | 777,983      | 609,183      | 3,904,983    | 1,773,495    | 68,696,893   | 36,757,863   |
| <b>Operating expenses (Schedule H)</b>          | 10,117,788   | 9,664,095    | 9,373,887    | 7,549,221    | 5,871,186    | 2,502,669    | 25,362,861   | 19,715,985   |

**Less:**

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| <b>Inventories at the end of the period</b> |              |              |           |           |              |              |              |              |             |              |
|---|--------------|--------------|-----------|-----------|--------------|--------------|--------------|--------------|-------------|--------------|
| Beef cattle                                 |              |              |           |           | (12,462,708) | (10,149,663) | (12,462,708) |              |             | (10,149,663) |
| Unharvested crops                           | (41,582,709) | (24,464,198) |           |           |              |              | (41,582,709) |              |             | (24,464,198) |
| Seeds and fodder                            |              |              | (643,318) | (895,926) | (405,003)    | (262,051)    | (1,048,321)  |              |             | (1,157,977)  |
| Materials and others                        | (12,366,028) | (7,122,966)  | (659,835) | (572,903) | (131,579)    | (244,625)    | (13,157,442) | (68,251,180) | (7,940,494) | (43,712,332) |
| <b>Cost of Production</b>                   | 10,159,030   | 8,031,975    | 9,367,558 | 7,022,762 | 6,252,352    | 3,537,970    |              | 25,778,940   |             | 18,592,707   |

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

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

and ended on December 31, 2007 and 2006

(Notes 1 and 2)

**Schedule G**

| Item                                       | December 31, 2007                   |                       |                                | June 30, 2007                       |                                |                                     | December 31, 2006              |         |            |            |
|--|-------------------------------------|-----------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|---------|------------|------------|
|  | Type and amount of foreign currency | Current exchange rate | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos | Type and amount of foreign Currency | Amount in local currency Pesos |         |            |            |
| <b>Current Assets</b>                      |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Cash and banks                             |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Cash and banks in Dollars                  | US\$                                | 313,561               | 3.109                          | 974,861                             | US\$                           | 12,833,941                          | 39,182,021                     | US\$    | 2,723,855  | 8,231,490  |
| Cash and banks in Brazilian Reais          | Rs                                  | 2,946                 | 1.680                          | 4,949                               | Rs                             | 2,584                               | 3,643                          | Rs      | 109        | 146        |
| Investments:                               |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Mutual funds                               | US\$                                | 9,476                 | 3.109                          | 29,462                              | US\$                           | 12,429,289                          | 37,946,618                     | US\$    | 1,136,014  | 3,433,034  |
| Interest from IRSA                         |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Convertible Notes 2007                     |                                     |                       |                                | US\$                                | 122,667                        | 379,408                             |                                | 122,667 | 375,605    |            |
| Trade accounts receivable:                 |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Trade accounts receivable                  | US\$                                | 1,045,631             | 3.109                          | 3,250,868                           | US\$                           | 174,180                             | 531,771                        | US\$    | 268,364    | 810,997    |
| Other receivables:                         |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Secured by mortgages                       | US\$                                | 2,345,230             | 3.109                          | 7,291,321                           | US\$                           | 2,291,261                           | 6,995,220                      | US\$    | 976,184    | 2,950,028  |
| Guarantee deposits                         | US\$                                | 525,677               | 3.109                          | 1,634,329                           | US\$                           | 918,904                             | 2,805,415                      | US\$    | 1,055,350  | 3,189,269  |
| Subsidiaries, related companies Law        |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| No. 19,550 Section 33 and related parties: |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| IRSA Inversiones y Representaciones S.A.   |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
|  | US\$                                |                       |                                |                                     | US\$                           | 34,563                              | 106,903                        | US\$    | 34,670     | 106,159    |
| Others                                     | US\$                                | 409,231               | 3.109                          | 1,272,300                           | US\$                           | 20,000                              | 61,860                         | US\$    | 20,000     | 61,240     |
| <b>Non-Current Assets</b>                  |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Other receivables                          |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Secured by mortgages                       | US\$                                | 3,576,668             | 3.109                          | 11,119,860                          | US\$                           | 4,290,164                           | 13,097,871                     | US\$    | 1,999,992  | 6,043,975  |
| Subsidiaries, related companies Law        |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| No. 19,550 Section 33 and related parties: |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Alto Palermo S.A.                          |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
|  | US\$                                |                       |                                |                                     | US\$                           | 57,660                              | 178,341                        | US\$    | 124,787    | 382,099    |
| IRSA Inversiones y Representaciones S.A.   |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
|  | US\$                                |                       |                                |                                     | US\$                           | 13,294                              | 41,117                         | US\$    | 29,336     | 89,827     |
| Cactus Argentina S.A.                      | US\$                                |                       |                                |                                     | US\$                           | 1,326                               | 4,100                          | US\$    | 3,549      | 10,726     |
| Others                                     | US\$                                |                       |                                |                                     | US\$                           | 7,330                               | 22,673                         | US\$    | 17,514     | 53,628     |
| Investments:                               |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| IRSA Convertible Notes 2007                |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| Subsidiaries, related companies Law        |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| No. 19,550 Section 33 and related parties: |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
| IRSA Inversiones y Representaciones S.A.   |                                     |                       |                                |                                     |                                |                                     |                                |         |            |            |
|  | US\$                                |                       |                                |                                     | US\$                           | 12,000,000                          | 37,116,000                     | US\$    | 12,000,000 | 36,743,999 |

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|                     |      |           |            |      |            |             |      |            |            |
|---------------------|------|-----------|------------|------|------------|-------------|------|------------|------------|
| US\$                | US\$ | 8,225,474 | 25,573,001 | US\$ | 45,194,579 | 138,469,318 | US\$ | 20,512,282 | 62,482,076 |
| Rs                  | Rs   | 2,946     | 4,949      | Rs   | 2,584      | 3,643       | Rs   | 109        | 146        |
| <b>Total Assets</b> |      |           | 25,577,950 |      |            | 138,472,961 |      |            | 62,482,222 |
| US\$: US Dollars    |      |           |            |      |            |             |      |            |            |
| Rs: Brazilian Reais |      |           |            |      |            |             |      |            |            |



## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Foreign currency assets and liabilities

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

and ended on December 31, 2007 and 2006

(Notes 1 and 2)

## Schedule G (Cont)

| Item   | December 31, 2007                   |                             |                                | June 30, 2007                       |                                |                                     | December 31, 2006              |      |            |             |
|--|-------------------------------------|-----------------------------|--------------------------------|-------------------------------------|--------------------------------|-------------------------------------|--------------------------------|------|------------|-------------|
|  | Type and amount of foreign currency | Current exchange rate Pesos | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos | Type and amount of foreign currency | Amount in local currency Pesos |      |            |             |
| <b>Current liabilities</b>   |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |
| Trade accounts payable:  |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |
| Suppliers  | US\$                                | 3,175,016                   | 3.149                          | 9,998,126                           | US\$                           | 4,119,905                           | 12,742,867                     | US\$ | 4,562,354  | 13,969,927  |
| Accrual for other expenses   | US\$                                | 191,062                     | 3.149                          | 601,655                             | US\$                           | 206,984                             | 640,202                        | US\$ | 382,124    | 1,170,064   |
| Loans:   |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |
| Local banks  | US\$                                | 11,864,050                  | 3.149                          | 37,359,895                          | US\$                           | 5,552,260                           | 17,173,139                     | US\$ | 4,477,031  | 13,708,670  |
| Foreign Banks  | US\$                                | 8,113,062                   | 3.149                          | 25,548,031                          | US\$                           |                                     |                                | US\$ |            |             |
| Interest of Convertible Notes 2007   |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |
| Notes 2007   | US\$                                |                             |                                |                                     | US\$                           | 28,648                              | 88,608                         | US\$ | 205,464    | 629,130     |
| Convertible Notes 2007   | US\$                                |                             |                                |                                     | US\$                           | 2,768,826                           | 8,563,979                      | US\$ | 8,052,869  | 24,657,885  |
| Subsidiaries, related companies Law No. 19,550 Section 33 and related parties: |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |
| Shareholders   | US\$                                |                             |                                |                                     | US\$                           |                                     |                                | US\$ | 12,013,256 | 36,784,590  |
| Directors  | US\$                                |                             |                                |                                     | US\$                           | 33,676                              | 104,160                        | US\$ | 33,600     | 102,883     |
| <b>Advanced from customs</b>   |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |
| Advanced from customs  | US\$                                | 3,850,006                   | 3.109                          | 11,969,669                          | US\$                           |                                     |                                | US\$ |            |             |
| <b>Non-current liabilities</b>   |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |
| Trade accounts payable   |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |
| Accrual for other expenses   | US\$                                |                             |                                |                                     | US\$                           | 79,609                              | 246,231                        | US\$ | 175,140    | 536,279     |
| Loans:   |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |
| Foreign Banks  | US\$                                |                             |                                |                                     | US\$                           | 8,000,000                           | 24,744,000                     | US\$ | 8,000,000  | 24,496,000  |
| <b>Total Liabilities</b>   | US\$                                | 27,193,196                  |                                | 85,477,376                          | US\$                           | 20,789,908                          | 64,303,186                     | US\$ | 37,901,838 | 116,055,428 |
| US\$: US Dollars   |                                     |                             |                                |                                     |                                |                                     |                                |      |            |             |

