

CRESUD INC  
Form 6-K  
November 24, 2006

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 6-K**

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**REPORT OF FOREIGN ISSUER**

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

For the month of November, 2006

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

(Exact name of Registrant as specified in its charter)

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**CRESUD INC.**

(Translation of registrant's name into English)

**Republic of Argentina**

(Jurisdiction of incorporation or organization)

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

**Buenos Aires, Argentina**

(Address of principal executive offices)

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Form 20-F  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.

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Yes  No

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

**(THE COMPANY )**

**REPORT ON FORM 6-K**

Attached is a copy of the letter filed with the *Comisión Nacional de Valores* on November 10, 2006 related to the consolidated financial statements for the three-month periods ended September 30, 2006 and 2005.

**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera**

**y Agropecuaria**

For the three-month periods ended September 30, 2006 and 2005

**Cresud Sociedad Anónima**

**Comercial, Inmobiliaria, Financiera y Agropecuaria**

**Financial Statements**

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Name of the Company: **Cresud Sociedad Anónima**

**Comercial, Inmobiliaria,**

**Financiera y Agropecuaria**

Legal Address: Moreno 877, 23rd Floor

Ciudad Autónoma de Buenos Aires

Principal Activity: Agriculture, livestock and real-estate

Fiscal year No. 72 started on July 1, 2006

Financial Statements for the three-month period

ended September 30, 2006. In comparative format with previous fiscal year

DATES OF REGISTRATION AT THE PUBLIC REGISTRY OF COMMERCE

Of the by-laws: February 19, 1937

Of the latest amendment: September 22, 1999

Duration of the

Company: June 6, 2082

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

CAPITAL STATUS ( Note 3 of basic financial statements)

SHARES

Type of stock	Authorized Pesos	Subscribed pesos	Paid-in pesos
Ordinary certified shares of Ps.1 face value and 1 vote each	220,802,837	220,802,837	220,802,837

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Consolidated Balance Sheet as of September 30, 2006 and 2005 and June 30, 2006

	September 30, 2006	June 30, 2006	September 30, 2005
	(Notes 1, 2 and 3) Pesos	(Notes 1, 2 and 3) Pesos	(Notes 1, 2 and 3) Pesos
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and banks (Note 4.a.)	1,020,313	25,997,361	8,657,217
Investments (Note 4.b.)	33,752,658	6,223,788	36,145,997
Trade accounts receivable (Note 4.c.)	12,646,586	11,084,617	8,121,966
Other receivables (Note 4.d.)	28,224,007	22,744,963	21,528,679
Inventories (Note 4.e.)	28,882,464	28,932,135	41,948,569
<b>Total current assets</b>	<b>104,526,028</b>	<b>94,982,864</b>	<b>116,402,428</b>
<b>Non-current assets</b>			
Other receivables (Note 4.d.)	36,349,722	36,005,292	14,216,501
Inventories (Note 4.e.)	60,434,122	62,712,423	55,333,761
Investments on controlled and related companies (Note 4.b.)	475,074,963	468,371,269	289,307,407
Other investments (Note 4.b.)	37,268,716	37,052,716	106,348,907
Fixed assets, net (Schedule A)	231,512,597	224,775,512	208,806,305
Intangible assets, net (Schedule B)	23,581,646	23,581,646	
<b>Subtotal Non-Current Assets</b>	<b>864,221,766</b>	<b>852,498,858</b>	<b>674,012,881</b>
Goodwill (Note 4.b.)	(75,222,927)	(76,825,838)	(29,060,111)
<b>Total Non-Current Assets</b>	<b>788,998,839</b>	<b>775,673,020</b>	<b>644,952,770</b>
<b>Total Assets</b>	<b>893,524,867</b>	<b>870,655,884</b>	<b>761,355,198</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Debts:</b>			
Trade accounts payable (Note 4.f.)	27,320,923	26,438,528	34,461,205
Loans (Note 4.g.)	79,362,776	66,421,573	8,531,307
Salaries and social security payable (Note 4.h.)	1,746,525	2,293,130	1,154,561
Taxes payable (Note 4.i.)	4,953,824	3,313,836	20,278,856
Other debts (Note 4.j.)	3,531,144	3,442,024	3,743,505
<b>Total Debts</b>	<b>116,915,192</b>	<b>101,909,091</b>	<b>68,169,434</b>
<b>Total current liabilities</b>	<b>116,915,192</b>	<b>101,909,091</b>	<b>68,169,434</b>
<b>Non-current liabilities</b>			
Trade accounts payable (Note 4.f.)	691,900	835,292	
Taxes payable (Note 4.i.)	40,995,890	42,770,882	45,986,078
Loans (Note 4.g.)	102,007,731	98,096,955	115,348,844

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Other debts (Note 4.j.)	434,309	434,309	1,000
Provisions (Schedule E)	512,930	183,893	104,198
<b>Total Non-current liabilities</b>	144,642,760	142,321,331	161,440,120
<b>Total Liabilities</b>	261,557,952	244,230,422	229,609,554
<b>Minority interest</b>	471,121	559,871	245,828
<b>SHAREHOLDERS EQUITY</b>	631,495,794	625,865,591	531,499,816
<b>Total Liabilities and Shareholders Equity</b>	893,524,867	870,655,884	761,355,198

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

Eduardo S. Elsztain  
Chairman



## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Consolidated Statement of Income

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

and ended September 30, 2006 and 2005

	September 30, 2006	September 30, 2005
	(Notes 1, 2 and 3) Pesos	(Notes 1, 2 and 3) Pesos
<b>Production:</b>		
Crops	597,946	378,351
Beef cattle	3,478,768	5,877,268
Milk	2,062,205	1,974,190
<b>Total production</b>	<b>6,138,919</b>	<b>8,229,809</b>
<b>Cost of production (Schedule F.2):</b>		
Crops	(1,060,561)	(912,217)
Beef cattle	(4,398,259)	(4,395,656)
Milk	(2,213,069)	(1,381,971)
<b>Total cost of production</b>	<b>(7,671,889)</b>	<b>(6,689,844)</b>
<b>Production (loss) profit</b>	<b>(1,532,970)</b>	<b>1,539,965</b>
<b>Sales:</b>		
Crops	8,439,086	10,767,467
Beef cattle	10,536,204	10,623,185
Milk	2,062,205	1,974,190
Feed Lot	1,309,711	512,473
Others	1,014,809	1,198,460
<b>Total sales</b>	<b>23,362,015</b>	<b>25,075,775</b>
<b>Cost of sales (Schedule F.1):</b>		
Crops	(7,231,199)	(8,705,895)
Beef cattle	(10,282,191)	(10,363,744)
Milk	(2,062,205)	(1,974,190)
Feed Lot	(1,078,263)	(401,800)
Others	(827,476)	(621,151)
<b>Total cost of sales</b>	<b>(21,481,334)</b>	<b>(22,066,780)</b>
<b>Sales profit</b>	<b>1,880,681</b>	<b>3,008,995</b>
<b>Gross profit</b>	<b>347,711</b>	<b>4,548,960</b>

