

CRESUD INC  
Form 6-K  
March 07, 2017

Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Financial Statements as of December 31, 2016 and June 30, 2016 and for the six-month periods ended December 31, 2016 and 2015



Legal Information

Denomination: Cresud Sociedad Anónima, Comercial, Inmobiliaria, Financiera y Agropecuaria

Fiscal year N°: 84, beginning on July 1, 2016

Legal address: Moreno 877, 23rd floor – Autonomous City of Buenos Aires, Argentina

Company activity: Real estate, agricultural, commercial and financial activities

Date of registration of the by-laws in the Public Registry of Commerce: February 19, 1937

Date of registration of last amendment of the by-laws in the Public Registry of Commerce: October 31, 2014 and its reinstatement on November 14, 2014

Expiration of Company charter: June 6, 2082

Registration number with the Supervisory Board of Companies: 26, folio 2, book 45, Stock Companies.

Stock: 501,642,804 common shares

Common Stock subscribed, issued and paid up (millions of Ps.): 502

Parent Company: Inversiones Financieras del Sur S.A.

Legal address: Road 8, km 17,500, Zonamérica Building 1, store 106, Montevideo, Uruguay

Parent Company Activity: Investment

Ownership interest: 155,206,137 shares

Voting stock: 30.94%

Type of stock	CAPITAL STATUS	
	Authorized to be offered publicly (Shares)	Subscribed, Issued and Paid-in (millions of Ps.)
Ordinary certified shares of Ps. 1 face value and 1 vote each	501,642,804 (*)	502

(\*) Company not included in the Optional Statutory System of Public Offer of Compulsory Acquisition.



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Glossary of terms

The followings are not technical definitions, but help the reader to understand certain terms used in the wording of the notes to the Group's Financial Statements.

Terms	Definitions
Acres	Agropecuaria Acres del Sud S.A.
Adama	Adama Agricultural Solutions Ltd.
Agropecuarias SC	Agropecuarias Santa Cruz de la Sierra S.A.
BACS	Banco de Crédito y Securitización S.A.
Baicom	Baicom Networks S.A.
Bartan	Bartan Holdings and Investments Ltd.
BASE	Buenos Aires Stock Exchange
BCRA	Central Bank of the Argentine Republic
BHSA	Banco Hipotecario S.A.
BMBY	Buy Me Buy You (Note 3.A.a)
BNSA	Boulevard Norte S.A.
Brasilagro	Brasilagro-Companhia Brasileira de Propriedades Agrícolas
CAMSA	Consultores Assets Management S.A.
Carnes Pampeanas	Sociedad Anónima Carnes Pampeanas S.A.
Cellcom	Cellcom Israel Ltd.
Clal	Clal Holdings Insurance Enterprises Ltd.
CNV	Securities Exchange Commission
Condor	Condor Hospitality Trust Inc.
Cresud, "the Company", "us"	Cresud S.A.C.I.F. y A.
Cyrsa	Cyrsa S.A.
DFL	Dolphin Fund Ltd.
DIC	Discount Investment Corporation Ltd.
DN B.V.	Dolphin Netherlands B.V.
Dolphin	Dolphin Fund Ltd. and Dolphin Netherlands B.V.
EHSA	Entertainment Holdings S.A.
Electra	Electra Consumer Products Ltd.
ENUSA	Entretenimiento Universal S.A.
Financial Statements	Unaudited Condensed Interim Consolidated Financial Statements
Annual Financial Statements	Consolidated Financial Statements as of June 30, 2016
ETH	C.A.A. Extra Holdings Ltd.
CPF	Collective Promotion Funds
GCBA	Autonomous City of Buenos Aires Government
Golan	Golan Telecom Ltd.
IASB	International Accounting Standards Board
IDB Tourism	IDB Tourism (2009) Ltd.
IDBD	IDB Development Corporation Ltd.
IDBGI	IDB Group Investment Inc.
IFISA	Inversiones Financieras del Sur S.A.
IFRS	International Financial Reporting Standards
MPIT	Minimum Presumed Income Tax
Indarsa	Inversora Dársena Norte S.A.
IRSA	IRSA Inversiones y Representaciones Sociedad Anónima
IRSA CP	IRSA Propiedades Comerciales S.A.
Israir	Israir Airlines & Tourism Ltd.

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Koor	Koor Industries Ltd.
Lipstick	Lipstick Management LLC
LRSA	La Rural S.A.
Metropolitan	Metropolitan 885 Third Avenue Leasehold LLC
NASDAQ	National Association of Securities Dealers Automated Quotation
NFSA	Nuevas Fronteras S.A.
New Lipstick	New Lipstick LLC
IAS	International Accounting Standards
NIS	New Israeli Shekel
NPSF	Nuevo Puerto Santa Fe S.A.
NYSE	New York Stock Exchange
OASA	Ogden Argentina S.A.
Ombú	Ombú Agropecuaria S.A.
NCN	Non-convertible Notes
PAMSA	Panamerican Mall S.A.
PBC	Property & Building Corporation Ltd.
PBEL	PBEL Real Estate Ltd.
Puerto Retiro	Puerto Retiro S.A.
Quality	Quality Invest S.A.
Rock Real	Rock Real Estate Partners Limited
Shufersal	Shufersal Ltd.
SRA	Sociedad Rural Argentina
Tarshop	Tarshop S.A.
Yuchan	Yuchán Agropecuaria S.A.
Yatay	Yatay Agropecuaria S.A.





Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Financial Position  
as of December 31, 2016 and June 30, 2016

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

	Note	12.31.16	06.30.16
<b>ASSETS</b>			
Non-current assets			
Investment properties	10	52,914	49,766
Property, plant and equipment	11	26,233	26,392
Trading properties	12	3,746	4,472
Intangible assets	13	11,353	11,814
Biological assets	14	528	497
Investments in joint ventures and associates	8, 9	6,071	16,534
Deferred income tax assets	23	2,108	1,655
Income tax credit		176	173
Restricted assets	16	112	129
Trade and other receivables	17	4,161	3,773
Financial assets held for sale	16	3,351	3,346
Investment in financial assets	16	2,307	2,226
Derivative financial instruments	16	4	8
Employee benefits		4	4
Total non-current assets		113,068	120,789
Current assets			
Trading properties	12	805	241
Biological assets	14	641	552
Inventories	15	3,906	3,900
Restricted assets	16	1,228	748
Income tax credit		164	541
Financial assets held for sale	16	2,792	1,256
Groups of assets held for sale	33	2,900	-
Trade and other receivables	17	16,027	14,158
Investment in financial assets	16	8,943	9,673
Derivative financial instruments	16	41	53
Cash and cash equivalents	16	24,038	14,096
Total current assets		61,485	45,218
<b>TOTAL ASSETS</b>		<b>174,553</b>	<b>166,007</b>
<b>SHAREHOLDERS' EQUITY</b>			
Capital and reserves attributable to equity holders of the parent			
Share capital		499	495
Treasury shares		3	7
Inflation adjustment of share capital and treasury shares		65	65
Share premium		659	659
Additional paid-in capital from treasury shares		20	16
Legal reserve		83	83

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Other reserves	19	1,386	1,086
Accumulated deficit		(436)	(1,387)
Total capital and reserves attributable to equity holders of the parent		2,279	1,024
Non-controlling interest		19,043	14,214
TOTAL SHAREHOLDERS' EQUITY		21,322	15,238

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements

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Alejandro G. Elsztain  
Vice President II  
acting as President



Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Financial Position  
as of December 31, 2016 and June 30, 2016 (Continued)

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

	Note	12.31.16	06.30.16
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	20	2,757	1,528
Non-Current income tax		1	-
Borrowings	22	96,547	93,808
Deferred income tax liabilities	23	7,792	7,662
Derivative financial instruments	16	98	121
Payroll and social security liabilities		43	21
Provisions	21	1,585	1,341
Employee benefits		680	689
Total non-current liabilities		109,503	105,170
<b>Current liabilities</b>			
Trade and other payables	20	18,663	18,443
Income tax and minimum presumed income tax liabilities		309	624
Payroll and social security liabilities		1,509	1,856
Borrowings	22	20,169	23,488
Derivative financial instruments	16	144	147
Provisions	21	1,037	1,041
Group of liabilities held for sale	33	1,897	-
Total current liabilities		43,728	45,599
<b>TOTAL LIABILITIES</b>		<b>153,231</b>	<b>150,769</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>174,553</b>	<b>166,007</b>

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Cresud Sociedad Anónima,  
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Unaudited Condensed Interim Consolidated Statements of Income / (Operations)  
for the six and three-month periods beginning on July 1 and October 1, 2016 and 2015  
and ended December 31, 2016 and 2015