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Cresud Sociedad Anónima, Comercial,

Inmobiliaria, Financiera y Agropecuaria

Information submitted in compliance with Section 64, subsection B of Law No. 19,550

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

and ended on December 31, 2007 and 2006

(Notes 1 and 2)

Schedule H

| Items                              | Total as of                   |                | Operating Expenses |                         |               |                 | Expenses         |                         | Total as of                   |
|------------------------------------|-------------------------------|----------------|--------------------|-------------------------|---------------|-----------------|------------------|-------------------------|-------------------------------|
|                                    | December 31,<br>2007<br>Pesos | Total<br>Pesos | Crops<br>Pesos     | Beef<br>cattle<br>Pesos | Milk<br>Pesos | Others<br>Pesos | Selling<br>Pesos | Administrative<br>Pesos | December 31,<br>2006<br>Pesos |
| Directors fees                     | 500,027                       |                |                    |                         |               |                 |                  | 500,027                 | 127,972                       |
| Fees and payments for services     | 2,962,161                     | 364,974        | 53,907             | 210,385                 | 100,682       |                 |                  | 2,597,187               | 1,689,581                     |
| Salaries and wages                 | 5,821,350                     | 2,404,567      | 334,983            | 1,398,972               | 670,612       |                 |                  | 3,416,783               | 6,536,659                     |
| Social security taxes              | 1,150,790                     | 418,241        | 65,579             | 209,962                 | 142,700       |                 |                  | 732,549                 | 1,178,722                     |
| Taxes, rates and contributions     | 259,845                       | 153,001        | 63,688             | 33,359                  | 55,954        |                 |                  | 106,844                 | 510,989                       |
| Gross sales taxes                  | 719,562                       |                |                    |                         |               |                 | 719,562          |                         | 332,933                       |
| Office and administrative expenses | 731,627                       |                |                    |                         |               |                 |                  | 731,627                 | 1,110,660                     |
| Bank commissions and expenses      | 5,480                         | 5,480          | 1,278              | 3,794                   | 408           |                 |                  |                         | 9,136                         |
| Depreciation of fixed assets       | 2,236,011                     | 1,945,021      | 1,133,779          | 556,372                 | 254,870       |                 |                  | 290,990                 | 1,902,805                     |
| Vehicle and traveling expenses     | 467,186                       | 277,409        | 66,611             | 183,691                 | 27,107        |                 |                  | 189,777                 | 206,229                       |
| Spare parts and repairs            | 1,058,516                     | 1,058,104      | 296,800            | 500,961                 | 260,343       |                 |                  | 412                     | 1,071,636                     |
| Insurance                          | 106,402                       | 85,420         | 22,074             | 55,453                  | 7,893         |                 |                  | 20,982                  | 261,630                       |
| Benefits to Employees              | 338,067                       | 189,129        | 32,212             | 119,655                 | 37,262        |                 |                  | 148,938                 | 361,437                       |
| Livestock expenses (1)             | 6,246,218                     | 5,787,838      |                    | 5,787,838               |               |                 | 458,380          |                         | 5,469,297                     |
| Dairy farm expenses (2)            | 4,244,372                     | 4,214,985      |                    |                         | 4,214,985     |                 | 29,387           |                         | 1,757,710                     |
| Agricultural expenses (3)          | 11,543,424                    | 8,153,729      | 7,945,293          |                         |               | 208,436         | 3,389,695        |                         | 7,349,935                     |
| Silo expenses                      | 4,531                         | 4,531          | 4,531              |                         |               |                 |                  |                         | 30,496                        |
| General expenses                   | 533,661                       | 504,237        | 96,125             | 312,763                 | 95,349        |                 |                  | 29,424                  | 287,682                       |
| Lease of machinery and equipment   | 1,085                         | 1,015          | 333                | 682                     |               |                 |                  | 70                      |                               |
| Safety and hygiene expenses        | 3,616                         | 3,616          | 595                |                         | 3,021         |                 |                  |                         |                               |
| Advertising expenses               | 12,328                        |                |                    |                         |               |                 |                  | 12,328                  |                               |
| Total as of December 31, 2007      | 38,946,259                    | 25,571,297     | 10,117,788         | 9,373,887               | 5,871,186     | 208,436         | 4,597,024        | 8,777,938               |                               |
| Total as of December 31, 2006      |                               | 19,718,253     | 9,664,095          | 7,549,221               | 2,502,669     | 2,268           | 2,292,717        | 8,184,539               | 30,195,509                    |

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

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

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



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**1. LEGAL FRAMEWORK**

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

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

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

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

- a. Other Receivables and prepaid expenses without a due date as of December 31, 2007

|             | Law No. 19,550 Section 33     |                         |              |                                      |           |               |               |
|-------------|-------------------------------|-------------------------|--------------|--------------------------------------|-----------|---------------|---------------|
|             | Other<br>Receivables<br>Pesos | AGRO<br>URANGA<br>Pesos | FYO<br>Pesos | CACTUS<br>Other Receivables<br>Pesos |           | IGSA<br>Pesos | ACER<br>Pesos |
|             |                               |                         |              |                                      |           |               |               |
| Current     | 185,568                       | 1,214,366               | 23,603       | 3,215,234                            | 6,393,969 |               |               |
| Non-current |                               | 23,462,678              |              |                                      |           |               | 22,605,494    |

- b. Trade Accounts Receivable and other receivables to fall due as of December 31, 2007

|          | Law No. 19,550 Section 33                |              |                                 |   |         |               |                               |
|----------|--|--------------|---------------------------------|---|---------|---------------|-------------------------------|
|          | Trade<br>Accounts<br>Receivable<br>Pesos | FYO<br>Pesos | IGSA<br>Trade Accounts<br>Pesos | COMERCIA-<br>LIZADORA<br>DE LOS<br>ALTOS S.A.<br>Trade Accounts Receivable<br>Pesos |         | ACER<br>Pesos | Other<br>Receivables<br>Pesos |
|          |  |              |                                 |   |         |               |                               |
| 03/31/08 | 13,516,502                               | 4,141,272    | 163,751                         | 933   | 233,747 |               | 21,442,876                    |
| 06/30/08 |  |              |                                 |   |         |               | 7,706,453                     |
| 09/30/08 |  |              |                                 |   |         |               | 4,153,803                     |
| 12/31/08 |  |              |                                 |   |         |               | 1,536,862                     |
| 06/30/09 |  |              |                                 |   |         |               | 3,778,473                     |
| 09/30/09 |  |              |                                 |   |         |               | 1,781,457                     |
| 06/30/10 |  |              |                                 |   |         |               | 3,778,473                     |
| 09/30/10 |  |              |                                 |   |         |               | 1,781,457                     |

## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Additional Information to the Notes to the Financial Statements

(Continued)

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

a. There are no past due debts as of December 31, 2007.

b. Debts without a due date as of December 31, 2007.

|             | Loans Pesos | Taxes Payable Pesos | Allowances Pesos |
|-------------|-------------|---------------------|------------------|
| Current     | 154,902,069 |                     |                  |
| Non-current |             | 56,518,636          | 61,947           |

c. Debts to fall due as of December 31, 2007.

|          | Trade Accounts Payable Pesos | IBSA Pesos | Law No. 19,550 Section 33 Trade Accounts Payable |        |           | IRSA Pesos | Loans Pesos | Salaries and Social Security Payable Pesos | Taxes Payable Pesos | Advanced from clients Pesos | Other Debts Pesos |
|----------|------------------------------|------------|--|--------|-----------|------------|-------------|--|---------------------|-----------------------------|-------------------|
| 03/31/08 | 36,845,071                   | 89,177     | 132,490  | 38,062 | 1,367,340 | 160,730    | 10,417,725  | 1,626,820                                  | 2,734,788           |                             | 1,508,437         |
| 06/30/08 |                              |            |  |        |           |            | 23,414,350  |  |                     | 11,969,669                  |                   |
| 09/30/08 |                              |            |  |        |           |            | 3,883,851   | 712,577                                    | 1,986,618           |                             |                   |
| 12/31/08 |                              |            |  |        |           |            | 25,192,000  |  |                     |                             |                   |

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

a.

|            | Trade Accounts Receivable Pesos | FYO Pesos | Law No. 19,550 Section 33 COMERCIALIZADORA DE LOS ALTOS S.A Trade Accounts Receivable |  |     | ACER Pesos | Other Receivables Pesos | ACER Pesos | Law No. 19,550 Section 33 AGRO URANGA IGSA FYO Cactus Other Receivables |           |        |           |
|------------|---------------------------------|-----------|---|--|-----|------------|-------------------------|------------|---|-----------|--------|-----------|
| In Pesos   | 10,265,634                      | 4,141,272 | 163,751   |  | 933 | 223,747    | 48,290,290              | 22,605,494 | 1,214,366   | 6,393,969 | 23,603 | 3,215,234 |
| In Dollars | 3,250,868                       |           |   |  |     |            | 21,317,810              |            |   |           |        |           |

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

Cresud Sociedad Anónima, Comercial,

Inmobiliaria, Financiera y Agropecuaria

Additional Information to the Notes to the Financial Statements

(Continued)

c.

|  | Trade<br>Accounts<br>Receivable<br>Pesos | IGSA<br>Pesos | Law No. 19,550 Section 33<br>COMERCIALIZADORA<br>DE LOS ALTOS S.A |  |               |            | Other<br>Receivables<br>Pesos | IGSA<br>Pesos | Law No. 19,550 Section 33<br>AGRO<br>Other Receivables |               |                 | Cactus<br>Pesos |
|--|--|---------------|---|--|---------------|------------|-------------------------------|---------------|--|---------------|-----------------|-----------------|
|  |  |               | FYO<br>Pesos  | Trade<br>Accounts<br>Receivable<br>Pesos | ACER<br>Pesos |            |                               |               | FYO<br>Pesos   | ACER<br>Pesos | URANGA<br>Pesos |                 |
| Outstanding<br>balances<br>accruing<br>interests     |  |               |   |  |               | 17,964,524 | 6,325,000                     |               | 20,652,208   |               |                 | 2,757,420       |
| Outstanding<br>balances not<br>accruing<br>interests | 13,516,502                               | 163,751       | 4,141,272   |  | 933           | 223,747    | 51,643,576                    | 68,969        | 23,603   | 1,953,286     | 1,214,366       | 457,814         |

6. CLASSIFICATION OF DEBTS ACCORDING TO THEIR FINANCIAL EFFECTS

a.

|               | Trade<br>Accounts<br>Payable<br>Pesos | IRSA<br>Pesos | Law No. 19,550 Section 33<br>Cactus CYRSA APSA IBSA |        |           |        | Loans<br>Pesos | Salaries<br>and Social<br>Security<br>Payable<br>Pesos | Taxes<br>Payable<br>Pesos | Advanced<br>from clients<br>Pesos | Other<br>Debt<br>Pesos | Provisions<br>Pesos |
|---------------|---------------------------------------|---------------|---|--------|-----------|--------|----------------|--|---------------------------|-----------------------------------|------------------------|---------------------|
|               |                                       |               | Trade<br>Accounts<br>Payable<br>Pesos               |        |           |        |                |  |                           |                                   |                        |                     |
| In<br>Pesos   | 26,245,290                            | 160,730       | 132,490   | 38,062 | 1,367,340 | 89,177 | 154,902,069    | 2,339,397  | 61,240,042                |                                   | 1,508,437              | 61,947              |
| In<br>Dollars | 10,599,781                            |               |   |        |           |        | 62,907,926     |  |                           | 11,969,669                        |                        |                     |

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

c.

|  | Trade<br>Accounts<br>Payable<br>Pesos | IRSA<br>Pesos | Law No. 19,550 Section 33<br>Cactus CYRSA APSA IBSA |  |  |  | Loans<br>Pesos | Salaries<br>and Social<br>Security<br>Payable<br>Pesos | Taxes<br>Payable<br>Pesos | Advanced<br>from clients<br>Pesos | Other<br>Debt<br>Pesos | Provisions<br>Pesos |
|--|---------------------------------------|---------------|---|--|--|--|----------------|--|---------------------------|-----------------------------------|------------------------|---------------------|
|  |                                       |               | Trade<br>Accounts<br>Payable<br>Pesos               |  |  |  |                |  |                           |                                   |                        |                     |

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|                                |            |         |         |        |           |        |           |           |            |            |           |             |
|--------------------------------|------------|---------|---------|--------|-----------|--------|-----------|-----------|------------|------------|-----------|-------------|
| Outstanding debts accruing     |            |         |         |        |           |        |           |           |            |            |           |             |
| Interests                      | 4,892,518  |         |         |        |           |        |           |           |            |            |           | 216,701,195 |
| Outstanding debts not accruing |            |         |         |        |           |        |           |           |            |            |           |             |
| interests                      | 31,952,553 | 160,730 | 132,490 | 38,062 | 1,367,340 | 89,177 | 1,108,800 | 2,339,397 | 61,240,042 | 11,969,669 | 1,508,437 | 61,947      |



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**(Continued)**

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

Interests in other companies capital and the number of votes held in those companies governed by Law No. 19,550 Section 33 are explained in Note 2 to the consolidated financial statements and intercompany balances as of December 31, 2007 are described in captions 4 and 5 above.

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

As of December 31, 2007 there were advance payments to directors for Ps. 378,699, and there were no receivables due from or loans to Statutory Auditors and relatives up to and including second degree, of directors and Statutory Auditors.

**9. PHYSICAL INVENTORIES**

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

**10. VALUATION OF INVENTORIES**

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

- a. Cattle for fattening, valued at the market value net of estimated sale expenses: quotation in Mercado de Hacienda de Liniers and other representative of the market.
- b. Cattle for raising and daily production valued at its replacement cost: according to specific appraisals made by renowned experts.
- c. Crops: official quotation of the Cámara Arbitral de Cereales for the port closest to the warehouse, published by media of wide circulation (Diario La Nación) net of estimated sale expenses.
- d. The remaining inventory stated at its replacement cost: seeds, forage and materials: replacement cost published by a well-known magazine (revista Márgenes Agropecuarios).

**11. TECHNICAL REVALUATION OF FIXED ASSETS**

There are no fixed assets subject to technical revaluation.

**12. OBSOLETE FIXED ASSETS**

There are no obsolete fixed assets with accounting value.