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Selling expenses (Schedule H)	(1,627,262)	(2,449,333)
Administrative expenses (Schedule H)	(3,187,371)	(2,055,955)
Net gain on sale of farms		9,901,755
Holding gain - cattle (Schedules F.1 and F.2)	955,307	1,496,191
Holding gain - Crops (Schedule F.2)	722,475	994,786
<b>Operating income</b>	<b>(2,789,140)</b>	<b>12,436,404</b>
Financial gain (loss)		
Generated by assets:		
Exchange differences and discounts	332,350	2,060,732
Interest income	309,963	191,883
Tax on banking debits and credits	(423,788)	(518,160)
Interest on bonds	761,515	2,182,411
Others	337,901	1,192,160
	1,317,941	5,109,026
Generated by liabilities:		
Reference stabilization index (CER)	(3,063)	(5,190)
Interest loss	(850)	
Financial expenses:		
Interest on Convertible bonds (Note 7)	(1,602,252)	(2,384,681)
Others	(2,124,517)	(399,103)
Exchange differences and discounts	(687,589)	(869,034)
	(4,418,271)	(3,658,008)
Other income and expenses, net		
Gains from other fixed assets sales	24,721	(295)
Donations		
Others	(346,431)	
Shareholders' personal assets tax and miscellaneous	(444,952)	(504,683)
	(766,662)	(504,978)
Income from related companies	6,771,326	4,516,547
Management fee	(214,464)	(1,219,231)
<b>Net Income before income tax and minority interest</b>	<b>(99,270)</b>	<b>16,679,760</b>
Income tax expense	1,937,497	(5,737,799)
Minority interest	88,750	31,119
<b>Net income for the period</b>	<b>1,926,977</b>	<b>10,973,080</b>

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

Eduardo S. Elsztain  
Chairman

## Cresud Sociedad Anónima

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Consolidated Statement of Cash Flow

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

and ended September 30, 2006 and 2005

	September 30, 2006 (Notes 1, 2 and 3) Pesos	September 30, 2005 (Notes 1, 2 and 3) Pesos
<b>Changes in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period	27,377,050	67,462,547
Cash and cash equivalents at the end of the period	29,305,686	36,891,462
Net increase (decrease) in cash and cash equivalents	1,928,636	(30,571,085)
<b>Causes of changes in cash and cash equivalents</b>		
<b>Operating activities</b>		
Income for the period	1,926,977	10,973,080
Accrued interest	3,698,963	2,491,216
Income tax	(1,937,497)	5,737,799
<b>Adjustments made to reach net cash flow from operating activities</b>		
Income from interest in related companies	(6,771,326)	(4,516,547)
Minority interest	(88,750)	(31,119)
Increase in allowances, provisions and accruals	4,779,805	2,559,133
Amortization and depreciation	1,302,629	945,565
Holding gain - Inventory	(1,677,782)	(2,490,977)
Financial results	(414,468)	(1,927,784)
Gain from sale of fixed assets	(24,721)	(9,901,460)
<b>Changes in operating assets and liabilities</b>		
Decrease in current investments	109,126	1,205,064
(Increase) decrease in trade accounts receivable	(1,561,969)	1,666,346
(Increase) decrease in other receivables	(7,458,598)	1,111,354
Decrease in inventories	3,938,643	4,575,034
Increase in social security payables, taxes payable and advances from customers	1,364,122	444,780
Decrease in trade accounts payable	(4,584,303)	(3,171,007)
Dividends collected	60,308	60,308
Increase (decrease) in other debts	3,192,218	(12,942,400)
<b>Cash flows applied to operating activities</b>	<b>(4,146,623)</b>	<b>(3,211,615)</b>
<b>Investment activities</b>		
Increase in non-current investments		(9,116)
Acquisition and upgrading of fixed assets	(7,986,247)	(32,088,628)
Collection of receivables from sale of fixed assets	3,290,752	
Sale of fixed assets	38,365	9,893,854
<b>Cash flows applied to investment activities</b>	<b>(4,657,130)</b>	<b>(22,203,890)</b>

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**Financing activities**

Exercise of Warrant	187,509	304,111
Increase in financial loans	41,746,138	4,962,400
Decrease in financial loans	(28,970,698)	(10,422,091)
Decrease in other liabilities	(2,230,560)	

**Cash flows provided by (applied to) financing activities** 10,732,389 (5,155,580)

**Net increase (decrease) in cash and cash equivalents** 1,928,636 (30,571,085)

**Items not involving changes in cash and cash equivalents**

Transfer of inventory to fixed assets	67,111	150,432
Increase in other receivables by sale of fixed assets		8,222,550
Increase in fixed assets by increase in other liabilities		17,175,158
Decrease in other liabilities by decrease in fixed assets		2,055,000
Repayment of financial loans through issue of stock by exercise of conversion right	156,269	390,468

**Complementary information**

Interest paid	2,630,802	111,851
Income tax expense paid	1,721,444	

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

Eduardo S. Elsztain  
Chairman

**Cresud Sociedad Anónima,**

**Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries**

**Notes to the Consolidated Financial Statements**

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

and ended September 30, 2006 and 2005 and June 30, 2006

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

As a consequence of the application of the unifying accounting standards approved by the Comisión Nacional de Valores (C.N.V.), which require that consolidated Financial Statements be presented as established by Technical Resolution No. 21 of the Federación Argentina de Consejos Profesionales de Ciencias Económicas (F.A.C.P.C.E.), the Balance Sheet as of September 30, 2006 and 2005 and the Statements of Income and the Statements of Cash Flows for the three-month periods then ended were consolidated on a line by line basis with the financial statements of such companies in which it holds a majority of the voting shares. Additionally, proportional consolidation has been applied for investments in which it has joint control (see Notes 1.b and 1.c to the basic financial statements).

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

The financial statements of the subsidiary companies Inversiones Ganaderas S.A., Futuros y Opciones.Com S.A., Agropecuaria Cervera S.A. and Cactus Argentina S.A. as of September 30, 2006 and 2005 have been used in order to determine the investment at its equity value, line by line consolidation and proportional consolidation.