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

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

		Six months		Three months	
	Note	12.31.16	12.31.15	12.31.16	12.31.15
Revenues	24	38,696	3,391	18,946	1,767
Costs	25	(28,447)	(2,530)	(13,928)	(1,335)
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest		921	589	539	392
Changes in the net realizable value of agricultural produce after harvest		(77)	114	21	123
Gross profit		11,093	1,564	5,578	947
Gain from disposal of investment properties	10	103	1,022	84	638
Gain from disposal of farmlands		72	-	(1)	-
General and administrative expenses	26	(2,019)	(399)	(997)	(205)
Selling expenses	26	(7,004)	(284)	(3,573)	(137)
Other operating results, net	27	(115)	166	(94)	155
Management fees		(104)	-	(104)	-
Profit from operations		2,026	2,069	893	1,398
Share of loss of associates and joint ventures	8, 9	(102)	(403)	(47)	94
Profit from operations before financing and taxation		1,924	1,666	846	1,492
Finance income	28	812	477	401	386
Finance cost	28	(5,307)	(3,251)	(3,011)	(2,735)
Other financial results	28	1,623	(173)	1,303	(151)
Financial results, net	28	(2,872)	(2,947)	(1,307)	(2,500)
Loss before income tax		(948)	(1,281)	(461)	(1,008)
Income tax	23	495	(11)	523	78
(Loss) / Gain for the period from continuing operations		(453)	(1,292)	62	(930)
Gain from discontinued operations after income tax	34	4,273	-	4,631	-
Gain / (Loss) for the period		3,820	(1,292)	4,693	(930)
(Loss) / Gain from continuing operations attributable to:					
Equity holders of the parent		(568)	(771)	(202)	(480)
Non-controlling interest		115	(521)	264	(450)
Gain / (Loss) for the period attributable to:					
Equity holders of the parent		919	(771)	1,404	(480)
Non-controlling interest		2,901	(521)	3,289	(450)
Loss per share from continuing operations attributable to equity holder of the parent during the period:					
Basic		(1.14)	(1.56)	(0.40)	(0.98)

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Diluted	(1.14)	(i)	(1.56)	(i)	(0.40)	(i)	(0.98)	(i)
Gain / (Loss) per share attributable to equity holders of the parent during the period:								
Basic	1.85	(1.56)	2.83	(0.98)				
Diluted	1.84	(1.56)	(i)	2.82	(0.98)	(i)		

(i)

(i) Due to the loss for the period, there is no diluted effect on this result.

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Cresud Sociedad Anónima,  
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Unaudited Condensed Interim Consolidated Statements of  
Comprehensive Income / (Operations)  
for the six and three-month periods beginning on July 1 and October 1, 2016 and 2015  
and ended December 31, 2016 and 2015

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

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	Six months		Three months	
	12.31.16	12.31.15	12.31.16	12.31.15
Gain / (Loss) for the period	3,820	(1,292)	4,693	(930)
Other comprehensive income / (loss):				
Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	1,439	2,385	515	2,705
Change in the fair value of hedging instruments net of income taxes	(10)	-	(66)	-
Items that may not be reclassified subsequently to profit or loss:				
Actuarial (loss) / gain from defined benefit plans	(19)	-	3	-
Others	-	-	3	-
Other comprehensive income for the period (i)	1,410	2,385	455	2,705
Total comprehensive income for the period	5,230	1,093	5,148	1,775
Attributable to:				
Equity holders of the parent	1,347	(332)	1,492	73
Non-controlling interest	3,883	1,425	3,656	1,702
Attributable to equity holders of the parent from continuing operations	(1,379)	(332)	(1,462)	73
Attributable to equity holders of the parent from discontinued operations	2,726	-	2,954	-
Total attributable to equity holders of the parent	1,347	(332)	1,492	73

(i)

Components of other comprehensive income have no impact on income tax.

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Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
for the six-month periods ended December 31, 2016 and 2015

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

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	Attributable to equity holders of the parent								Subtotal
	Share capital	Treasury shares	Inflation adjustment of share capital and treasury shares (i)	Share premium	Additional paid-in capital from treasury shares	Legal reserve	Other reserves (Note 19)	Accumulated Deficit	
Balances as of June 30, 2016	495	7	65	659	16	83	1,086	(1,390)	1,022
Adjustment due to change to accounting standards (ii)	-	-	-	-	-	-	-	3	3
Adjusted balances as of June 30, 2016	495	7	65	659	16	83	1,086	(1,387)	1,022
Gain for the period	-	-	-	-	-	-	-	919	919
Other comprehensive income for the period	-	-	-	-	-	-	428	-	428
Total comprehensive income for the period	-	-	-	-	-	-	428	919	1,347
Appropriation of retained earnings resolved by Shareholders' Meetings held on October 31, 2016:									
- Share Distribution	4	(4)	-	-	-	-	-	-	-
Incorporation by business combination (Note 4)	-	-	-	-	-	-	-	-	-
Reserve for share-based payments	-	-	-	-	-	-	7	-	7
Equity incentive plan granted	-	-	-	-	4	-	(5)	1	-
Changes in non-controlling interest	-	-	-	-	-	-	(99)	-	(99)
Release of reserve for future dividends	-	-	-	-	-	-	(31)	31	-
Dividends distribution to non-controlling interest	-	-	-	-	-	-	-	-	-
Contributions from non-controlling interest	-	-	-	-	-	-	-	-	-
Share of changes in subsidiaries' equity	-	-	-	-	-	-	-	-	-
Capital reduction	-	-	-	-	-	-	-	-	-
Balances as of December 31, 2016	499	3	65	659	20	83	1,386	(436)	2,274

(i)

Includes Ps. 1 and Ps. 1 of inflation adjustment of treasury shares as of December 31, 2016 and June 30, 2016, respectively.

(ii)

See Note 2.2.1.

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements

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Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
for the six-month periods ended December 31, 2016 and 2015

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

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	Share capital	Treasury shares	Inflation adjustment of share capital and treasury shares (i)	Share premium	Additional paid-in capital from treasury shares	Legal reserve (Note 19)	Other reserves (Note 19)	Accumulated Deficit	Subtotal
Balances as of June 30, 2015	495	7	65	659	13	-	599	118	1,950
Adjustment due to change to accounting standards (ii)	-	-	-	-	-	-	(3)	6	3
Adjusted balances as of June 30, 2015	495	7	65	659	13	-	596	124	1,950
Loss for the period	-	-	-	-	-	-	-	(771)	(771)
Other comprehensive income for the period	-	-	-	-	-	-	439	-	439
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	439	(771)	(332)
Appropriation of retained earnings resolved by Shareholders' Meetings held on October 31, and November 26, 2015:									
- Legal reserve	-	-	-	-	-	83	-	(83)	-
- Reserve for future dividends	-	-	-	-	-	-	31	(31)	-
Reserve for share-based payments	-	-	-	-	-	-	8	-	8
Equity incentive plan granted	-	-	-	-	3	-	(4)	1	-
Changes in non- controlling interest.	-	-	-	-	-	-	63	-	63
Tender offer to non-controlling shareholders.....	-	-	-	-	-	-	(121)	-	(121)
Capital reduction	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-
Incorporation for business combination (Note 4)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-
Cumulative translation adjustment of interest held before business combination	-	-	-	-	-	-	(92)	-	(92)

Balances as of December 31, 2015	495	7	65	659	16	83	920	(760)	1,485
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(i)  
Includes Ps. 1 and Ps. 1 of inflation adjustment of treasury shares as of December 31, 2015 and June 30, 2015, respectively.

(ii)  
See Note 2.2.1.

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Cresud Sociedad Anónima,  
Comercial, Inmobiliaria, Financiera y Agropecuaria

Unaudited Condensed Interim Consolidated Statements of Cash Flows  
for the six-month periods ended December 31, 2016 and 2015

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

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	Note	12.31.16	12.31.15
Operating activities:			
Cash generated from operations	18	5,115	772
Income tax paid		(488)	(496)
Net cash generated from operating activities		4,627	276
Investing activities:			
Payment for subsidiary acquisition, net of cash acquired		(46)	9,193
Acquisition of associates and joint ventures		(253)	-
Capital contributions to joint ventures and associates		(78)	(45)
Acquisition of investment properties		(1,355)	(104)
Proceeds from sale of investment properties		171	1,075
Acquisition of property, plant and equipment		(1,420)	(48)
Proceeds from sale of property, plant and equipment		1	2
Suppliers advances		(6)	(25)
Proceeds from sale of farmlands		69	14
Acquisition of intangible assets		(212)	(2)
Acquisition of investments in financial instruments		(1,947)	(3,677)
Proceeds from disposals of investments in financial instruments		3,345	3,196
Loans granted to associates and joint ventures		(12)	(1,349)
Dividends received		50	3
Proceeds from sale of associates and joint ventures		3,619	-
Loans repayment received from associates and joint ventures		12	63
Net cash generated from discontinued investing activities		408	-
Net cash used in investing activities		2,346	8,296
Financing activities:			
Repurchase of non-convertible notes		(235)	(135)
Proceeds from issuance of non-convertible notes		7,089	803
Repayment of non-convertible notes		(2,538)	(192)
Borrowings		7,700	728
Repayment of borrowings		(7,459)	(940)
Proceeds from exercise of shares granted		-	6