**13. EQUITY INTERESTS IN OTHER COMPANIES**

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

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

**(Continued)**

**14. RECOVERABLE VALUES**

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

**15. INSURANCES**

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

| <b>Insured property</b>                   | <b>Risk covered</b>                               | <b>Amount insured<br/>Pesos</b> | <b>Account Value<br/>Pesos</b> |
|---|---|---------------------------------|--------------------------------|
| Buildings, machinery, silos and furniture | Theft, fire and technical insurance               | 76,151,224                      | 32,697,176                     |
| Vehicles                                  | Theft, fire and civil and third parties liability | 2,321,686                       | 984,050                        |

**16. CONTINGENCIES**

As of December 31, 2007 there are no contingent situations that have not been accounted for and/or disclose in the financial statement.

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

None.

**18. DIVIDENDS ON PREFERRED STOCK**

There are no cumulative dividends not paid on preferred stock.

**19. LIMITATIONS OF PROFIT DISTRIBUTIONS**

See Note 18 to the Financial Statements.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Business Highlight**

**SUMMARY as of December 31, 2007**

**Buenos Aires, February 11, 2008** - Cresud S.A.C.I.F. y A. (Nasdaq: CRESY BCBA: CRES), one of the leading agricultural companies in Argentina, announces today its results for the first six months of fiscal 2008 ended December 31, 2007.

**Results for the first six months of fiscal 2008 showed net income for Ps. 14.5 million** compared to a Ps. 17.0 million profit posted the same period of the previous fiscal year.

**Consolidated sales for the period** amounted to Ps. 68.1 million, 64.5% higher than those posted for the same period of the previous fiscal year.

**Gross profit** during the first six months of fiscal year 2008 amounted to Ps. 17.6 million as compared to the Ps.7.4 million gross profit posted in the same period of the previous year.

**Operating revenues** for the six months ended on December 31, 2007 showed a Ps. 22.4 million profit, compared to the Ps. 0.4 million loss posted in the same period of the previous fiscal year. This difference is mainly due to the fact that in the second quarter of fiscal 2008 the Company recorded income as a result of the sale of 4,974 hectares in the Los Pozos farm and that the valuation of other assets was adjusted to their net realization value as from the execution of the preliminary sales agreement upon conveyance of possession of 2,471 hectares at the La Esmeralda farm.

**Results from related companies** showed income for Ps. 9.0 million, 60.8% lower than in the same period of fiscal 2007, mainly as a consequence of our interest as of December 31, 2007 in IRSA Inversiones y Representaciones S.A.

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (continued)

**Summary of operations**

**Crops**

Crops sales for the six months totaled Ps. 35.1 million, compared to sales for Ps. 13.2 million in the same period of the previous fiscal year. The volume of crops sold was 65,853 tons at an average price per ton of Ps. 541.3 compared to the 31,256 tons sold and the average price of Ps. 423.5 for the same period of the previous fiscal year. The increase in tons sold is mainly due to the higher levels of crop inventories at the beginning of the first period of fiscal 2008 and the 52.8% increase in production, which rose from 19,744 tons for the first six months of fiscal 2007 to 30,176 tons for the same period in fiscal 2008. In turn, income from production reached a total of Ps. 12.8 million, 95% higher than the income from production obtained in fiscal 2007 for the same six months.

The stock of crops as of the end of the six months totaled 39,090 tons, 16,802 of which were wheat and 12,080 were corn. The remaining tons were soybean, barley and sorghum.

As of December 31, 2007, 80.4% of the surface area planted with wheat was harvested. The other crops show very good conditions.

Gross results in the segment for the period ended December 31, 2007 were a Ps. 5.0 million profit, compared to a Ps. 1.9 million loss for the same period of the previous fiscal year.

For the current season we have allocated 62,783 hectares to agriculture, 31,174 of which are leased from third parties and 5,148 are operated under concessions. Compared to the previous fiscal year, we have increased the number of total hectares allocated to agriculture by 10,268.

In our operations in Argentina, the weather had an adverse effect on the next harvest. Both the frosts fallen in mid-November in the center south region of the Province of Buenos Aires and in La Pampa, as well as the drought caused by the meteorological phenomenon known as La Niña sustained in January 2008 in the center region of Argentina affected the agricultural season. Although there was an increase in the planted surface area for this season when compared to the previous season, there is a likelihood that the volumes harvested for the 2007/2008 season will not exceed the unprecedented volumes harvested in the 2006/2007 season. This notwithstanding, Cresud's prospects for fiscal 2008 are promising thanks to the diversification of land and crops, the technological breakthroughs adopted in the farms to increase yields plus the rise in the prices of crops. The combination of all these factors shall contribute to maintaining profitability in the business.

In November 2007, the Argentine National Government increased the withholdings imposed on exports of soybeans and its by-products (from 27.5% to 35%), wheat (from 20% to 28%) and corn (from 20 to 25%). However, this increase was offset by the major increase in the prices of crops, which allowed us to maintain high levels of profitability. Prospects are still firm in an environment where international markets continue to exert pressure on the demand side which in turn increases the prices of crops.

In early 2008, the Secretariat of Agriculture of Argentina decided to re-open the registries of exports of corn and wheat which had been closed for more than a year in the case of corn and for two months in the case of wheat. The registries will be opened on a controlled, stepwise manner. This decision will lead to an improvement in the prices collected by farmers, allow the grains markets to regain their normal conditions of operation and endow them with increased competitiveness.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (continued)

**Beef Cattle**

As of December 31, 2007, the Company's cattle stock was 89,593 head with a total of 130,395 hectares allocated to beef cattle activities.

Beef cattle sales were at levels similar to those in the previous fiscal year, from Ps. 15.4 million as of December 31, 2006 to Ps. 14.7 million as of December 31, 2007. In the first six months of the fiscal year under analysis sales were closed for 5,956 tons, whereas during the first-half of fiscal 2007 sales in tons had amounted to 6,696.

The gross result from the beef cattle segment was Ps. 5.0 million, compared to the Ps. 3.5 million profit posted in the first six months of the previous fiscal year, which points to a 40% improvement.

Beef cattle output was 4,689 tons, which entailed a 9.8% drop compared to the previous fiscal year. The drop in output volumes was mainly due to the de-consolidation of Cactus Argentina S.A. resulting from the reduction in our interest from 50% to 24%, compared to the proportional consolidation of such company during the first six months of fiscal 2007.

At the international level, beef cattle prices strengthened during 2007 as a result of the slow recovery in demand. The European Union has recently closed its borders to Brazilian beef cattle due to health-related concerns, which measure contributed even more to the rise in prices. The restriction in supply on top of the continued increase in demand is expected to strengthen the international prices of beef cattle in the short term.

**Milk**

Milk production increased by 22.0% in the six months, from 8.9 million liters as of December 31, 2006 to 10.8 million as of December 31, 2007. This increase was mainly due to the startup of production in the new dairy facility located in our La Juanita farm, which increased its milking capacity to 1,800 cows, and the higher efficiency rate of the daily average milk production per head.

Sales for the six months totaled Ps. 9.0 million, 94.6% in excess of the sales posted in fiscal 2007 for the same six months. The increase in sales is due both to the rise in production and to the rise in the average price of the liter of milk.

During the first six months of fiscal 2007 we had 6,615 cattle head in 2,376 hectares allocated to milk production, whereas in the current period the number of head rose to 7,537 over 3,723 hectares. On average, there are 3,116 milking cows per day, 16.9% higher than for the same period of the previous year.

Gross income went from a Ps. 1.9 million profit in the first six months of fiscal 2007, to a Ps. 3.1 million profit in the same six months of fiscal 2008.

At present, the Company's dairy facilities are located in the La Juanita farm and in El Tigre, a dairy farm equipped with state-of-the-art technology.

**Purchase and Sale of farms**

In December 2007 we signed the preliminary sales agreement for the remaining undivided 25% interest over the 72 hectares of the La Adela farm in the Province of Buenos Aires. The price of the transaction was agreed at US\$ 0.1 million, which were paid at the time of execution. As a result of that acquisition, the La Adela farms totals 1,054 hectares.