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

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

**NOTE 2: CORPORATE CONTROL**

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

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

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

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

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Valuation criteria - fixed assets**

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

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

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

**Other considerations concessions granted**

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

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

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

## Cresud Sociedad Anónima,

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Consolidated Financial Statements (Continued)

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

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
Cash	45,700	55,495	36,980
Foreign currency (Schedule G)	80,736	92,744	74,594
Patacones currency			39
Local currency checking account	500,926	1,689,103	1,043,705
Patacones currency checking account			22
Foreign currency checking account (Schedule G)	87,173	23,770,872	267,745
Local currency saving account	21,627	106,504	16,174
Foreign currency saving account (Schedule G)	33,880	6,367	5,983,908
Checks to be deposited	250,271	276,276	1,234,050
	1,020,313	25,997,361	8,657,217

**b. Investments and Goodwill**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Investment</b>			
Investment (Schedules C and G)	33,752,658	6,223,788	36,145,997
	33,752,658	6,223,788	36,145,997
<b>Investment</b>			
Investment from related companies (Notes 17 and 19 and Schedule C)	475,074,963	468,371,269	289,307,407
	475,074,963	468,371,269	289,307,407
<b>Other investments</b>			
Other investments (Schedules C and G)	37,268,716	37,052,716	106,348,907
	37,268,716	37,052,716	106,348,907

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**Goodwill**

Goodwill (Schedule C)	(75,222,927)	(76,825,838)	(29,060,111)
	(75,222,927)	(76,825,838)	(29,060,111)



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

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

**NOTE 4:** (Continued)

**c. Trade accounts receivable**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Accounts receivable in local currency	12,988,335	11,401,950	7,644,856
Less:			
Allowance for doubtful accounts (Schedule E)	(372,359)	(374,830)	(381,214)
Accounts receivable in foreign currency (Schedule G)	30,322	44,982	735,963
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	288	12,515	122,361
	12,646,586	11,084,617	8,121,966

**d. Other receivables**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Prepaid leases	10,878,393	8,836,242	8,171,554
Income Tax prepayments and tax credit (net of Accrual)	6,180,167	3,880,156	57,208
Guarantee deposits and premiums (Schedule G)	1,413,306	1,447,771	2,099,467
Secured by mortgage (Schedule G)	2,780,848	3,497,490	5,885,349
Prepaid expenses	168,931	338,368	525,129
Gross sales tax credit	5,876	4,539	8,186
Tax prepayments (net of accrual)	3,516,627	3,545,790	3,895,225
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	193,268	191,651	170,117
IRSA Inversiones y Representaciones S.A.	3,608		
Agro-Uranga S.A.	1,803,854	39,993	
Brasil Agro Companhia Brasileira de Propiedaes Agrícolas	593,313	559,088	
Credits to employees	82,769	85,980	40,680
Directors	6,066		
Others	596,981	317,895	675,764
	28,224,007	22,744,963	21,528,679

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**Non-current**

Prepaid leases	118,495	13,924	75,915
Income Tax prepayments and others	25,738,067	24,351,881	6,368,561
Secured by mortgage (Schedule G)	6,127,975	8,265,284	6,689,345
Tax on Minimum Presumed Income	3,515,175	2,422,271	1,026,701
Deferred tax	147,893	93,791	15,444
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	6,919	8,353	
Alto Palermo S.A. (Schedule G)	484,330	584,704	
IRSA Inversiones y Representaciones S.A. (Schedule G)	117,623	150,353	
Others	93,245	114,731	40,535
	36,349,722	36,005,292	14,216,501

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

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

**NOTE 4:** (Continued)

**e. Inventories**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Livestock	10,007,494	10,913,612	13,897,711
Crops	3,974,071	10,550,495	17,146,003
Unharvested crops	6,120,358	1,662,592	4,804,143
Seeds and fodder	703,224	770,647	317,075
Materials and others	7,739,956	4,686,142	4,846,072
Advances to suppliers	337,361	348,647	937,565
	28,882,464	28,932,135	41,948,569
<b>Non-Current</b>			
Livestock	60,434,122	62,712,423	55,333,761
	60,434,122	62,712,423	55,333,761

**f. Trade accounts payable**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Suppliers in local currency	8,405,101	7,346,542	2,551,489
Suppliers in foreign currency (Schedule G) (1)	7,482,169	10,980,242	27,577,871
Interest to be accrued (Schedule G) (2)		(112,863)	(1,607,665)
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversora Bolívar S.A.	12,960	42,092	7,314
Alto City.Com S.A.	298	298	
Alto Palermo S.A.	523,174	35,620	627,158
Agro-Uranga S.A.			20,315
IRSA Inversiones y Representaciones S.A.		34,127	57,164
Cactus Argentina S.A.	269,094	481,353	3,498
Cactus Feeders Inc.	141		
Estudio Zang, Bergel & Viñes	27,384	73,851	69,283

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Fundación IRSA	2,200,000	2,200,000	1,900,000
Accrual for other expenses (Schedule G)	8,400,602	5,311,539	3,172,507
Short-term debts			82,271
Accrual for harvest expenses		45,727	
	27,320,923	26,438,528	34,461,205
<b>Non-Current</b>			
Accrual for other expenses (Schedule G)	691,900	835,292	
	691,900	835,292	

- 
- (1) As of September 30, 2006 includes US\$ 1,449,726 from the acquisition of farm San Pedro corresponding to suppliers in foreign currency secured by mortgage. See note 11.
- (2) Corresponds to the liability mentioned in (1).

## Cresud Sociedad Anónima,

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Consolidated Financial Statements (Continued)

**NOTE 4:** (Continued)

## g. Loans

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Local financial loans (Note 17)	76,939,516	65,605,326	4,962,400
Convertible Notes 2007 Interest payable (Schedule G)	984,885	332,179	1,428,341
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders	1,435,153	482,985	2,137,568
Directors	3,222	1,083	2,998
	79,362,776	66,421,573	8,531,307
<b>Non-Current</b>			
Foreign financial loans (Notes 17 and 19)	23,900,800	20,367,600	
Convertible Notes 2007 third parties (Schedule G)	31,884,763	31,804,384	46,576,316
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders	46,461,793	46,243,210	69,703,303
Directors	104,294	103,690	97,776
Convertible Notes 2007 expenses	(343,919)	(421,929)	(1,028,551)
	102,007,731	98,096,955	115,348,844

## h. Salaries and social security payable

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Accrual for vacation and statutory annual bonus	870,802	1,905,899	664,735
Social security taxes payable	637,875	282,999	248,961
Salaries payable	189,764	64,237	225,803
Health care payable	16,444	22,689	5,117
Others	31,640	17,306	9,945

1,746,525	2,293,130	1,154,561
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## Cresud Sociedad Anónima,

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Consolidated Financial Statements (Continued)