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Repayment of borrowings from joint ventures and associates	(9)	-	
Payment of seller financing	-	(72)	
Contributions from non-controlling interest	22	384	
Acquisition of non-controlling interest in subsidiaries	(1,024)	(27)	
Sale of equity interest in subsidiaries to non-controlling interest	2,428	153	
Dividends paid	(613)	(210)	
Proceeds from derivative financial instruments	83	987	
Payment of derivative financial instruments	(90)	(25)	
Distribution of minority interest in subsidiaries	(43)	-	
Interest paid	(2,541)	(498)	
Net cash generated from discontinued financing activities	(248)	-	
Net cash used in discontinued financing activities	(267)	-	
Net cash generated from financing activities	2,255	962	
Net increase in cash and cash equivalents	9,228	9,534	
Cash and cash equivalents at beginning of period	16	14,096	634
Foreign exchange gain on cash and cash equivalents	714	3,666	
Cash and cash equivalents at end of period	24,038	13,834	

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 Vice President II  
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Cresud Sociedad Anónima,  
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Notes to the Unaudited Condensed Interim Consolidated Financial Statements

(All amounts in millions of Argentine Pesos, except shares and per share data and as otherwise indicated)

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1.

The Group's business and general information

Cresud was founded in 1936 as a subsidiary of Credit Foncier, a Belgian company primarily engaged in providing rural and urban loans in Argentina and administering real estate holdings foreclosed by Credit Foncier. Credit Foncier was liquidated in 1959, and as part of such liquidation, the shares of Cresud were distributed to Credit Foncier's shareholders. From the 1960s through the end of the 1970s, the business of Cresud shifted exclusively to agricultural activities.

In 2002, Cresud acquired a 19.85% interest in IRSA, a real estate company related to certain shareholders of Cresud. In 2009, Cresud increased its ownership percentage in IRSA to 55.64% and IRSA became Cresud's directly principal subsidiary.

Cresud and its subsidiaries are collectively referred to hereinafter as the Group.

IFISA is the parent company and is a corporation established and domiciled in Uruguay, and IFIS Limited is the ultimate parent company.

These Financial Statements have been approved for issue by the Board of Directors on February 13, 2017.

As of December 31, 2016, the Group operates in two major lines of business: (i) agricultural business and (ii) urban properties and investments business, which is divided into two operations centers: (a) Operations Center in Argentina and (b) Operations Center in Israel. They are developed through several operating companies and the main ones are listed below:



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1.  
The Group's business and general information (Continued)

- (i)  
Remains in current and non-current assets, as financial assets held for sale.
- (ii)  
Corresponds to Group's associates, which are hence excluded from consolidation.

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1.  
The Group's business and general information (Continued)

Within Operations center in Israel, IDBD has diverse debts containing restricted covenants, which have been successively negotiated, resulting in several waivers actually in force. IDBD estimates that if the original covenants of such debts were to become effective again, it would not be able to honor them. Non-compliance could have the effect of creditors requiring immediate repayment of the debt. Yet, there are restrictions as to the payment of dividends based on the indebtedness level in some of IDBD's subsidiaries. IDBD has projected future cash flows and expects to have the required liquidity to meet its commitments through the issuance of new debt in Israel, the sale of financial assets such as Clal and from dividend received from Clal and others. IDBD could also secure additional financing through the private issuance of equity securities.

On December 2013, was published in the Official Gazette of Israel the Promotion of Competition and Reduction of Concentration Law, 5774-2013 ("the Concentration Law") which has material implications for IDBD and its investments, including a potential delisting of IDBD or DIC so as to no longer trade its shares publicly or a merger between IDBD and DIC.

All factors mentioned above, mainly (i) IDBD's current financial position and need of financing to honor its financial debt and other commitments, (ii) the renegotiation underway with financial creditors, and (iii) the term set by Israel's governmental authorities to sell the equity interest in Clal and the potential effects of such sale, in particular, on its market value, raise significant uncertainties as to IDBD's capacity to continue as a going-concern. These financial statements do not include the adjustments or reclassifications related to the valuation of IDBD's assets and liabilities that would be required if IDBD were not able to continue as a going-concern.

The Group is and will continue working to address the uncertainties described above.

The financial position of IDBD and its subsidiaries at the operations center in Israel does not affect the financial position of Cresud and its subsidiaries at the operations center in Argentina.

Cresud and its subsidiaries are not facing financial constraints and are compliant with their financial commitments. In addition, the commitments and other covenants resulting from the loan granted to IDBD do not have impact on Cresud since such loan has no recourse against Cresud and it is not secured by Cresud's assets.

There are no significant uncertainties as to the capacity of the Group, as a whole, to operate as a going-concern perspective, with such uncertainties being limited to the operations in Israel.



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2.  
Summary of significant accounting policies

2.1.  
Basis of preparation of the Unaudited Financial Statements

The present Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", therefore, should be read together with the Annual Financial Statements of the Group as of June 30, 2016, prepared in accordance with IFRS in force. Furthermore, these Financial Statements include supplementary information required by Law N° 19,550 and/or regulations of CNV. Such information is included in notes to the Financial Statements according to IFRS.

These Financial Statements corresponding to the six-month periods ended as of December 31, 2016 and 2015 have not been audited. The management believes they include all necessary adjustments to fairly present the results of each period. Results for the six-month periods ended December 31, 2016 and 2015 do not necessarily reflect the proportion of the Group's full year results.

IDBD's fiscal year ends on December 31 each year and the Company's fiscal year ends on June 30. Furthermore, IDBD's quarterly and annual reporting follows the guidelines of Israeli standards, which means that the information is only available after the applicable statutory terms in Argentina. Therefore, the Company is not able to include IDBD's quarterly results in its financial statements to be filed with the CNV within the applicable statutory terms in Argentina. The Company consolidates IDBD's results of operations with a three-month lag, adjusted by the effects of material transactions that may have taken place during the reported period.

Under IAS 29 "Financial Reporting in Hyperinflationary Economies", the financial statements of an entity whose functional currency belongs to a hyperinflationary economy, regardless of whether they apply historic cost or current cost methods, should be stated at the current unit of measure as of the date of these Unaudited Condensed Interim Consolidated Financial Statements. For such purpose, in general, inflation is to be computed in non-monetary items from the acquisition or revaluation date, as applicable. In order to determine whether an economy is to be considered hyperinflationary, the standard lists a set of factors to be taken into account, including an accumulated inflation rate near or above 100% over a three year period.

As of December 31, 2016, it is not possible to compute the accumulated inflation rate for the three year period ending on that date based on the official statistics of the INDEC (Argentina Statistics Office), because in October 2015, the INDEC ceased to compute the Wholesale Domestic Price Index (IPIM, as per its Spanish acronym), and started to compute it again as from January 2016.



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2.  
Summary of significant accounting policies (Continued)

As of the date of these Unaudited Condensed Interim Consolidated Financial Statements, the Argentine peso does not meet the conditions to be treated as the currency of a hyperinflationary economy, pursuant to the guidelines set forth by IAS 29. Therefore, these Unaudited Financial Statements have not been restated in constant currency.

However, over the last years, certain macroeconomic variables affecting business in the operations center Argentina, such as payroll costs, input prices and service rates, have experienced significant annual changes. This factor should be taken into consideration in assessing and interpreting the financial condition and results of operations of the Company in these financial statements.

2.2  
Significant accounting policies

The accounting policies applied in the presentation of these Financial Statements are consistent with those applied in the preparation of the Annual Financial Statements under IFRS as described in Note 2 to the Annual Financial Statements as of June 30, 2016, except for what is mentioned in Note 2.2.1.

2.2.1  
Adjustment due to change to accounting standards

During the reported period, the Group has adopted the changes to IAS 16 "Property Plant and Equipment" and to IAS 41 "Agriculture" in relation to production plants. These amendments imply changes in accounting policies and have the following impact on the financial situation and results of operations of the Group, already recognized in the financial statements.

On June, 2014 the International Accounting Standards Board issued the amendments to IAS 16 "Property, plant and equipment" and to IAS 41 "Agriculture" whereby it distinguished between bearer plants and other biological assets. Production plants are solely used for product development and its operation is similar to that of manufacturing machinery. As a result, amendments require bearer plants to be accounted for as property, plant and equipment and covered by IAS 16, rather than IAS 41. However, the produce growing on bearer plants will continued to be governed by IAS 41 and will continue to be valued at fair value minus selling costs.