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (continued)

In November 2007, we signed the sales deed for 4,974 hectares in the Los Pozos farm in the Province of Salta. The price of the transaction was agreed at US\$ 1.1 million, i.e. US\$ 225 per hectare. As of December 30, 2007 the amount of US\$ 1.0 million was collected and the balance, equal to US\$ 0.1 million must be collected in August 2008 plus a basis interest rate equivalent to the Libor rate +6%. This sale yielded an approximate result of US\$ 1.0 million. It must be highlighted that the Company had the parcel sold valued in its books at US\$ 7.0 per hectare.

In December 2007, we signed a preliminary sales contract with transfer of possession over 2,471 hectares in the La Esmeralda farm in the Province of Santa Fe. This parcel has been measured at its net realization value, and income for approximately US\$ 5.2 million has been recognized. The Company had booked this parcel at a value of US\$ 309 per hectare, whereas the price of the transaction was agreed at US\$ 2,549 per hectare.

**Development of marginal lands**

We consider the potential offered by the sector to lie on the development of marginal areas, as has been the case in various countries worldwide. With current state-of-the-art technology, similar yields can be obtained with larger profits than those registered in core areas.

During the second quarter of fiscal 2008, we continued with the development of our Los Pozos farm located in the Province of Salta, which is expected to reach a total net surface area of 63,000 hectares of prairies sown by the end of fiscal year 2008. Progress was also made in the development of Agropecuaria Cervera S.A., which will add 6,000 hectares for agricultural production by the end of fiscal year 2008.

As of December 31, 2007 Cresud had own land reserves amounting to 314,405 hectares that were purchased at very attractive prices, and 151,648 hectares in lands under concession. The own land reserves include 90,000 hectares of the 8 de Julio farm, in the Province of Santa Cruz, which will be allocated to wool production during this fiscal year. We are convinced that with the development of these areas and the aid of technological breakthroughs, the value of land will show an upward trend that will result in significant revenues for the company.

**Investments in other companies**

**BrasilAgro**

BrasilAgro, a Brazilian company listed in the Bovespa since May 2006, was founded with the purpose of replicating Cresud's business in Brazil. The Company is engaged mainly in four business lines while keeping its focus on Real Estate for farming purposes: sugar cane, grains and cotton, forestry, and cattle beef.

BrasilAgro's founding shareholders include Cresud, Cape Town, Tarpon Investimentos, Tarpon Agro, Agro Managers and Agro Investment. As of December 31, 2007 Cresud held 8.3% of BrasilAgro's outstanding common stock capital.

As of December 31, 2007, BrasilAgro owned 8 properties, totaling 139,939 hectares and acquired at highly attractive prices compared to the average values prevailing in the respective regions, all of which have great appreciation potential, namely: Sao Pedro of 2,443 hectares in Chapado do Sul (MS); Cremaq of 32,375 hectares in Baixa Grande do Ribeiro (PI); Engenho of 2,022 hectares in Maracajú (MS); Jatobá of 28,442 hectares in Jaborandi (BA); Araucária of 11,657 hectares in Mineiros (GO); Alto Taquari of 5,266 hectares in Alto Taquari (MT); Chaparral of 37,799 hectares in Correntina (BA) and Nova Buriti of 19,935 hectares in Januária (MG). To date, BrasilAgro has applied Reais 261.5 million, including amounts committed and paid under land purchase transactions, compared to the aggregate of Reais 552.0 received as a result of the initial public offering of shares.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (continued)

BrasilAgro will maintain its focus on the agricultural real estate business and will look for new business opportunities that allow it to consolidate a significant property portfolio, as well as the development of its four business lines: sugar cane, grains and cotton, forestry, and cattle beef.

**Cactus Argentina S.A.**

Cactus Argentina S.A., our feedlot and slaughtering facility operator in which we hold a 24.0% interest, continued consolidating its growth and playing a major role in our Company's cattle beef production.

During these six months, Cactus Argentina S.A. recorded a gross profit of Ps. 2.9 million. In addition, its net income for the quarter was Ps. 0.5 million.

Cactus Argentina S.A. is the only Argentine company with vertical integration in the cattle beef industry. The feedlot cattle beef production is processed in the company's packing plant for the Argentine and export markets. Feedlot cattle beef production with a corn-based diet has been growing at a very dynamic pace. The company has gained a reputation in the market due to the uniform final product that results from feedlot animals, which allows it to offer high-quality products along with higher sales prices.

During the second quarter of fiscal 2008, the General Extraordinary Unanimous Shareholders' Meeting of Cactus Argentina S.A. approved a capital increase of US\$ 3.0 million, that was fully subscribed for and paid in by the shareholders in November 2007. Therefore, there have been no changes in the company's capital structure.

During the second quarter of fiscal 2008, the administrative authorities of Villa Mercedes, San Luis, where the feedlot is located, ordered the removal of the feedlot from its current premises. As a result of the judicial actions implemented by Cactus, the above judicial measure providing for the closure of the feedlot was lifted.

**FyO**

Futuros Y Opciones.com S.A. (FyO), the Internet portal in which we hold a 68.1% interest, continues to strengthen its position as the leading website in the agricultural sector, covering a broad range of commercial services for the agricultural and livestock industry including direct sales of inputs and crop brokerage activities.

Today FyO has a database of 40,000 users, and of more than 5,000 agricultural farmers who are authorized to close deals. Its strategy is focused on commercial services to farmers by leveraging on Cresud's experience and operational capacity in the business, with FyO being the nexus with the customer.

FyO also deals in the futures and options market known as Mercado a Término de Buenos Aires. Traded volumes have surpassed expectations as our futures hedging service becomes a fundamental tool for our customers' price risk management policy.

During the period ended on December 31, 2007 Futuros y Opciones.com S.A.'s income amounted to Ps. 5.9 million, 196.1% higher than the income recorded in the same period of the previous year. The net result for the period was income for Ps. 0.14 million, compared to Ps. 0.06 million income for the same period of fiscal 2007.



## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Business Highlight (continued)

## Principal indicators for the six-month period ended December 31, 2007 and 2006:

|  | 6 months ended on<br>December 31, 2007 | 6 months ended on<br>December 31, 2006 | %              |        |
|--|--|--|----------------|--------|
| <b>Sales (volume)</b>                      |  |  |                |        |
| Wheat                                      | 7,612                                  | 15,199                                 | (49.9%)        |        |
| Corn                                       | 28,444                                 | 4,133                                  | 588.1%         |        |
| Sunflower                                  | 3,558                                  | 479                                    | 643.4%         |        |
| Soybean                                    | 22,620                                 | 11,445                                 | 97.6%          |        |
| Other                                      | 3,619                                  |  | 100,0%         |        |
| <b>Total Crops (tons)</b>                  | <b>65,853</b>                          | <b>31,256</b>                          | <b>110.7%</b>  |        |
| <b>Beef (tons)</b>                         | <b>5,956</b>                           | <b>6,696</b>                           | <b>(11.0)%</b> |        |
| <b>Milk (Thousands of liters)</b>          | <b>10,855</b>                          | <b>8,896</b>                           | <b>22.0%</b>   |        |
| <b>Production</b>                          |  |  |                |        |
| Wheat                                      | 18,880                                 | 16,903                                 | 11.7%          |        |
| Corn                                       | 9,117                                  | 2,618                                  | 248.2%         |        |
| Soybean                                    | 12                                     |  | 100.0%         |        |
| Other                                      | 2,167                                  | 223                                    | 871.7%         |        |
| <b>Total Crops (tons)</b>                  | <b>30,176</b>                          | <b>19,744</b>                          | <b>52.8%</b>   |        |
| <b>Beef (tons)</b>                         | <b>4,689</b>                           | <b>5,200</b>                           | <b>(9.8)%</b>  |        |
| <b>Milk (Thousands of liters)</b>          | <b>10,855</b>                          | <b>8,896</b>                           | <b>22.0%</b>   |        |
| <b>Operated surface area (in hectares)</b> |  |  |                |        |
| Crops                                      | Owned farms                            | 26,461                                 | 22,708         | 16.5%  |
|  | Leased farms                           | 31,174                                 | 25,307         | 23.2%  |
|  | Farms under concession                 | 5,148                                  | 4,500          | 14.4%  |
| Beef cattle                                | Owned farms                            | 97,901                                 | 104,933        | (6.7%) |
|  | Leased farms                           | 32,494                                 | 14,428         | 125.2% |
| Milk                                       | Owned farms                            | 3,723                                  | 2,376          | 56.7%  |
| <b>Land reserves (in hectares)</b>         |  |  |                |        |
|  | Owned farms                            | 314,405                                | 250,722        | 25.4%  |
|  | Farms under concession                 | 151,648                                | 157,484        | (3.7%) |
| <b>Surface area under irrigation</b>       |  |  |                |        |
|  | Owned farms                            | 3,748                                  | 3,701          | 1.3%   |
|  | Leased farms                           | 976                                    | 1,002          | (2.6%) |
| <b>Storage capacity (tons)</b>             |  |  |                |        |
|  | Owned plants                           | 10,000                                 | 10,000         | 0.0%   |
|  | Leased plants                          | 8,000                                  | 8,000          | 0.0%   |
| <b>Beef Cattle Stock</b>                   |  |  |                |        |
| Breeding (head)                            | 74,903                                 | 74,648                                 | 0.3%           |        |
| Fattening (head)                           | 14,690                                 | 13,747                                 | 6.9%           |        |