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

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Accrual for income tax	33,276	126,641	24,772,007
Advances to Income tax and tax credit			(5,773,267)
Tax on Minimum Presumed Income	3,431,074	2,377,347	65,953
Value added tax	114,053	15,595	55,169
Property tax payable	271,889	232,192	128,497
Taxes withheld for income tax	507,913	274,592	485,258
Gross sales tax payable	35,512	35,322	5,136
Taxes withheld-Gross sales tax payable	40	2,215	385
Taxes withheld-Value added tax payable	109,228	247,925	17,597
Others	450,839	2,007	522,121
	4,953,824	3,313,836	20,278,856
<b>Non-current</b>			
Deferred tax	40,994,784	42,770,882	44,890,846
Income tax			132,761
Tax on Minimum Presumed Income	1,106		962,471
	40,995,890	42,770,882	45,986,078

**j. Other debts**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Management fees accrual	3,288,413	3,073,949	3,581,923
Loan to FYO minority shareholders	134,196	134,196	134,196
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Directors	63,000	46,800	3,393
Cactus Feeders Inc.	15,791	272	3,569
Others	29,744	186,807	20,424

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	3,531,144	3,442,024	3,743,505
<b>Non-current</b>			
Other income to be accrued	433,309	433,309	
Guarantee deposit	1,000	1,000	1,000
	434,309	434,309	1,000



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

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

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

Based on their estimated collection term	Current and non-current investment			Trade accounts receivable			Other receivables		
	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005
1st quarter 2005/2004 financial period									
2nd quarter 2005/2004 financial period									
3rd quarter 2005/2004 financial period									
4th quarter 2005/2004 financial period									
1st quarter 2006/2005 financial period									
2nd quarter 2006/2005 financial period			3,260,731			8,107,521			6,536,381
3rd quarter 2006/2005 financial period									4,836,464
4th quarter 2006/2005 financial period									10,897
1st quarter 2007/2006 financial period					11,084,617			6,144,831	1,678,403
2nd quarter 2007/2006 financial period	1,150,549	386,779		12,646,586			8,808,217	591,375	6,262
3rd quarter 2007/2006 financial period							1,032,380	5,072,356	5,712
4th quarter 2007/2006 financial period							829,587	479,592	5,712
1st quarter 2008/2007 financial period							2,714,031	2,179,021	1,678,048
2nd quarter 2008/2007 financial period	37,247,999	37,031,999	106,328,190				5,712	5,712	5,712
3rd quarter 2008/2007 financial period							436,191	433,663	5,712
4th quarter 2008/2007 financial period							5,713	5,713	21,157
1st quarter 2009/2008 financial period							2,186,151	2,173,309	1,672,336
2nd quarter 2009/2008 financial period									
1st quarter 2010/2009 financial period							1,755,672	1,745,358	1,672,336
1st quarter 2011/2010 financial period							1,755,673	1,745,357	1,672,336

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Overdue									
With no stated current term	32,602,109	5,837,009	32,885,266			14,445	14,839,792	10,456,809	8,466,534
With no stated non-current term	20,717	20,717	20,717				30,204,610	27,717,159	7,471,178
Total	71,021,374	43,276,504	142,494,904	12,646,586	11,084,617	8,121,966	64,573,729	58,750,255	35,745,180

**NOTE 5 (Continued):**

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

Interest rate that they accrue	Current and non-current investment			Trade accounts receivable			Other receivables		
	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005
At fixed interest rate	37,247,999	37,031,999	106,328,190				9,121,259	11,237,071	12,478,698
At variable interest rate	32,602,109	5,837,009	32,885,266				7,038,016	4,049,594	2,413,070
Non-interest bearing	1,171,266	407,496	3,281,448	12,646,586	11,084,617	8,121,966	48,414,454	43,463,590	20,853,412
Total	71,021,374	43,276,504	142,494,904	12,646,586	11,084,617	8,121,966	64,573,729	58,750,255	35,745,180

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

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

**NOTE 5 (Continued):**

**a) Liabilities based on their estimated payment term (in pesos)**

Base don their estimated payment term	Trade accounts payable			September 30, 2006	Loans June 30, 2006	September 30, 2005	Salaries and social security payable		
	September 30, 2006	June 30, 2006	September 30, 2005				September 30, 2006	June 30, 2006	September 30, 2005
1st quarter 2005/2004									
2nd quarter 2005/2004									
3rd quarter 2005/2004									
4th quarter 2005/2004									
1st quarter 2006/2005									
2nd quarter 2006/2005			15,396,004			8,531,307			888,401
3rd quarter 2006/2005									25,681
4th quarter 2006/2005									240,479
1st quarter 2007/2006		26,411,544	18,921,500		13,935,806			1,965,120	
2nd quarter 2007/2006	27,189,841			351,217	816,247		1,468,329	231,052	
3rd quarter 2007/2006				15,763,224			47,152	96,958	
4th quarter 2007/2006									
1st quarter 2008/2007							231,044		
2nd quarter 2008/2007				78,106,931	77,729,355	115,348,844			
3rd quarter 2008/2007									
4th quarter 2008/2007									
1st quarter 2009/2008									
2nd quarter 2009/2008				23,900,800	20,367,600				
Overdue									
With no stated current term	131,082	26,984	143,701	63,248,335	51,669,520				
	691,900	835,292							

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With no stated non-current term

Total 28,012,823 27,273,820 34,461,205 181,370,507 164,518,528 123,880,151 1,746,525 2,293,130 1,154,561

Base don their estimated payment term	Taxes payable		Other debts			Provisions			
	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005
1st quarter 2005/2004									
2nd quarter 2005/2004									
3rd quarter 2005/2004									
4th quarter 2005/2004									
1st quarter 2006/2005									
2nd quarter 2006/2005			20,223,984			3,605,740			
3rd quarter 2006/2005			54,872			3,569			
4th quarter 2006/2005									
1st quarter 2007/2006		831,206			120,996				
2nd quarter 2007/2006	4,953,478	2,476,625	1,026,757	20,641	105,360				
3rd quarter 2007/2006		6,005		69,366	7,523				
4th quarter 2007/2006	346			3,291,422	3,073,949				
1st quarter 2008/2007				15,520					
2nd quarter 2008/2007									
3rd quarter 2008/2007									
4th quarter 2008/2007									
1st quarter 2009/2008									
2nd quarter 2009/2008									
Overdue									
With no stated current term				134,195	134,196	134,196			
With no stated non-current term	40,995,890	42,770,882	44,959,321	434,309	434,309	1,000	512,930	183,893	104,198
Total	45,949,714	46,084,718	66,264,934	3,965,453	3,876,333	3,744,505	512,930	183,893	104,198