Group's sugarcane fields are recognized as bearer plants under the new definition included in IAS 41. Under IAS 8, modifications are to be applied retrospectively; therefore, the sugarcane field will be reclassified under "Property, plant and equipment" and valued at depreciated cost as from July 1, 2016, with comparative balances being revised retrospectively. Sugarcane fields are depreciated over its useful life under the balance declining method based on the expected yield.



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2.  
Summary of significant accounting policies (Continued)

Amounts as of June 30, 2016 and December 31, 2015, which are disclosed for comparative purposes have been modified in order to present the mentioned adjustments. The following tables present the impact on the financial situation and results of operations of the Group.

Statement of Income (summary)	December 31, 2015 (Published)	Increase / (Decrease)	December 31, 2015 (Adjusted)
Costs	(2,531)	1	(2,530)
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	580	9	589
Income tax	(8)	(3)	(11)
(Loss) / Gain for the period	(1,298)	6	(1,292)
Attributable to:			
Equity holders of the parent	(776)	5	(771)
Non-controlling interest	(522)	1	(521)

Statement of comprehensive income	December 31, 2015 (Published)	Increase / (Decrease)	December 31, 2015 (Adjusted)
(Loss) / Gain for the period	(1,298)	6	(1,292)
Other comprehensive income for the period	2,380	5	2,385
Total comprehensive income for the period	1,082	11	1,093
Attributable to:			
Equity holders of the parent	(340)	8	(332)
Non-controlling interest	1,422	3	1,425

Statements of financial position (summary)	June 30, 2016 (Published)	Increase / (Decrease)	June 30, 2016 (Adjusted)
Biological assets	1,132	(83)	1,049
Property, plant and equipment	26,300	92	26,392
Deferred income tax assets	1,658	(3)	1,655
Total Assets	166,001	6	166,007
Retained earnings	(1,390)	3	(1,387)
Cumulative translation adjustment	808	-	808
Non-controlling interest	14,211	3	14,214
Total Shareholders' Equity	15,232	6	15,238

2.3  
Use of estimates

The preparation of financial statements at a certain date requires the Management of the Group to make estimations and evaluations affecting the amount of assets and liabilities recorded and contingent assets and liabilities disclosed at such date, as well as income and expenses recorded during the period. Actual results might differ from the estimates and evaluations made at the date of preparation of these financial statements.





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2.  
Summary of significant accounting policies (Continued)

In the preparation of these Unaudited Financial Statements, the significant judgments made by Management in applying the Group's accounting policies and the main sources of uncertainty were the same applied by the Group in the preparation of the financial statements for the year ended as of June 30, 2016, as described in Note 5 to those financial statements.

2.4  
Comparability of information

Amounts as of June 30, 2016 and December 31, 2015 which are disclosed for comparative purposes have been taken from financial statements then ended, except for changes described in Note 2.2.1.

As required by IFRS 3, the information of IDBD is included in the financial statements of the Group as from takeover was secured, that is from October 11, 2015 and the prior periods are not modified by this situation. In addition, due to the time lag in getting income data from IDBD as indicated in Note 2.1., income for the six months ended on December 31, 2015 are not included in the income derived from that subsidiary; therefore, the consolidated financial information as of December 31, 2015 is not comparative.

3.  
Seasonal effects on operations

Agricultural business

Some of the Group's businesses are more affected by seasonal effects than others. The operations of the Group's agricultural business are subject to seasonal effects. The harvests and sale of grains in Argentina generally take place each year since March in the case of corn and soybean, since October in the case of wheat, and since December in the case of sunflower. In Brazil, the harvest and sale of soybean take place since February, and in the case of corn weather conditions make it possible to have two seasons, therefore the harvest take place between March and July. In Bolivia, weather conditions also make it possible to have two soybeans, corn and sorghum seasons and, therefore, these crops are harvested in July and May, whereas wheat is harvested in August and September, respectively. In the case of sugarcane, harvest and sale take place between April and November of each year. Other segments of the agricultural business, such as beef cattle and milk production tend to be more stable. However, beef cattle and milk production is generally larger during the second quarter, when conditions are more favorable. As a result, there may be material fluctuations in the agricultural business results across quarters.



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3.  
Seasonal effects on operations (Continued)

Urban Properties and Investments business

Operations Center in Argentina

The operations of the Group's shopping centers are subject to seasonal effects, which affect the level of sales recorded by lessees. During summer time in Argentina (January and February), the lessees of shopping centers experience the lowest sales levels in comparison with the winter holidays (July) and Christmas and year-end holidays celebrated in December when they tend to record peaks of sales. Apparel stores generally change their collections during the spring and the fall, which impacts positively on shopping mall sales. Sale discounts at the end of each season also impact the business. As a consequence, for shopping center operations, a higher level of business activity is expected in the period ranging between July and December, compared to the period between January and June.

Operations Center in Israel

The operations of the Shufersal supermarket chain are subject to fluctuations of quarterly sales and income due to the increase in activity during religious holidays in different quarters throughout the year. For instance, in Pesaj (Passover) between March and April, and the Jewish New Year, sometime between September and October each year.

The results of operations of Cellcom and IDBD Tourism are also usually affected by seasonality in summer months in Israel and by the Jewish New Year, given a higher consumption due to internal and external tourism.

4.  
Acquisitions and disposals

Below are detailed the significant acquisitions and disposals for the six-month period ended December 31, 2016. The significant acquisitions and disposals for the fiscal year ended June 30, 2016, are detailed in Note 3 to the Annual Financial Statements at that date.

A.  
Acquisition of equity interest in EHSA

On July 2016, the Group through IRSA Propiedades Comerciales acquired 20% of EHSA shares, a company of which it already owned 50%, and 1.25% of Entrenimiento Universal S.A. ("ENUSA"). The amount paid for the acquisition was Ps. 53. As a result of this, the Group holds 70% of the share capital and voting stock of EHSA. In addition, EHSA holds, both directly and indirectly, 100% of the shares of OGDEN Argentina S.A. ("OASA") and 95% of the shares of ENUSA.



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4.  
Acquisitions and disposals (Continued)

Furthermore, OASA holds 50% of the voting stock of La Rural S.A. ("LRSA"), a company that holds the rights to commercially operate the emblematic "Predio Ferial de Palermo" in the Autonomous City of Buenos Aires, where the Sociedad Rural Argentina ("SRA") holds the remaining 50%.

The Group is analyzing the allocation of the price paid across various net assets acquired; therefore, the information presented below is preliminary and subject to changes. The following chart shows the consideration paid, the fair value of the acquired assets, the assumed liabilities and the non-controlling interest as of the acquisition date:

	Jul-16
Fair value of identifiable assets and assumed liabilities:	
Investments in joint ventures	123
Trade and other receivables current	88
Borrowings	(45)
Deferred income tax	(7)
Income tax and minimum presumed income tax liabilities	(1)
Trade and other payables	(13)
Provisions	(2)
Cash acquired	7
Total net identifiable assets	150
Non-controlling interest	(45)
Goodwill	23
Total	128
Fair value of interest held before business combination	(75)
Total consideration	53

B.  
Share-holding increase in Shufersal

On September 12, 2016, the Group through DIC, acquired 9,097,127 of Shufersal's shares, so that the company's equity interest in Shufersal's share capital increased from approximately 53.89% to around 58.17%. In addition, on December 12, 2016 DIC repurchased 5,3 million shares of Shufersal for an amount of NIS 75 million (equal to Ps. 297), thus increasing its equity interest to approximately 60.67%.



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4.  
Acquisitions and disposals (Continued)

C.  
Acquisition of DIC shares

On September 23, 2016 Tyrus acquired from IDBD 8,888,888 of DIC's shares for a total amount of NIS 100 million (equivalent to Ps. 401), which represent 8.8% of the Company's outstanding shares. As a result of this transaction, the equity interest of the Group in DIC has increased by 3.28% without actual cash movements in the financial statements.

D.  
Partial sale of equity interest in PBC

DIC sold 12% of its equity interest in PBC for a total amount of NIS 217 million (equivalent to Ps. 810); as a result, DIC's interest in PBC has declined to around 64.4%.

E.  
Partial sale of equity interest in Gav Yam

On December 5, 2016, PBC sold 280,873 shares of its subsidiary Gav-Yam Land Corporation Ltd. for an amount of NIS 391 million (equivalent to Ps. 1,616). As a result of this transaction, the equity interest of the Company has decreased from 69.06% to 55.06%.