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|                                       |               |               |             |
|---------------------------------------|---------------|---------------|-------------|
| Milking Cows (head)                   | 7,537         | 6,615         | 13.9%       |
| <b>Total Beef Cattle Stock (head)</b> | <b>97,130</b> | <b>95,010</b> | <b>2.2%</b> |
| Daily average milking cows (head)     | 3,116         | 2,665         | 16.9%       |

**Notes:**

- Does not include Agro-Uranga S.A. (35.72% of 8,299 hectares), nor Cactus due to the de-consolidation (24%)
- The farms under concession correspond to the surface area in proportion to our 99.99% interest in Agropecuaria Cervera S.A.
- The surface area under operation in our owned farms for the Crops segment includes 2,471 hectares in the La Esmeralda farm for which a preliminary contract sales was executed on December 27, 2007.
- Land reserves in owned farms in the first six months of fiscal 2008 include 90,000 hectares at the 8 de Julio farm (Santa Cruz) to be allocated to wool production.

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (continued)

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

The net income of IRSA Inversiones y Representaciones (NYSE: IRS BASE: IRSA) for the six months ended on December 31, 2007 totaled Ps. 5.8 million compared to income for Ps. 66.1 million as recorded for the same period of fiscal 2007. It must be noted that in the first quarter of the current fiscal year, losses were booked for Ps. 30.0 million, which means that this quarter IRSA was able to generate income sufficient to offset losses in cumulative terms. In addition, this reduction in income for the period compared to the previous fiscal year is not due to factors inherent in the operations of the various business segments but to results outside such operations, such as an increase in financial expenses and losses sustained by other companies. The result recorded is mainly due to the following:

Operating income increased by 35.5%, from Ps. 104.7 million as of December 31, 2006, to Ps. 141.9 million, as of December 31, 2007. This increase was mainly driven by the improved performance in income, which grew by 45.9% totaling Ps. 496.6 million compared to Ps. 340.3 million booked in the first six months of fiscal 2007. The share of each segment in the net sales was as follows: sales and development, Ps. 63.0 million, offices and other lease properties Ps. 44.8 million, shopping centers Ps. 172.6 million, hotels Ps. 76.0 million, credit cards Ps. 139.9 million and financial operations and others Ps. 0.3 million.

Results from related companies showed a loss of Ps. 9.1 million compared to a profit of Ps. 15 million in the same period of fiscal year 2007. This is due mainly to IRSA's interest in Banco Hipotecario, which had sustained extraordinary losses in the first quarter of fiscal 2008, which were partially offset with income during the second quarter of fiscal 2008.

As regards financial results, they amounted to a loss of Ps. 54.9 million compared to a Ps. 12.3 million profit for the same six months of fiscal year 2007. On one hand, this is explained by the fact that financial transactions sustained losses due mainly to the decrease in the fair value of our shares in mutual funds. On the other hand, the Notes (Negotiable Obligations) issued by IRSA and APSA in fiscal year 2007 accrued interest as reflected in an increase in financing expenses.

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

Office rental and other properties with more than 250,143 sqm. of premium offices for lease.

Operation of Shopping Centers through its 62.5% equity interest in Alto Palermo S.A. (APSA) (Nasdaq: APSA, BASE: APSA). APSA is one of the leading operators of shopping centers in Argentina and it owns or holds a majority shareholding in 10 shopping centers with 260,991 sqm gross leaseable area.

Holding and operation of luxury hotels through its equity interest in 3 five-star hotels.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (continued)

Besides, IRSA owns residential properties for sale and land reserves for current and future developments appraised at Ps. 460.9 million.

Additionally, IRSA holds 11.76% of Banco Hipotecario's capital stock. BHSA is the leading Argentine mortgage bank, with a net worth amounting to Ps. 2,601.4 million. This amount has been calculated in accordance with Professional Accounting Standards.

IRSA's Total Consolidated Assets amount to Ps. 4,155 million and its net worth amounts to Ps. 1,875 million.

During the second quarter of fiscal year 2008 Cresud exercised its residual holding of IRSA's warrants which amounted to 12,458,011 for US\$ 15 million, for which it obtained 22,858,735 shares. As a result of the exercise of warrants, share purchases and additional ADRs, our interest in IRSA as of December 31, 2007, was 34.6% of its total outstanding shares.

**Other Relevant Highlights**

**Conversion of Notes and exercise of Warrants**

The Convertible Notes issued under the laws of the State of New York on November 14, 2002, which accrued an 8% interest rate (payable on a half-yearly basis), convertible at a price of US\$ 0.5078 per share of par value Pesos 1 (1.9693 shares per Convertible Note) matured on November 14, 2007. Additionally, the Convertible Notes contained a Warrant that entitled the holder to acquire for each Convertible Note 1.9693 shares of par value Pesos 1 at a price of US\$ 0.6093 each.

During the period for the exercise and conversion, the holders of warrants and convertible notes exercised a total of 49,867,018 warrants and converted a total of 49,910,874 Convertible Notes as a result of which the Company's currently outstanding shares amount to 320,774,772.

As of November 14, 2007, the date of maturity of the Convertible Notes, 89,126 Convertible Notes were still pending conversion and were settled by the Company. There are still 132,982 warrants that were not converted.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (continued)

**Dividend Distribution**

On October 10, 2007, the Company's General Ordinary and Extraordinary Shareholders' Meeting approved the distribution of cash dividends for Ps. 8.25 million or Ps. 0.026 per registered share of par value \$ 1.0. The payment of dividends took place as from October 23, 2007.

The following table sets forth the dividend payout ratio and the amount of dividends paid on each fully paid common share each year since 1996. Amounts in Pesos are presented in historical, non-inflation adjusted Pesos as of the respective payment dates.

| <b>Year</b> | <b>Total Dividend<br/>(en million de Pesos)</b> | <b>Dividend per Common Share<sup>(1)</sup><br/>(Pesos)</b> |
|-------------|---|--|
| 1996        |   |  |
| 1997        |   |  |
| 1998        | 3.8   | 0.099  |
| 1999        | 11.0  | 0.092  |
| 2000        | 1.3   | 0.011  |
| 2001        | 8.0   | 0.030  |
| 2002        |   |  |
| 2003        | 1.5   | 0.012  |
| 2004        | 3.0   | 0.020  |
| 2005        | 10.0  | 0.059  |
| 2006        | 5.5   | 0.024  |
| 2007        | 8.3   | 0.026  |

(1) Corresponds to per share payments. To calculate the dividends paid per ADS, the payment per share should be multiplied by ten. Amounts in Pesos are presented in historical Pesos as of the respective payment date.