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

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Interest in rate that they accrue	Trade accounts payable			September 30, 2006	Loans	September 30, 2005	Salaries and social security payable		
	September 30, 2006	June 30, 2006	September 30, 2005		June 30, 2006		September 30, 2006	June 30, 2006	September 30, 2005
At fixed interest rate	4,499,950	6,720,357		179,291,166	164,124,210	121,339,795			
At variable interest rate									
Non-interest bearing	23,512,873	20,553,463	34,461,205	2,079,341	394,318	2,540,356	1,746,525	2,293,130	1,154,561
Total	28,012,823	27,273,820	34,461,205	181,370,507	164,518,528	123,880,151	1,746,525	2,293,130	1,154,561

Interest in rate that they accrue	Taxes payable			September 30, 2006	Other debts	September 30, 2005	Provisions		
	September 30, 2006	June 30, 2006	September 30, 2005		June 30, 2006		September 30, 2006	June 30, 2006	September 30, 2005
At fixed interest rate									
At variable interest rate					3,792,015				
Non-interest bearing	45,949,714	46,084,718	66,264,934	3,965,453	84,318	3,744,505	512,930	183,893	104,198
Total	45,949,714	46,084,718	66,264,934	3,965,453	3,876,333	3,744,505	512,930	183,893	104,198

## Cresud Sociedad Anónima,

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Consolidated Financial Statements (Continued)

**NOTE 6: EARNINGS PER SHARE**

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

	September 30, 2006	September 30, 2005
Average appraised stock in circulation	220,608,958	162,943,270
Average appraised diluted ordinary stock	321,214,392	321,214,392
	September 30, 2006	September 30, 2005
Earnings for the calculation of basic earnings per share	1,926,977	10,973,080
Exchange differences	455,835	919,643
Financing expenses	1,602,252	2,510,797
Income tax	(671,810)	(1,119,781)
Management fees	(138,628)	(231,066)
Earnings for the calculation of diluted earnings per share	3,174,626	13,052,673
	September 30, 2006	September 30, 2005
<b>BASIC Earnings per share</b>		
Earnings	1,926,977	10,973,080
Number of shares	220,608,958	162,943,270
Earnings per share	0.01	0.07
	September 30, 2006	September 30, 2005
<b>DILUTED Earnings per share</b>		
Earnings	3,174,626	13,052,673
Number of shares	321,214,392	321,214,392
Earnings per share	0.01	0.04

## Cresud Sociedad Anónima,

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Notes to the Consolidated Financial Statements (Continued)

**NOTE 7: SEGMENT INFORMATION**

As of September 30, 2006:

	Crops	Beef Cattle	Milk	Feed Lot	Others	Without specific allocation	Total
Description	(pesos)	(pesos)	(pesos)	(pesos)	(pesos)	(pesos)	(pesos)
Sales	8,439,086	10,536,204	2,062,205	1,309,711	1,014,809		23,362,015
Assets	137,080,203	146,902,859	19,893,287	4,230,726	5,514,584	579,903,208	893,524,867
Liabilities	8,144,995	800,680	33,321	1,496,570	3,443,116	247,639,270	261,557,952
Fixed asset additions (transfers)	705,113	3,692,942	140,655	29,975	(40,134)	3,457,696	7,986,247
Depreciation of fixed assets	528,770	351,802	126,812	75,460	18,005	201,780	1,302,629
Income from related parties	48,211	395	9,315			6,713,405	6,771,326

As of September 30, 2005:

	Crops	Beef Cattle	Milk	Feed Lot	Others	Without specific allocation	Total
Description	(pesos)	(pesos)	(pesos)	(pesos)	(pesos)	(pesos)	(pesos)
Sales	10,767,467	10,623,185	1,974,190	512,473	1,198,460		25,075,775
Assets	176,328,163	136,664,646	21,378,485	3,967,461	1,055,916	421,960,527	761,355,198
Liabilities	6,263,334	329,039	140,168	384,124	353,102	222,139,787	229,609,554
Fixed asset additions (transfers)	46,710,471	1,390,747	581,404	8,963	26,952	545,249	49,263,786
Depreciation of fixed assets	459,268	238,479	86,293	74,552	14,171	72,802	945,565
Income from related parties	(5,386)	(1,486)	(1,141)			4,524,560	4,516,547

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

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

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

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

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

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





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

**Consolidated Fixed Assets**

For the three-month periods ended September 30, 2006 and 2005  
and the year ended June 30, 2006

(Notes 1, 2, and 3)

**Schedule A**

	Value at			Value at		Depreciation				Net carrying		Net carrying
	the beginning of the period/year	Additions and/or transfers	Deductions and/or transfers	the end of the period/year	Rate %	Accumulated at the beginning of the period/year	Decrease of the period/year	Current period/year	Accumulated at the end of the period/year	value at September 30, 2006	June 30, 2006	value at September 30, 2005
	Pesos	Pesos	Pesos	Pesos		Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
Capital Account												
Real estate	155,053,376			155,053,376						155,053,376	155,053,376	168,611,376
Fences	4,780,673			4,780,673	3	1,236,208		48,981	1,285,189	3,495,484	3,544,465	3,520,673
Feeding troughs	3,930,660			3,930,660	5	1,175,796		46,509	1,222,305	2,708,355	2,754,864	2,260,660
Fields and pastures	3,297,931			3,297,931	12-25-50	1,506,332		142,136	1,648,468	1,649,463	1,791,599	1,060,931
Buildings and structures	29,779,631	124,011		29,903,642	2	2,486,149		153,385	2,639,534	27,264,108	27,293,482	4,000,631
Millinery	10,594,431	448,699		11,043,130	10	7,025,548		235,348	7,260,896	3,782,234	3,568,883	3,410,431
Trucks	2,309,795	46,620	97,728	2,258,687	20	1,194,039	97,728	100,533	1,196,844	1,061,843	1,115,756	640,795
Tractors	197,916	589		198,505	10	152,253		2,747	155,000	43,505	45,663	50,916
Equipment and machinery	1,213,670	17,813	2,632	1,228,851	10	829,699	1,913	28,457	856,243	372,608	383,971	410,670
Trucking lanes	868,155	38,998		907,153	3	158,319		8,634	166,953	740,200	709,836	530,155
Trucks	2,200,904	1,500		2,202,404	10	894,000		83,544	977,544	1,224,860	1,306,904	330,904
Trucks	12,615,362	42,033		12,657,395	10-20-33	5,823,780		300,708	6,124,488	6,532,907	6,791,582	6,690,362
Computer equipment	1,453,980	229,124		1,683,104	20	1,007,257		63,921	1,071,178	611,926	446,723	340,980
Plants	1,096,519			1,096,519	5	406,464		14,922	421,386	675,133	690,055	730,519
Lot	3,920,905	29,975	12,925	3,937,955		1,633,060		72,804	1,705,864	2,232,091	2,287,845	2,450,905
Structures in process	8,841,634	3,996,079	37,282	12,800,431						12,800,431	8,841,633	13,450,431
Investments to be sold	204,572	77,237		281,809						281,809	204,572	260,572
Products-in-process	70,383			70,383						70,383	70,384	
Products-in-process	4,320,000			4,320,000						4,320,000	4,320,000	
Investments in other parties	3,553,919	3,037,962		6,591,881						6,591,881	3,553,919	