F.  
Sale of Adama

On July 17, 2016 DIC has informed the market that it had accepted the tender offer by ChemChina to acquire 40% of Adama's shares currently held by Koor, indirectly controlled by IDBD through DIC. In August 2016, Koor and a subsidiary of ChemChina executed the corresponding agreement. The price of the transaction included a payment in cash of US\$ 230 million plus the total repayment of the non-recourse loan and its interests, which had been granted to Koor by a Chinese bank. Completion of the sale transaction was subject to several previous conditions, the most important of which referred to obtaining the regulatory authorizations in China, the approval of the antitrust authorities and the Chinese bank that granted the non-recourse loan as part of the loan assignment agreement. On November 22, 2016, the sale transaction was finalized and Koor received cash in the amount of US\$ 230 million. The interest of the Company in the results of Adama and the financing expenses related to the hybrid financial instrument are classified as discontinued operations in the Group's Consolidated Statements of Income / (Operations) as from July 17, 2016 on a retroactive basis. (Notes 33 and 34).





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4.  
Acquisitions and disposals (Continued)

G.  
Negotiations between Israir and Sun D'or

On December 31, 2016 IDB Tourism was at an advanced stage of negotiations with Sun D'or International Airlines Ltd. ("Sun D'or"), a subsidiary of El Al Israel Airlines Ltd. ("EI AI"), which consists of:

- Israir would sell the aircraft it owns through a purchase and lease agreement for an estimated value of US\$ 70 million.
- Following the sale of aircraft units, IDB Tourism would receive US\$ 45 million plus 25% of Sun D'Or's shares, with El Al retaining a 75% equity interest in such company.
- The parties would enter into a shareholder agreement that would give El Al a call option (and a sale option to IDB Tourism) for the acquisition of Sun D'Or's shares in accordance with a price and terms that would be established in due course.

As a consequence of this process, the Group's financial statements as of December 31, 2016 record the investment in Israir as assets and liabilities held for sale, and a loss of nearly NIS 56 million (equivalent to Ps. 231), as a result of measuring these net assets at the estimated recoverable value.

It should be noted that as of the filing date of these financial statements the parties have not signed a memorandum of understanding and/or binding agreement regarding the transaction scheme and/or the transaction terms; and that should the transaction take place, it will be subject to the legally required approvals, including the approval from the Antitrust Commissioner. Insofar as an agreement be signed, the transaction is expected to be finalized by the end of 2017.

5.  
Financial risk management and fair value estimates

5.1.  
Financial risk

The Group's activities expose it to a variety of financial risk: market risk (including foreign currency risk, interest rate risk, indexing risk due to specific clauses and other price risk), credit risk, liquidity risk and capital risk. Within the Group, risk management functions are conducted in relation to financial risks associated to financial instruments to which the Group is exposed during a certain period or as of a specific date.

Given the diversity of characteristics in the activities conducted under its operations center, the Group has decentralized the risk management policies geographically based on its two operations center in order to identify and properly analyze the various types of risks to which each of the subsidiaries is exposed.





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5.  
Financial risk management and fair value estimates (Continued)

These financial statements do not include all the information and disclosures of the risk management, so they should be read together with Note 4 to the Financial Statements as of June 30, 2016. There have been no changes in the risk management or risk management policies applied by the Group since the fiscal year-end.

5.2.  
Fair value estimates

Since June 30, 2016, as of the date of these Unaudited Condensed Interim Consolidated Financial Statements, there have been no significant changes in business or economic circumstances affecting the fair value of the Group's assets and liabilities (either measured at fair value or amortized cost). Neither have been transfers between the several tiers used in estimating the fair value of the Group's financial instruments.

6.  
Segment information

As explained in Note 6 to the Annual Financial Statements, since the Group obtained control over IDBD, the financial and net worth performance is reported separately in two centers of operations. Within the Operations center in Argentina, there have been no changes in the business segments or the financial reporting criteria thereof. In Operations center in Israel, as reported in Note 4 to these financial statements, the Group stopped including Agrochemicals as a reportable segment, following the sale of Adama.



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6.  
Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the six-month period ended December 31, 2016:

	Agricultural business (I)	Urban properties and investments business (II) Operations Center in Argentina	Operations Center in Israel	Subtotal	Total
Revenues	1,969	2,085	34,021	36,106	38,075
Costs	(2,614)	(496)	(24,700)	(25,196)	(27,810)
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	931	-	-	-	931
Changes in the net realizable value of agricultural produce after harvest	(77)	-	-	-	(77)
Gross profit	209	1,589	9,321	10,910	11,119
Gain from disposal of investment properties	-	84	19	103	103
Gain from disposal of farmlands	72	-	-	-	72
General and administrative expenses	(190)	(338)	(1,500)	(1,838)	(2,028)
Selling expenses	(257)	(185)	(6,566)	(6,751)	(7,008)
Management fees	-	(48)	(56)	(104)	(104)
Other operating results, net	8	(18)	(99)	(117)	(109)
(Loss) / Profit from operations	(158)	1,084	1,119	2,203	2,045
Share of profit / (loss) of associates and joint ventures	1	(92)	(6)	(98)	(97)
Segment (loss) / profit	(157)	992	1,113	2,105	1,948
Reportable assets	5,351	4,947	152,446	157,393	162,744
Reportable liabilities	-	-	(132,518)	(132,518)	(132,518)
Net reportable assets	5,351	4,947	19,928	24,875	30,226





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6.  
Segment information (Continued)

Below is a summarized analysis of the lines of business of the Group for the six-month period ended December 31, 2015:

	Agricultural business (I)	Urban properties and investments business (II) Operations Center in Argentina	Operations Center in Israel	Subtotal	Total
Revenues	1,294	1,586	-	1,586	2,880
Costs	(1,623)	(383)	-	(383)	(2,006)
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	590	-	-	-	590
Changes in the net realizable value of agricultural produce after harvest	114	-	-	-	114
Gross profit	375	1,203	-	1,203	1,578
Gain from disposal of investment properties	-	1,022	-	1,022	1,022
General and administrative expenses	(127)	(277)	-	(277)	(404)
Selling expenses	(166)	(121)	-	(121)	(287)
Other operating results, net	45	123	-	123	168
Profit from operations	127	1,950	-	1,950	2,077
Share of profit / (loss) of associates and joint ventures	4	(403)	-	(403)	(399)
Segment profit	131	1,547	-	1,547	1,678
Reportable assets	3,959	5,732	123,597	129,329	133,288
Reportable liabilities	-	-	(110,054)	(110,054)	(110,054)
Net reportable assets	3,959	5,732	13,543	19,275	23,234



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6.  
Segment information (Continued)

(I)  
Agriculture line of business:

The following tables present the reportable segments of the agriculture line of business:

	December 31, 2016			Total
	Agricultural production	Land transformation and sales	Others	Agricultural business
Revenues	1,063	-	906	1,969
Costs	(1,803)	(5)	(806)	(2,614)
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	931	-	-	931
Changes in the net realizable value of agricultural produce after harvest	(77)	-	-	(77)
Gross profit / (loss)	114	(5)	100	209
Gain from disposal of farmlands	-	72	-	72
General and administrative expenses	(155)	(1)	(34)	(190)
Selling expenses	(190)	-	(67)	(257)
Other operating results, net	7	-	1	8
(Loss) / Profit from operations	(224)	66	-	(158)
Share of profit / (loss) of associates	4	-	(3)	1
Segment (loss) / profit	(220)	66	(3)	(157)
Investment properties	-	-	97	97
Property, plant and equipment	3,354	14	96	3,464
Goodwill	15	-	-	15
Biological assets	1,177	-	-	1,177
Inventories	379	-	182	561
Investments in associates	36	-	1	37
Total operating assets	4,961	14	376	5,351
	December 31, 2015			Total
	Agricultural production	Land transformation and sales	Others	Agricultural business

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Revenues	780	-	514	1,294
Costs	(1,168)	(4)	(451)	(1,623)
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	590	-	-	590
Changes in the net realizable value of agricultural produce after harvest	114	-	-	114
Gross profit / (loss)	316	(4)	63	375
General and administrative expenses	(104)	(1)	(22)	(127)
Selling expenses	(123)	-	(43)	(166)
Other operating results, net	44	-	1	45
Profit / (Loss) from Operations	133	(5)	(1)	127
Share of profit / (loss) of associates	6	-	(2)	4
Segment profit / (loss)	139	(5)	(3)	131
Investment properties	2	-	47	49
Property, plant and equipment	2,528	13	39	2,580
Goodwill	8	-	1	9
Biological assets	784	-	-	784
Inventories	379	-	123	502
Investments in associates	35	-	-	35
Total operating assets	3,736	13	210	3,959



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6.  
Segment information (Continued)

(II)  
Urban properties line of business and investments

The following tables present the reportable segments from the Operations Center in Argentina:

	December 31, 2016						Total
	Shopping Centers	Offices and others	Sales and developments	Hotels	International	Financial operations and others	
Revenues	1,494	217	1	373	-	-	2,085
Costs	(222)	(27)	(14)	(233)	-	-	(496)
Gross Profit / (Loss)	1,272	190	(13)	140	-	-	1,589
Gain from disposal of investment properties	-	-	84	-	-	-	84
General and administrative expenses	(123)	(32)	(75)	(66)	(42)	-	(338)
Selling expenses	(93)	(25)	(19)	(46)	-	(2)	(185)
Management fees	(40)	(7)	-	(1)	-	-	(48)
Other operating results, net	(24)	46	(28)	(1)	(9)	(2)	(18)
Profit / (Loss) from operations	992	172	(51)	26	(51)	(4)	1,084
Share of Profit / (Loss) of associates and joint ventures	-	16	7	-	(159)	44	(92)
Segment Profit / (Loss)	992	188	(44)	26	(210)	40	992
Investment properties	2,280	988	98	-	-	6	3,372
Property, plant and equipment	48	24	3	165	2	-	242
Trading properties	1	-	278	-	-	-	279
Goodwill	8	31	5	-	-	-	44
Rights to receive future units under barter agreements	9	-	29	-	-	-	38
Inventories	24	-	-	10	-	-	34
Investment in associates and joint ventures	-	130	69	-	(1,041)	1,780	938
Total operating assets	2,370	1,173	482	175	(1,039)	1,786	4,947



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6.  
Segment information (Continued)

	December 31, 2015						Total
	Shopping Centers	Offices and others	Sales and developments	Hotels	International	Financial operations and others	
Revenues	1,193	145	4	244	-	-	1,586
Costs	(176)	(27)	(10)	(170)	-	-	(383)
Gross Profit / (Loss)	1,017	118	(6)	74	-	-	1,203
Gain from disposal of investment properties	-	-	1,022	-	-	-	1,022
General and administrative expenses	(81)	(16)	(72)	(49)	(59)	-	(277)
Selling expenses	(64)	(18)	(10)	(29)	-	-	(121)
Other operating results, net	(18)	(1)	(5)	(1)	146	2	123
Profit / (Loss) from operations	854	83	929	(5)	87	2	1,950
Share of Profit / (Loss) of associates and joint ventures	-	8	6	-	(578)	161	(403)
Segment Profit / (Loss)	854	91	935	(5)	(491)	163	1,547
Investment properties	2,368	893	169	-	-	7	3,437
Property, plant and equipment	47	23	1	171	2	-	244
Trading properties	1	-	179	-	-	-	180
Goodwill	14	6	5	-	-	-	25
Rights to receive future units under barter agreements	-	-	90	-	-	-	90
Inventories	16	-	1	8	-	-	25
Interests in associates and joint ventures	-	24	62	-	61	1,584	1,731
Total operating assets	2,446	946	507	179	63	1,591	5,732





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6.  
Segment information (Continued)

The following table presents the reportable segments of the Operations Center in Israel:

	December 31, 2016					Total
	Real Estate	Supermarkets	Telecommunications	Insurance	Others	
Revenues	2,484	23,476	7,863	-	198	34,021
Costs	(1,700)	(17,544)	(5,356)	-	(100)	(24,700)
Gross profit	784	5,932	2,507	-	98	9,321
Gain from disposal of investment properties	-	-	-	-	19	19
General and administrative expenses	(130)	(302)	(761)	-	(307)	(1,500)
Selling expenses	(47)	(4,811)	(1,679)	-	(29)	(6,566)
Management fees	(23)	(31)	(2)	-	-	(56)
Other operating results, net	-	(31)	(19)	-	(49)	(99)
Profit / (Loss) from operations	584	757	46	-	(268)	1,119
Share of (Loss) / Profit of associates and joint ventures	(114)	-	-	-	108	(6)
Segment profit / (loss)	470	757	46	-	(160)	1,113
Operating assets	62,361	32,467	28,415	6,143	23,060	152,446
Operating liabilities	(51,209)	(25,944)	(22,529)	-	(32,836)	(132,518)
	11,152	6,523	5,886	6,143	(9,776)	19,928

Below is a summarized analysis of the lines of business of the Groups' Operations Center in Israel for the year ended December 31, 2015:

	December 31, 2015					Total
	Real Estate	Supermarkets	Telecommunications	Insurance	Others	
Operating assets	50,475	24,706	20,816	4,845	22,755	123,597
Operating liabilities	(40,701)	(21,048)	(16,893)	-	(31,412)	(110,054)
Operating assets / (liabilities), net	9,774	3,658	3,923	4,845	(8,657)	13,543



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6.  
Segment information (Continued)

The following tables present a reconciliation between the total results of operations as per the segment information and the profit from operation as per the statement of income. The adjustments relate to the presentation of the results of operations of joint ventures accounted for under the equity method under IFRS and the non-elimination of the inter-segment transactions.

	Total segment information	Adjustment for share of profit / (loss) of joint ventures	Expenses and collective promotion funds	Adjustment to income / (operations) for elimination of inter-segment transactions	Total statement of income / (operations)
Revenues	38,075	(35)	745	(89)	38,696
Costs	(27,810)	37	(759)	85	(28,447)
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	931	(10)	-	-	921
Changes in the net realizable value of agricultural produce after harvest	(77)	-	-	-	(77)
Gross Profit / (Loss)	11,119	(8)	(14)	(4)	11,093
Gain from disposal of investment properties	103	-	-	-	103
Gain from disposal of farmlands	72	-	-	-	72
General and administrative expenses	(2,028)	5	-	4	(2,019)
Selling expenses	(7,008)	3	-	1	(7,004)
Management fees	(104)	-	-	-	(104)
Other operating results, net	(109)	(5)	-	(1)	(115)
Profit / (Loss) from operations before share of profit / (loss) of associates and joint ventures	2,045	(5)	(14)	-	2,026
Share of loss of associates and joint ventures	(97)	(5)	-	-	(102)
Profit / (Loss) from operations before financing and taxation	1,948	(10)	(14)	-	1,924





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Segment information (Continued)

	December 31, 2015			Adjustment to	Total
	Total	Adjustment for	Expenses and	income /	statements of
	segment	share of profit /	collective	(operations)	income /
	information	(loss)	promotion funds	for elimination	(operations)
		of joint ventures		of	
				inter-segment	
				transactions	
Revenues	2,880	(24)	594	(59)	3,391
Costs	(2,006)	27	(602)	51	(2,530)
Initial recognition and changes in the fair value of biological assets and agricultural produce at the point of harvest	590	(8)	-	7	589
Changes in the net realizable value of agricultural produce after 114 harvest		-	-	-	114
Gross Profit / (Loss)	1,578	(5)	(8)	(1)	1,564
Gain from disposal of investment properties	1,022	-	-	-	1,022
General and administrative expenses	(404)	2	-	3	(399)
Selling expenses	(287)	1	-	2	(284)
Other operating results, net	168	1	-	(3)	166
Profit / (Loss) from operations before share of profit / (loss) of associates and joint ventures	2,077	(1)	(8)	1	2,069
Share of loss of associates and joint ventures	(399)	(4)	-	-	(403)
Profit / (Loss) from operations before financing and taxation	1,678	(5)	(8)	1	1,666





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6.  
Segment information (Continued)

The following tables present a reconciliation between total assets and total assets as per the statement of financial position. Adjustments are mainly related to the filing of certain classes of assets in segment information and to the proportional consolidation of joint ventures mentioned previously.

	December 31, 2016					December 31, 2015				
	Agricultural business	Urban properties and investments Operations Center in Argentina	business Operations Center in Israel	Subtotal	Total	Agricultural business	Urban properties and investments Operations Center in Argentina	business Operations Center in Israel	Subtotal	Total
Total Assets per segment	5,351	4,947	152,446	157,393	162,744	3,959	5,732	123,597	129,329	133,288
Less:										
Proportionate share in reportable assets per segment of joint ventures (* )	(696)	(147)	-	(147)	(843)	(547)	(120)	-	(120)	(667)
Plus:										
Investments in joint ventures (** )	327	175	-	175	502	240	172	-	172	412
Discontinued operations	-	-	-	-	-	-	-	9,981	9,981	9,981
Adjustment to fair value due to business combination	-	-	-	-	-	-	-	(11,309)	(11,309)	(11,309)
Other non-reportable assets	3,944	8,206	-	8,206	12,150	3,356	5,540	-	5,540	8,896
Total Consolidated Assets as per Statement of Financial Position	8,926	13,181	152,446	165,627	174,553	7,008	11,324	122,269	133,593	140,601





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6.  
Segment information (Continued)

(\*) Below is a detail of the proportionate share in assets by segment of joint ventures included in the information reported by segment.