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

## Business Highlight (continued)

**Financial Debt**

As a result of the excellent investment opportunities seized in the course of the previous fiscal year, such as our ownership interest in BrasilAgro, the acquisition of farms and the increasing amount of our investments in NW Argentina during the current fiscal year, we have incurred indebtedness at levels higher than those incurred in previous fiscal years, totaling as of December 31, 2007 indebtedness in the amount of Ps. 215.2 million.

Such indebtedness is composed of a loan granted by Credit Suisse for the purpose of financing our investment in BrasilAgro for Ps. 25.2 million and Ps. 36.6 million for the purpose of financing our crop production, while the balance, i.e. Ps. 153.4 million is concentrated in the short term.

For the coming fiscal years, we intend to match these maturities to the Company's cash flows and do not rule out a reduction in the indebtedness as a result of future cash inflows arising from our ordinary business, the sale of assets or the proceeds of our capital stock increase.

The exchange rate considered for US\$-denominated loans was US\$ 1 = Ps. 3.1490, corresponding to the selling exchange rate published by Banco de la Nación Argentina prevailing as of December 31, 2007.

| Type of indebtedness      | Currency | Amount (Million) | Term                 |
|---------------------------|----------|------------------|----------------------|
| Short-term                | Ps.      | 153.4            | Up to 180 days       |
| Crop production financing | Ps.      | 36.6             | From 175 to 365 days |
| Long Term                 | Ps.      | 25.2             | Less than 1 year     |

**Issuance of Shares**

On October 10, 2007, the Company's General Ordinary and Extraordinary Shareholders' Meeting approved a capital stock increase through the issuance of up to 180 million new shares of common stock. In turn, the Shareholders' Meeting approved the issuance of warrants to subscribe shares in the Company's common stock which may be exercised by those who subscribed the capital stock increase free of charge. The warrants entitle subscribing shareholders to one share every three subscribed shares.

We are planning to implement this procedure in the very near future, subject to us identifying the best market situation to move forward with it in line with the recommendation by our financial advisors. The dramatic increase in the prices of commodities supports our marginal land revaluation strategy, also evidenced by its major positive impact on Cresud's portfolio and therefore, on the appreciation potential of Cresud's shares.

An amount ranging from US\$ 100 to US\$ 200 million of the proceeds shall be applied to financing our main business's growth through new investments in agricultural activities in Latin America and marginally in other countries to the extent such investments are consistent with our business strategy. In turn, we are planning to finance additional investments in IRSA through purchases in the market of outstanding shares and/or the exercise of preemptive and accretion rights issued in relation to future capital increases in IRSA. We are also planning to apply approximately US\$ 40 million to meeting working capital needs and to other general corporate purposes.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

**Prospects for the coming quarter**

International and Argentine economic conditions continue to lead the agricultural sector and our Company towards a position favorable to taking advantage of opportunities that may arise in the market.

Prospects for the coming quarter are highly promising; crops are at historical highs and there is consensus in the market regarding the fact that these prices will remain high for a long period, as they are driven by sound growth in demand and are therefore not likely to change significantly in the short and medium term. Consequently, we expect an increase in our profitability.

As regards the cattle beef business, our strategy for the next quarter is to continue to increase output and to focus on vertical integration by slaughtering our own cattle and exporting on behalf of third parties.

As regards the milk business, we shall continue to expand this business in order to take advantage of the excellent opportunities currently offered by the market. Besides, we are analyzing the possibility of growing in the milk production chain with by-products.

As regards land, in the future, we will continue to keep a watch out for opportunities that may arise in the land purchase and sale market. The development of marginal land will also intensify.

Prospects in the agribusiness are highly appealing. In our understanding, companies such as Cresud, with a lengthy track record and vast expertise in the sector, will have outstanding possibilities of taking advantage of the best opportunities arising in the market.

Alejandro G. Elsztain  
Vicepresident

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

Business Highlight (Continued)

**Comparative Shareholders Equity Structure**

|                          | As of December 31,<br>2007<br>Pesos | As of December 31,<br>2006<br>Pesos | As of December 31,<br>2005<br>Pesos | As of December 31,<br>2004<br>Pesos | As of December 31,<br>2003<br>Pesos |
|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Current Assets           | 177,617,296                         | 99,226,113                          | 80,446,179                          | 89,091,991                          | 69,522,344                          |
| Non-current Assets       | 1,013,750,962                       | 816,387,107                         | 672,427,556                         | 609,533,419                         | 525,729,702                         |
| <b>Total Assets</b>      | <b>1,191,368,258</b>                | <b>915,613,220</b>                  | <b>752,873,735</b>                  | <b>698,625,410</b>                  | <b>595,252,046</b>                  |
| Current Liabilities      | 280,411,786                         | 187,681,350                         | 52,277,762                          | 66,430,672                          | 12,520,393                          |
| Non-current Liabilities  | 59,039,139                          | 66,504,994                          | 157,085,143                         | 152,099,365                         | 151,890,701                         |
| <b>Total Liabilities</b> | <b>339,450,925</b>                  | <b>254,186,344</b>                  | <b>209,362,905</b>                  | <b>218,530,037</b>                  | <b>164,411,094</b>                  |
| Minority Interest        | 934,075                             | 576,428                             | 200,444                             | 5,366                               | 104,178                             |
| Shareholders Equity      | 850,983,258                         | 660,850,448                         | 543,310,386                         | 480,090,007                         | 430,736,774                         |
|                          | <b>1,191,368,258</b>                | <b>915,613,220</b>                  | <b>752,873,735</b>                  | <b>698,625,410</b>                  | <b>595,252,046</b>                  |

**Comparative Income Structure**

|  | As of December 31,<br>2007<br>Pesos | As of December 31,<br>2006<br>Pesos | As of December 31,<br>2005<br>Pesos | As of December 31,<br>2004<br>Pesos | As of December 31,<br>2003<br>Pesos |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Operating income (loss)                        | 22,411,787                          | (381,418)                           | 14,670,866                          | 7,058,416                           | 5,486,663                           |
| Financial and holding gain (loss)              | (7,275,790)                         | (4,343,286)                         | 16,876,779                          | (2,194,831)                         | 602,205                             |
| Other income and expenses and income on equity | 6,591,618                           | 21,747,793                          | 6,625,773                           | 10,781,030                          | 2,359,620                           |
| Management fees                                | (1,582,959)                         | (2,108,111)                         | (2,653,994)                         | (1,059,305)                         | (529,129)                           |
| <b>Operating net income (loss)</b>             | <b>20,144,656</b>                   | <b>14,914,978</b>                   | <b>35,519,424</b>                   | <b>14,585,310</b>                   | <b>7,919,359</b>                    |
| Income Tax                                     | (5,631,806)                         | 2,140,134                           | (11,709,985)                        | (5,111,658)                         | (3,259,735)                         |
| Minority Interest                              | (40,194)                            | (16,557)                            | 76,503                              | 60,085                              | 102,532                             |
| <b>Net Income (loss)</b>                       | <b>14,472,656</b>                   | <b>17,038,555</b>                   | <b>23,885,942</b>                   | <b>9,533,737</b>                    | <b>4,762,156</b>                    |
| <b>Production volume</b>                       |                                     |                                     |                                     |                                     |                                     |