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at ember 30,	250,304,416	8,090,640	150,567	258,244,489	25,528,904	99,641	1,302,629	26,731,892	231,512,597	
at June 30,	188,561,525	84,736,740	22,993,849	250,304,416	22,063,929	1,647,113	5,112,088	25,528,904	224,775,512	
at ember 30,	188,561,525	49,414,218	6,740,956	231,234,787	22,063,929	581,012	945,565	22,428,482		208,800,000

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

**Consolidated Fixed Assets**

For the three-month periods ended September 30, 2006 and 2005

and the year ended June 30, 2006

(Notes 1, 2, and 3)

**Schedule B**

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

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

**Consolidated Fixed Assets**

For the three-month periods ended September 30, 2006 and 2005

and the year ended June 30, 2006

(Notes 1, 2, and 3)

Schedule C

Type and characteristics of the securities	Amount	Value as of	Value as of	Value as of	Market value Pesos	INFORMATION ON THE ISSUER Latest financial statements				
		September 30, 2006 Pesos	June 30, 2006 Pesos	September 30, 2005 Pesos		Principal activity	Capital Pesos	Income for the period Pesos	Shareholders' Equity Pesos	
<b>Current Investments</b>										
Mutual Funds										
Bony Hamilton Fund in dollars	8,634,073	26,454,800	54,906	27,304,412	3.064000					
Banco Río Special Fund in pesos		1,647,934	898,081	419,309						
BankBoston 1784 Fund			246,404							
		28,102,734	1,199,391	27,723,721						
Bonds and Convertible Notes										
Interest on IRSA Convertible Notes 2007 (US\$)										
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:										
IRSA Inversiones y Representaciones S.A.		1,150,549	386,779	3,260,731						
Global 2010 Bonds	110,000	101,061	92,510	105,232	0.918736					
Bocon Pro 1	157,647	630	630	630	0.003996					
Nobacs	3,000,000	3,011,392	3,030,000	2,985,000	1.003797					
Mortgage Bonds	1,247,309	1,203,653	1,334,180	11,046	0.965000					
Raymond James Interest of Bonds				1,549,113						
		5,467,285	4,844,099	7,911,752						
Deposits in foreign banks in dollars										
		182,639	180,298	510,524						
		182,639	180,298	510,524						
<b>Total current investments</b>		<b>33,752,658</b>	<b>6,223,788</b>	<b>36,145,997</b>						

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Non-current investments

Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:									
Agro-Uranga S.A. Shares	893,069	3,698,904	5,465,153	5,336,798	Unlisted Agriculture	2,500,000	162,141	10,376,492	
Contribution on account of future subscriptions of shares		7,865	7,865	7,865					
Higher property value		11,179,150	11,179,150	11,179,150					
		14,885,919	16,652,168	16,523,813					

IRSA Inversiones y Representaciones S.A.

Shares (Note 14)	116,305,767	400,149,089	396,839,494	272,783,594	3.96000 Real Estate	437,554,373	15,618,871	1,505,402,422	
		400,149,089	396,839,494	272,783,594					

BrasilAgro Companhia Brasileira de Propiedades Agrícolas

Shares	42,705	60,039,955	54,879,607		1000(*) Agricultureand	875,381,000	17,819,000	821,340,000	
		60,039,955	54,879,607		Real Estate				
Subtotal		475,074,963	468,371,269	289,307,407					

**Other Investments**

IRSA Convertible Notes 2007 (US\$)

Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:									
IRSA Inversiones y Representaciones S.A. Coprolán	12,000,000	37,247,999	37,031,999	106,328,190	Unlisted				
		20,717	20,717	20,717					
Subtotal		37,268,716	37,052,716	106,348,907					

**Goodwill**

IRSA negative goodwill		(75,222,927)	(76,825,838)	(29,060,111)					
Subtotal		(75,222,927)	(76,825,838)	(29,060,111)					

Total non-current investments		437,120,752	428,598,147	366,596,203					
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(\*) Quotation in Brazilian Reais as of 10/06/2006

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

**Consolidated Fixed Assets**

For the three-month periods ended September 30, 2006 and 2005

and the year ended June 30, 2006

(Notes 1, 2, and 3)

Schedule E

Item	Balances at the beginning of the period Pesos	Increases (1) Pesos	Decreases (1) Pesos	Applications Pesos	Value as of September 30, 2006 Pesos	Value as of June 30, 2006 Pesos	Value as of September 30, 2005 Pesos
<b>Deducted from assets</b>							
Allowance for doubtful accounts							
<b>Included in liabilities</b>	374,830			(2,471)	372,359	374,830	381,214
Non-current law contingencies for pending lawsuits	183,893	353,164	(24,127)		512,930	183,893	104,198
Total as of September 30, 2006	558,723	353,164	(24,127)	(2,471)	885,289		
Total as of June 30, 2006	490,542	148,311	(25,000)	(55,130)		558,723	
Total as of September 30, 2005	485,412						485,412

(1) Included in Financial Results

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

**Consolidated Cost of Sales**

For the three-month periods ended September 30, 2006 and 2005

(Notes 1, 2, and 3)

Schedule F.1

	Crops		Beef cattle		Milk	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
<b>Inventories at the beginning of the period</b>						
Beef cattle			64,236,404	61,552,248		
Crops	10,550,495	24,930,778				
Unharvested crops						
Seeds and fodder	478,313	128,575				
Materials and others						
	11,028,808	25,059,353	64,236,404	61,552,248		
Holding gain - Cattle			952,384	1,129,950		
Holding gain - Crops	722,475	994,786				
Production	597,946	378,351	3,478,768	5,877,268	2,062,205	1,974,190
Gain (loss) on commodities market	(185,200)	(188,514)				
Transfer of inventories to expenses						
Transfer to fixed assets and inventories						
Transfer of unharvested crops to expenses	(1,496,929)	(1,701,416)	(940)			
Recovery of inventories			89,717	81,571		
Purchases	1,095,014	1,382,777	2,580,513	2,674,279		
Operating expenses (Schedule H)						
<b>Less:</b>						
<b>Inventories at the end of the period</b>						
Beef cattle			(61,054,655)	(60,951,572)		
Crops	(3,974,071)	(17,146,003)				
Unharvested crops						
Seeds and fodder	(556,844)	(73,439)				
Materials and others						
<b>Cost of Sales</b>	7,231,199	8,705,895	10,282,191	10,363,744	2,062,205	1,974,190