	December 31, 2016				Total	December 31, 2015				Total
	Agricultural business	Urban properties and investments	business Operations	Subtotal		Agricultural business	Urban properties and investments	business Operations	Subtotal	
		Center in Argentina	Center in Israel			Center in Argentina	Center in Israel			
Investment properties	2	149	-	149	151	2	119	-	119	121
Property, plant and equipment	680	(9)	-	(9)	671	523	(5)	-	(5)	518
Trading properties	-	5	-	5	5	-	1	-	1	1
Goodwill	-	2	-	2	2	-	5	-	5	5
Biological assets	8	-	-	-	8	13	-	-	-	13
Inventories	6	-	-	-	6	9	-	-	-	9
Total proportionate share in assets per segment of joint ventures	696	147	-	147	843	547	120	-	120	667

(\*\*) Represents the equity-accounted amount of those joint ventures, which were proportionate-consolidated for segment information purposes.

	December 31, 2016				Total	December 31, 2015				Total
	Agricultural business	Urban properties and investments	business Operations	Subtotal		Agricultural business	Urban properties and investments	business Operations	Subtotal	
		Center in Argentina	Center in Israel			Center in Argentina	Center in Israel			
Total Liabilities per segment	-		132,518	132,518	132,518	-	-	110,054	110,054	110,054
Plus: Discontinued operations	-	-	-	-	-	-	-	10,024	10,024	10,024

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Adjustment to fair value due to business combination	-	-	-	-	-	-	-	(3,069)	(3,069)	(3,069)
Liabilities corresponding to agricultural business and urban properties and investment business of the operations center in Argentina	6,185	14,528	-	14,528	20,713	5,144	10,948	-	10,948	16,092
Total Consolidated Liabilities as per Statement of Financial Position	6,185	14,528	132,518	147,046	153,231	5,144	10,948	117,009	127,957	133,101



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7.  
Information about principal subsidiaries

The Group conducts its business through several operating subsidiaries and holdings. The Group considers that the subsidiaries below are the ones with non-controlling interests material to the Group.

	As of December 31, 2016						Period ended December 31, 2016			
	Non-controlling shareholders' interest %	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets	Book value of non-controlling shareholders	Net Income Revenues (loss)	Other comprehensive income / (loss)	Total comprehensive income / (loss)
Elron (1)	49.68%	1,708	1,103	131	33	2,647	1,985	-(224)	(3)	
PBC (1)	35.56%	8,836	53,084	7,496	43,713	10,711	8,194	<del>2,300</del>	(43)	
Cellcom (1)	57.74%	11,295	16,025	7,659	14,869	4,792	3,431	<del>7,891</del>	4	
Shufersal (1)	41.83%	11,912	19,771	14,212	11,732	5,739	3,505	<del>2,342</del>	(19)	
Brasilagro	57.21%	1,317	2,951	639	216	3,413	1,830	<del>254</del>	1,040	
IRSA	36.23%	58,643	107,470	41,163	105,876	19,074	16,071	<del>36,887</del>	402	
	As of June 30, 2016						Period ended December 31, 2015			
	Non-controlling shareholders' interest %	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets	Book value Revenues non-controlling shareholders	Net Income (loss)	Other comprehensive income / (loss)	Total comprehensive income / (loss)
Elron (1)	49.68%	2,145	922	82	31	2,954	<del>2,522</del>	N/A	N/A	N/A
PBC (1)	23.55%	10,435	47,546	9,925	37,567	10,489	<del>8,449</del>	N/A	N/A	N/A
Cellcom (1)	58.23%	9,368	16,113	7,629	13,210	4,642	<del>3,795</del>	N/A	N/A	N/A
Shufersal (1)	47.05%	9,929	18,764	13,202	10,411	5,080	<del>3,596</del>	N/A	N/A	N/A
DFL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(1,273)	(336)	(1,609)
Brasilagro	57.82%	898	2,260	415	205	2,538	<del>2,380</del>	120	66	186
IRSA	36.62%	42,763	116,237	43,600	101,899	13,501	<del>21,686</del>	(910)	1,876	966

(1) Corresponds to the Group's indirect interest. The percentage of the non-controlling interest represents the equity interest which is not owned by DIC.





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7.  
Information about principal subsidiaries (Continued)

Restrictions, commitments and other relevant issues

Cellcom

As mentioned in Note 7 to the Financial Statements as of June 30, 2016, Cellcom was in dispute with Golan. In January 2017, Golan was acquired by Electra and signed an agreement with Cellcom regarding the use of its network and hosting services. Additionally, Cellcom agreed to provide Golan - on the effective day the agreement for the purchase of Golan by Electra - with a loan for NIS 130 million for a term of 10 years, which shall be repaid in 6 semi-annual installments starting on the eight anniversary of the execution of the agreement. The loan will be backed by several assets of Golan. It should be noted that the performance of the agreement is being hindered by interested third parties.

Analysis of the impact of the Concentration Act

As mentioned in Note 7 to the Financial Statements as of June 30, 2016, IDBD is analyzing the implications of the Concentration Law. As of the date of these Unaudited Condensed Interim Consolidated Financial Statements, IDBD continues on this analysis process.

PBC and consulting agreement with Rock Real

In November 2009, PBC's audit committee and board of directors approved the agreement with Rock Real whereby the latter would look for and propose to PBC the acquisition of commercial properties outside Israel, in addition to assisting in the negotiations and management of such properties. In return, Rock Real would receive 12% of the net income generated by the acquired real property. Pursuant to appendix 16 of the Israel Commercial Act 5759-1999, the agreement must be ratified by the Audit Committee before the third year after the effective date; otherwise, it expires. The agreement has not been ratified by the audit committee within such three-year term, so in January 2017, PBC issued a statement that hinted at the expiration of the agreement and informed that it would begin negotiations to reduce the debt that currently amounts to NIS 155 million (or Ps. 640).

Dolphin arbitration process

As mentioned in note 3 to the Annual Financial Statements there is an arbitration process going on between Dolphin and ETH in relation to certain issues connected to the control obtainment of IDBD. As of the date of these financial statements, there is no news in relation to the case and the proceeding is pending of resolution.



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8.  
Investments in joint ventures

Changes in the Group's investments in joint ventures for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

	December 31, 2016	June 30, 2016
Beginning of the period / year	2,186	378
Decrease for the control obtainment	(31)	-
Capital contribution	104	77
Balance incorporated by business combination (Note 4)	123	960
Share of (loss) / profit	(58)	143
Currency translation adjustment	180	645
Cash dividends (i)	(35)	(17)
End of the period / year	2,469	2,186

(i)  
During the period ended December 31, 2016, Ps. 19 correspond to Manaman, Ps. 9 to La Rural S.A. and Ps. 7 to Cyrsa S.A.. During the fiscal year ended June 30, 2016, Ps. 7 correspond to Cyrsa, Ps. 4 to NPSF and Ps. 6 to Manaman.



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8.  
Investments in joint ventures (Continued)

The table below lists the Group's investments and the value of interests in joint ventures for the six-month period ended December 31, 2016 and for the fiscal year ended June 30, 2016, respectively.

Name of the entity	Place of business / Country of incorporation	Main activity	Value of Group's interest in Common equity		Group's interest in comprehensive income		% of owners' interest held	Last financial statement issued	Income (loss) Share Capital Shareholders' equity (non-equity value)
			As of December 31, 2016	As of June 30, 2016	As of December 31, 2016	As of December 31, 2015			
Quality	Argentina	Real Estate	76,867	73,349	(3)	(3)	50%	158	133
Cyrsa	Argentina	Real Estate	8,748	22,698	2	5	50%	87	24
La Rural	Argentina	Real Estate	714,438	-	(1)	-	50%	A B1	5
Puerto Retiro (1)	Argentina	Real Estate	23,067	2,519	16	(1)	50%	46	38
Cresca S.A. (2)	Paraguay	Agriculture	188,316	230	86	62	50%	144	
Mehadrin	Israel	Agriculture	1,500	899	(25)		45.4%	(*) 26	(*) 462
Others joint ventures (3)			92	1825	47	12	N/A	N/A	N/A
			2,469						
			2,186		122	75			

(1) Puerto Retiro owns a land reserve. As mentioned in Note 8 to the annual Financial Statements as of June 30, 2016, Puerto Retiro has been notified that a petition for bankruptcy has been filed against it. As of the date of these Financial Statements, there is no news in relation to the case.

(2) Cresca is a joint venture between the Company and Carlos Casado S.A. with agriculture operations in Paraguay

(3) Represent other joint venture business that are not significant individually

(\*) Amounts presented in millions of NIS.