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|                 | Three-month<br>period<br>December 31,<br>2007 | Accumulated<br>July 1, 2007<br>to<br>December 31,<br>2007 | Three-month<br>period<br>December 31,<br>2006 | Accumulated<br>July 1, 2006<br>to<br>December 31,<br>2006 | Three-month<br>period<br>December 31,<br>2005 | Accumulated<br>July 1, 2005<br>to<br>December 31,<br>2005 | Three-month<br>period<br>December 31,<br>2004 | Accumulated<br>July 1, 2004<br>to<br>December 31,<br>2004 | Three-month<br>period<br>December 31,<br>2003 | Accumulated<br>July 1, 2003<br>to<br>December 31,<br>2003 |
|-----------------|---|---|---|---|---|---|---|---|---|---|
| Beef Cattle     |   |   |   |   |   |   |   |   |   |   |
| (in Kgs.)       | 3,246,421                                     | 4,688,648   | 3,446,722                                     | 5,200,447   | 2,036,531                                     | 4,532,104   | 4,261,029                                     | 5,987,932   | 3,027,981                                     | 5,111,038   |
| Butyraceous     |   |   |   |   |   |   |   |   |   |   |
| (in Kgs.)       | 207,581                                       | 389,621   | 174,855                                       | 317,788   | 155,145                                       | 286,329   | 72,518  | 125,596   | 71,199  | 135,196   |
| Crops           |   |   |   |   |   |   |   |   |   |   |
| (in quintals) * | 209,913                                       | 301,760   | 171,257                                       | 197,442   | 143,047                                       | 170,677   | 205,947                                       | 224,380   | 115,712                                       | 140,050   |

\* One quintals equals one hundred kilograms

Alejandro G. Elsztain  
Vicepresident

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

## Business Highlight (continued)

**Sales volume**

|               | Three-month<br>period<br>December 31,<br>2007 | Accumulated<br>July 1, 2007<br>to<br>December 31,<br>2007 | Three-month<br>period<br>December 31,<br>2006 | Accumulated<br>July 1, 2006<br>to<br>December 31,<br>2006 | Three-month<br>period<br>December 31,<br>2005 | Accumulated<br>July 1, 2005<br>to<br>December 31,<br>2005 | Three-month<br>period<br>December 31,<br>2004 | Accumulated<br>July 1, 2004<br>to<br>December 31,<br>2004 | Three-month<br>period<br>December 31,<br>2003 | Accumulated<br>July 1, 2003<br>to<br>December 31,<br>2003 |
|---------------|---|---|---|---|---|---|---|---|---|---|
| Beef Cattle   |   |   |   |   |   |   |   |   |   |   |
| (in Kgs.)     | 1,287,585                                     | 5,956,432   | 2,117,400                                     | 6,695,835   | 2,992,841                                     | 7,792,495   | 4,037,087                                     | 8,952,625   | 3,454,520                                     | 6,621,506   |
| Butyraceous   |   |   |   |   |   |   |   |   |   |   |
| (in Kgs.)     | 207,581                                       | 389,621   | 174,855                                       | 317,788   | 155,145                                       | 286,329   | 72,518  | 125,596   | 71,199  | 135,196   |
| Crops         |   |   |   |   |   |   |   |   |   |   |
| (in quintals) |   |   |   |   |   |   |   |   |   |   |
| *             | 282,850                                       | 658,534   | 110,268                                       | 312,557   | 467,245                                       | 863,468   | 125,556                                       | 319,058   | 113,710                                       | 236,011   |

\* One quintals equals one hundred kilograms

**Local Market**

|               | Three-month<br>period<br>December 31,<br>2007 | Accumulated<br>July 1, 2007<br>to<br>December 31,<br>2007 | Three-month<br>period<br>December 31,<br>2006 | Accumulated<br>July 1, 2006<br>to<br>December 31,<br>2006 | Three-month<br>period<br>December 31,<br>2005 | Accumulated<br>July 1, 2005<br>to<br>December 31,<br>2005 | Three-month<br>period<br>December 31,<br>2004 | Accumulated<br>July 1, 2004<br>to<br>December 31,<br>2004 | Three-month<br>period<br>December 31,<br>2003 | Accumulated<br>July 1, 2003<br>to<br>December 31,<br>2003 |
|---------------|---|---|---|---|---|---|---|---|---|---|
| Beef Cattle   |   |   |   |   |   |   |   |   |   |   |
| (in Kgs.)     | 1,287,585                                     | 5,956,432   | 2,117,400                                     | 6,695,835   | 2,992,841                                     | 7,792,495   | 4,037,087                                     | 8,952,625   | 3,454,520                                     | 6,621,506   |
| Butyraceous   |   |   |   |   |   |   |   |   |   |   |
| (in Kgs.)     | 207,581                                       | 389,621   | 174,855                                       | 317,788   | 155,145                                       | 286,329   | 72,518  | 125,596   | 71,199  | 135,196   |
| Crops         |   |   |   |   |   |   |   |   |   |   |
| (in quintals) |   |   |   |   |   |   |   |   |   |   |
| *             | 282,850                                       | 658,534   | 110,268                                       | 312,557   | 467,245                                       | 863,468   | 125,556                                       | 319,058   | 113,710                                       | 236,011   |

\* One quintals equals one hundred kilograms

**Exports**

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

**Ratios**

|                                 | As of December 31,<br>2007<br>Pesos | As of December 31,<br>2006<br>Pesos | As of December 31,<br>2005<br>Pesos | As of December 31,<br>2004<br>Pesos | As of December 31,<br>2003<br>Pesos |
|---------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Liquidity                       | 0.633                               | 0.529                               | 1.539                               | 1.341                               | 5.553                               |
| Solvency                        | 2.507                               | 2.600                               | 2.595                               | 2.197                               | 2.620                               |
| Non-current assets to<br>assets | 0.851                               | 0.892                               | 0.893                               | 0.872                               | 0.883                               |
| Return on Equity                | 0.017                               | 0.026                               | 0.045                               | 0.020                               | 0.012                               |

Alejandro G. Elsztain  
Vicepresident

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

**Report of Independent Auditors**

To the Shareholders, President and Board of Directors of

Cresud Sociedad Anónima Comercial,

Inmobiliaria, Financiera y Agropecuaria

Legal address: Moreno 877 floor 23

Autonomous City of Buenos Aires

CUIT 30-50930070-0

1. We have reviewed the balance sheets of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria at December 31, 2007 and 2006, and the related statements of income, of changes in shareholders' equity and of cash flows for the six-month periods ended December 31, 2007 and 2006 and the complementary notes 1 to 18 and schedules A, B, C, E, F.1, F.2, G and H. Furthermore, we have reviewed the consolidated financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria, which are presented as complementary information. These financial statements are the responsibility of the Company's management.
  
2. We conducted our review in accordance with standards established by Technical Resolution N° 7 of the Argentine Federation of Professional Councils of Economic Sciences for limited reviews of financial statements. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.
  
3. Based on our work and our examinations of the financial statements of this Company and the consolidated financial statements for the years ended June 30, 2007 and 2006, on which we issued our unqualified report dated July 30, 2007, we report that:
  - a) The financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria at December 31, 2007 and 2006 and its consolidated financial statements at those dates, set out in point 1, prepared in accordance with accounting standards prevailing in the Autonomous City of Buenos Aires, include all significant facts and circumstances of which we are aware, and we have no observations to make on them.
  
  - b) The comparative information included in the basic and consolidated balance sheets and the supplementary notes and schedules to the attached financial statements arise from Company financial statements at June 30, 2007.

4. In accordance with current regulations, we report that:

a) the financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria and its consolidated financial statements are being transcribed to the Inventory and Balance Sheet Book and comply, within the field of our competence, with the Corporations Law and pertinent resolutions of the National Securities Commission;

b) the financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria arise from official accounting records carried in all formal respects in accordance with legal requirements, that maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;

c) we have read the business highlights and the additional information to the notes to the financial statements required by section 68 of the Buenos Aires Stock Exchange Regulations, on which, as regards those matters that are within our competence, we have no observations to make;

d) At December 31, 2007, the debt of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria accrued in favor of the Integrated Pension and Survivors Benefit System according to the accounting records amounted to Ps. 319,471, none of which was claimable at that date.

Autonomous City of Buenos Aires, February 11, 2008.

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

Dr. Andrés Suarez

**SIGNATURES**

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

**CRESUD SOCIEDAD ANONIMA COMERCIAL INMOBILIARIA**

**FINANCIERA Y AGROPECUARIA**

By: /S/ Saúl Zang

Name: Saúl Zang

Title: Vice Chairman of the Board of Directors

Dated: February 18, 2008