Feed Lot		Others		Total	
September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
Pesos	Pesos	Pesos	Pesos	Pesos	Pesos

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<b>Inventories at the beginning of the period</b>							
Beef cattle					64,236,404		61,552,248
Crops					10,550,495		24,930,778
Unharvested crops							
Seeds and fodder					478,313		128,575
Materials and others	150,085	155,791	273,377	623,879	423,462		779,670
	150,085	155,791	273,377	623,879		75,688,674	87,391,271
Holding gain - Cattle	11,000	(8,877)				963,384	1,121,073
Holding gain - Crops						722,475	994,786
Production						6,138,919	8,229,809
Gain (loss) on commodities market	(3,349)	1,557				(188,549)	(186,957)
Transfer of inventories to expenses	(456,533)	(250,988)	(24,006)	(34,359)		(480,539)	(285,347)
Transfer to fixed assets and inventories			(67,111)	(30,770)		(67,111)	(30,770)
Transfer of unharvested crops to expenses			(130,249)	(106,578)		(1,628,118)	(1,807,994)
Recovery of inventories						89,717	81,571
Purchases	1,231,219	384,540	238,251	194,928		5,144,997	4,636,524
Operating expenses (Schedule H)	200,841	181,399	795,709	405,646		996,550	587,045
<b>Less:</b>							
<b>Inventories at the end of the period</b>							
Beef cattle					(61,054,655)		(60,951,572)
Crops					(3,974,071)		(17,146,003)
Unharvested crops							
Seeds and fodder					(556,844)		(73,439)
Materials and others	(55,000)	(61,622)	(258,495)	(431,595)	(313,495)	(65,899,065)	(493,217) (78,664,231)
<b>Cost of Sales</b>	<b>1,078,263</b>	<b>401,800</b>	<b>827,476</b>	<b>621,151</b>		<b>21,481,334</b>	<b>22,066,780</b>



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

**Consolidated Cost of Production**

For the three-month periods ended September 30, 2006 and 2005

(Notes 1, 2, and 3)

Schedule F.2

	Crops		Beef cattle		Milk		September 30, 2006	Total September 30, 2005
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005		
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
<b>Inventories at the beginning of the period</b>								
Beef cattle				4,358	9,389,631	6,823,744	9,389,631	6,828,102
Crops								
Unharvested crops	1,662,592	826,336					1,662,592	826,336
Seeds and fodder			168,766	172,941	123,568	17,653	292,334	190,594
Materials and others	4,142,815	3,768,385			119,865	65,430	4,262,680	3,833,815
	5,805,407	4,594,721	168,766	177,299	9,633,064	6,906,827	15,607,237	11,678,847
Holding gain (loss)					(8,077)	375,118	(8,077)	375,118
Gain (loss) on commodities market								
Transfer of inventories to expenses			456,533	180,231			456,533	180,231
Transfer to fixed assets and inventories								
Transfer of unharvested crops to expenses	(3,319,132)	(2,944,376)	(172,129)	(79,120)	(465,920)	(245,558)	(3,957,181)	(3,269,054)
Recovery of inventories					(89,717)	(81,571)	(89,717)	(81,571)
Purchases	10,072,839	7,157,692		68,864	767,032	1,659,354	10,839,871	8,885,910
Operating expenses (Schedule H)	1,860,535	1,113,326	3,947,979	4,216,180	2,094,869	1,271,581	7,903,383	6,601,087

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Less:

<b>Inventories at the end of the period</b>									
Beef cattle			(21,367)	(9,386,961)	(8,258,533)	(9,386,961)		(8,279,900)	
Crops									
Unharvested crops	(6,120,358)	(4,804,143)				(6,120,358)		(4,804,143)	
Seeds and fodder			(2,890)	(146,431)	(143,490)	(97,205)	(146,380)	(243,636)	
Materials and others	(7,238,730)	(4,205,003)			(187,731)	(148,042)	(7,426,461)	(23,080,160)	(4,353,045)
<b>Cost of Production</b>	<b>1,060,561</b>	<b>912,217</b>	<b>4,398,259</b>	<b>4,395,656</b>	<b>2,213,069</b>	<b>1,381,971</b>	<b>7,671,889</b>	<b>6,689,844</b>	

## Cresud Sociedad Anónima,

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Consolidated Foreign currency assets and liabilities

For the three-month periods ended September 30, 2006 and 2005 and the year ended June 30, 2006

(Notes 1, 2, and 3)

Schedule G

Item	September 30, 2006			June 30, 2006			September 30, 2005			
	Type and amount of foreign currency	Current exchange rate Pesos	Amount in local currency Pesos	Type and amount of foreign currency	Amount in local currency Pesos	Type and amount of foreign currency	Amount in local currency Pesos			
<b>Current Assets</b>										
Cash and banks										
Cash and banks in dollars	US\$	65,640	3.064	201,120	US\$	7,835,857	23,868,019	US\$	2,204,267	6,326,247
Cash and banks in brazilian reais	Rs	498	1.343	669	Rs	1,524	1,964			
Investments:										
Mutual funds	US\$	8,634,073	3.064	26,454,800	US\$	18,026	54,906	US\$	9,513,732	27,304,412
Interest of IRSA Convertible Notes 2007 Subsidiaries, related companies Law 19,550 Article 33 and related parties:										
IRSA Inversiones y Representaciones S.A.										
	US\$	370,667	3.104	1,150,549	US\$	125,333	386,779	US\$	1,120,526	3,260,731
Deposits in foreign banks	US\$	59,608	3.064	182,639	US\$	59,192	180,298	US\$	177,883	510,524
Trade accounts receivable:										
Trade accounts receivable	US\$	9,896	3.064	30,322	US\$	14,768	44,982	US\$	256,433	735,963
Other receivables:										
Secured by mortgages	US\$	907,587	3.064	2,780,848	US\$	1,148,224	3,497,490	US\$	2,050,644	5,885,349
Guarantee deposits	US\$	461,262	3.064	1,413,306	US\$	475,302	1,447,771	US\$	731,522	2,099,467
Subsidiaries, related companies Law 19,550 Article 33 and related parties:										
Cactus Argentina S.A.	US\$	3,184	3.104	9,884	US\$	4,140	12,775			
Others	US\$	15,922	3.104	49,421	US\$	20,698	63,875			
<b>Non current assets</b>										
Other receivables										
Secured by mortgages	US\$	1,999,992	3.064	6,127,975	US\$	2,713,488	8,265,284	US\$	2,330,782	6,689,345
Subsidiaries, related companies Law 19,550 Article 33 and related parties:										
Alto Palermo S.A.	US\$	156,034	3.104	484,330	US\$	189,470	584,704			
IRSA Inversiones y Representaciones S.A.										
	US\$	37,894	3.104	117,623	US\$	48,721	150,353			
Others	US\$	22,291	3.104	69,190	US\$	27,067	83,529			
Investments:										
IRSA Convertible Notes 2007 Subsidiaries, related companies Law 19,550 Article										