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9.  
Investments in associates

Changes in the Group's investments in associates for the six-month period ended as of December 31, 2016 and for the year ended as of June 30, 2016 were as follows:

	December 31, 2016	June 30, 2016
Beginning of the period / year	13,507	2,653
Acquisition / increase in equity interest in associates	268	157
Unrealized loss from investments at fair value	-	(564)
Decrease for the control obtainment	-	(1,047)
Associate incorporated by business combination	-	8,308
Capital contribution	68	180
Share of (loss) / profit	(44)	310
Currency translation adjustment	226	4,193
Cash dividends (ii)	(57)	(518)
Sale of associates	-	(4)
Hedging instruments	56	(93)
Defined benefit plans	(7)	(10)
Reclassification to held for sale (Note 4)	(11,473)	-
Impairment	-	(58)
End of the period / year (i)	2,544	13,507

(i)  
Includes a balance of Ps. (1,058) and Ps. (841) reflecting interests in companies with negative equity as of December 31, 2016 and June 30, 2016, respectively, which are reclassified to "Provisions" (Note 21).

(ii)  
During the period ended December 31, 2016, Ps. 4 corresponds to Emco, Ps. 28 to Aviareps AG, Ps. 3 to Thirddmillenium Tourism & Recreation Holding LTD and Ps. 21 to Agro-Uranga S.A. During the fiscal year ended June 30, 2016, Ps. 10 correspond to Millenium, Ps. 495 to Adama and Ps. 10 to Emco.





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9.  
Investments in associates (Continued)

The table below lists the Group's investments, values of interests as well as the Group's interest in comprehensive income of associates for the six-month period ended December 31, 2016 and for the fiscal year ended June 30, 2016, respectively; as otherwise indicated below:

Name of the entity	Place of business / Country of incorporation	Main activity	Common shares 1 vote	Value of Group's interest in equity		Group's interest in comprehensive income		% of ownership interest held		Last financial year Share Capital (nominal value)
				As of December 31, 2016	As of June 30, 2016	As of December 31, 2016	As of December 31, 2015	As of December 31, 2016	As of June 30, 2016	
Tarshop	Argentina	Consumer financing	48,759,288	78	72	5	(12)	20%	20%	244
New Lipstick	United States	Real Estate	N/A	(968)	(793)	(174)	(252)	49.73%	49.73%	N/A
BHSA	Argentina	Financing	448,689,072	1,647	1,609	38	172	29.91%	29.91%	1,500
BACS (1)	Argentina	Financing	7,812,500	43	21	1	3	12.5%	6.40%	63
IDBD	Israel	Investment	N/A	-	-	-	3,202	N/A	49.00%	N/A
Condor	United States	Hotel	1,261,723	(79)	(45)	(35)	75	25.45%	25.53%	(*) 49
Adama	Israel	Agrochemical	-	-	10,847	-	-	N/A	40.00%	N/A
PBEL	India	Real Estate	450,000	682	864	48	-	45.40%	45.40%	(*) 1
Others associates				1,141	932	299	7	N/A	N/A	-
				2,544	13,507	182	3,195			

(1)  
On August 24, 2016, the BCRA approved the sale of BACS' shares, representing 6.125% which had been subscribed by Tyrus. As a result, as of December 31 the Group's equity interest in BACS amounts to 12.5% while BHSA holds the remaining 87.5%. Following the reported fiscal year, on February 7, 2017, the BCRA approved the conversion of ONC mentioned in Note 3 to the annual Financial Statements, increasing IRSA's equity in BACS to 33.364%.

(\*) Amounts presented in millions of US dollars.

(\*\*) Amounts presented in millions of NIS.



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10.  
Investment properties

Changes in the Group's investment properties for the six-month period ended December 31, 2016 and for the year ended June 30, 2016 were as follows:

	Leased out farmland	Rental properties (ii)	Undeveloped parcels of land	Properties under development	Total as of December 31, 2016	Total as of June 30, 2016
Costs	14	45,729	2,485	3,978	52,160	5,295
Accumulated depreciation	(5)	(2,427)	(8)	-	(2,394)	(1,820)
Net book amount	9	43,302	2,477	3,978	49,766	3,475
Opening net book amount	9	43,302	2,477	3,978	49,766	3,475
Assets incorporated by business combination	-	-	-	-	-	29,586
Currency translation adjustment	9	2,107	90	134	2,340	16,762
Additions	3	805	15	871	1,694	1,190
Reclassification to trading properties	-	-	-	-	-	(71)
Transfers	-	1,109	(224)	(885)	-	-
Reclassification to property, plant and equipment	(8)	(8)	-	-	(16)	(13)
Reclassification of property, plant and equipment	84	-	-	-	84	-
Impairment	-	-	-	-	-	(339)
Disposals	-	(414)	-	-	(414)	(280)
Depreciation charges (i)	(2)	(530)	(8)	-	(540)	(544)
Closing net book amount	95	46,371	2,350	4,098	52,914	49,766
Costs	102	49,378	2,366	4,098	55,944	52,160
Accumulated depreciation	(7)	(3,007)	(16)	-	(3,030)	(2,394)
Net book amount	95	46,371	2,350	4,098	52,914	49,766

(i)  
Depreciation charges of investment property has been charged in "Costs" in the Statement of Income / (Operations) (Note 26).

(ii)  
Includes Distrito Arcos; there have been no news on the judicial proceedings mentioned in the annual Financial Statements.



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10.  
Investment properties (Continued)

The following amounts have been recognized in the Statement of Income / (Operations):

	December 31, 2016	December 31, 2015
Leases and services income	4,253	1,927
Direct operating expenses	(1,907)	(822)
Development expenses	(822)	(5)
Gain from disposal of investment properties	103	1,022

No finance costs were capitalized during the six-month periods ended December 31, 2016 and 2015.

11. Property, plant and equipment

Changes in the Group's property, plant and equipment for the six-month period ended as of December 31, 2016 and for the year ended as of June 30, 2016 were as follows:

	Owner occupied farmland	Bearer plant	Buildings and facilities	Machinery and equipment	Communication networks	Others (i)	Total as of December 31, 2016	Total as of June 30, 2016
Costs	2,468	92	13,985	3,203	5,974	2,905	28,627	2,731
Accumulated depreciation	(330)	-	(650)	(390)	(564)	(301)	(2,235)	(685)
Net book amount	2,138	92	13,335	2,813	5,410	2,604	26,392	2,046
Opening net book amount	2,138	92	13,335	2,813	5,410	2,604	26,392	2,046
Assets incorporated by business combination	-	-	-	-	-	-	-	15,104
Currency translation adjustment	451	29	653	143	260	118	1,654	9,217
Additions	68	11	359	324	385	271	1,418	1,284
Reclassifications of investment properties	8	-	8	-	-	-	16	13
Reclassification to group of assets held for sale (Note 33)	-	-	(12)	-	-	(1,470)	(1,482)	-
Reclassifications to investment properties	(84)	-	-	-	-	-	(84)	-
Disposals	(14)	-	-	(12)	(11)	(206)	(243)	(18)

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Impairments	-	-	-	-	-	(62)	(62)	(13)
Depreciation charge (ii)	(32)	(19)	(298)	(275)	(529)	(223)	(1,376)	(1,241)
Closing net book amount	2,535	113	14,045	2,993	5,515	1,032	26,233	26,392
Cost	2,897	132	15,028	3,731	6,671	1,458	29,917	28,572
Accumulated depreciation	(362)	(19)	(983)	(738)	(1,156)	(426)	(3,684)	(2,180)
Net book amount	2,535	113	14,045	2,993	5,515	1,032	26,233	26,392

(i)

Includes furniture and fixtures, vehicles and aircrafts.

(ii) Depreciation charges of property, plant and equipment were included in "Costs", "General and administrative expenses" and "Selling expenses" in the Statement of Income / (Operations).



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12.  
Trading properties

Changes in the Group's trading properties for the six-month period ended as of December 31, 2016 and for the year ended as of June 30, 2016 were as follows:

	Completed properties	Properties under development	Undeveloped sites	Total as of December 31, 2016	Total as of June 30, 2016
Opening net book amount	236	3,307	1,170	4,713	133
Additions	1	424	26	451	355
Currency translation adjustment	40	150	32	222	1,650
Transfers	1,100	(695)	(405)	-	-
Reclassification of investment properties	-	-	-	-	71
Assets incorporated by business combination	-	-	-	-	2,656
Disposals	(153)	(682)	-	(835)	(152)
Closing net book amount	1,224	2,504	823	4,551	4,713

	December 31, 2016	June 30, 2016
Non-current	3,746	4,472
Current	805	241
Total	4,551	4,713

13. Intangible assets

Changes in the Group's intangible assets for the six-month period ended as of December 31, 2016 and for the year ended as of June 30, 2016 were as follows:

	Goodwill	Trademarks	Licenses	Customer relations	Information systems and software	Contracts and others (ii) (iii)	Total as of December 31, 2016	Total as of June 30, 2016
Costs	2,238	3,378	817	3,923	1,202	1,478	13,036	214
Accumulated amortization	-	(23)	(58)	(704)	(245)	(192)	(1,222)	(38)
Net book amount	2,238	3,355	759	3,219				