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33 and related parties:							
IRSA Inversiones y Representaciones S.A.	US\$ 12,000,000	3.104	37,247,999	US\$ 12,000,000	37,031,999	US\$ 36,538,897	106,328,190
<b>Total US\$</b>	<b>US\$ 24,744,050</b>		<b>76,320,006</b>	<b>US\$ 24,680,286</b>	<b>75,672,764</b>	<b>US\$ 54,924,686</b>	<b>159,140,228</b>
Total Rs	Rs	498	669	Rs	1,524	1,964	
<b>Total Assets</b>			<b>76,320,675</b>		<b>75,674,728</b>		<b>159,140,228</b>

US\$: US dollars

Rs: Brazilian Reais

## Cresud Sociedad Anónima,

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Consolidated Information in Compliance with Section 64, subsection B of Law No. 19,550

For the three-month periods ended September 30, 2006 and 2005 and the year ended June 30, 2006

(Notes 1, 2, and 3)

G (Cont.)

Item	September 30, 2006			June 30, 2006		September 30, 2005		
	Type and amount of foreign currency	Current exchange rate Pesos	Amount in local currency Pesos	Type and amount of foreign currency	Amount in local currency Pesos	Type and amount of foreign currency	Amount in local currency Pesos	
<b>Current liabilities</b>								
Trade accounts payable:								
Suppliers	US\$ 2,410,493	3.104	7,482,169	US\$ 3,558,082	10,980,242	US\$ 9,476,932	27,577,871	
Interest to be accrued	US\$	3.104		US\$ (36,573)	(112,863)	US\$ (552,462)	(1,607,665)	
Accrual for other expenses	US\$ 1,534,995	3.104	4,764,624	US\$ 862,487	2,661,634	US\$ 907,443	2,640,659	
Subsidiaries, related companies Law 19,550 Article 33 and related parties:								
IRSA	US\$			US\$		US\$ 1,432	4,168	
APSA	US\$			US\$		US\$ 113,880	331,392	
Loans:								
Local banks	US\$ 4,297,669	3.104	13,339,964	US\$ 4,399,210	13,575,961			
Interest of Convertible Notes 2007	US\$ 317,295	3.104	984,885	US\$ 107,641	332,179	US\$ 490,839	1,428,341	
Subsidiaries, related companies Law 19,550 Article 33 and related parties:								
Shareholders	US\$ 462,356	3.104	1,435,153	US\$ 156,508	482,985	US\$ 734,559	2,137,568	
Directors	US\$ 1,038	3.104	3,222	US\$ 351	1,083	US\$ 1,030	2,998	
Other debts:								
Subsidiaries, related companies Law 19,550 Article 33 and related parties:								
Cactus Feeders			15,520					
<b>Non-current liabilities</b>								
Trade accounts payable:								
Accrual for other expenses	US\$ 222,906	3.104	691,900	US\$ 270,671	835,292	US\$		
Loans:								
Foreign banks	US\$ 7,700,000	3.104	23,900,800	US\$ 6,600,000	20,367,600	US\$		
Convertible Notes 2007	US\$ 10,272,153	3.104	31,884,763	US\$ 10,306,022	31,804,384	US\$ 16,005,607	46,576,316	
Subsidiaries, related companies Law 19,550								

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Article 33 and related parties:

Shareholders	US\$ 14,968,361	3.104	46,461,793	US\$ 14,984,838	46,243,210	US\$ 23,953,025	69,703,303
Directors	US\$ 33,600	3.104	104,294	US\$ 33,600	103,690	US\$ 33,600	97,776
<b>Total Liabilities</b>	<b>US\$ 42,220,866</b>		<b>131,069,087</b>	<b>US\$ 41,242,837</b>	<b>127,275,397</b>	<b>US\$ 51,165,885</b>	<b>148,892,727</b>

US\$: US dollars

## Cresud Sociedad Anónima,

## Comercial, Inmobiliaria, Financiera y Agropecuaria and Subsidiaries

## Consolidated Information in Compliance with Section 64, subsection B of Law No. 19,550

For the three-month periods ended September 30, 2006 and 2005 and the year ended June 30, 2006

(Notes 1, 2, and 3)

## Schedule H

Items	Total		Operating Expenses					Expenses		Total
	September 30, 2006	Total	Crops	Beef cattle	Milk	Feed Lot	Others	Selling	Administrative	September 30, 2005
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
Directors' fees	70,200								70,200	23,000
Fees and payments for services	1,233,895	129,421	10,484	57,422	42,846		18,669		1,104,474	633,483
Salaries and wages	2,294,196	1,393,860	158,350	470,981	224,255		540,274	66,477	833,859	1,947,531
Social security taxes	608,983	159,070	68,068	69,896	12,465		8,641		449,913	337,141
Taxes, rates and contributions	341,467	122,194	56,946	48,029	13,899		3,320	181,112	38,161	213,192
Gross sales taxes	115,108							115,108		26,535
Office and administrative expenses	368,001	88,544		18,163			70,381	385	279,072	170,181
Bank commissions and expenses	58,585	58,585	686	3,231	271		54,397			7,208
Depreciation of fixed assets	1,302,629	1,200,818	598,053	372,215	136,228	69,164	25,158		101,811	945,565
Vehicle and traveling expenses	335,250	161,782	47,467	80,513	7,595		26,207	6,165	167,303	178,098
Spare parts and repairs	329,275	327,325	156,570	132,072	36,619		2,064		1,950	341,453
Insurance	61,858	16,175	4,411	5,188	350		6,226		45,683	68,459
Benefits to Employees	176,744	100,716	19,007	64,831	5,158		11,720		76,028	89,753
Livestock expenses (1)	2,900,119	2,557,329		2,557,329				342,790		3,397,338
Dairy farm expenses (2)	1,614,188	1,605,692			1,605,692			8,496		914,182
Agricultural expenses (3)	1,498,652	619,451	619,451					879,201		2,136,919
Feed lot expenses	131,677	131,677				131,677				114,163
Silo expenses	46,571	46,571	46,571							4,280
Coal expenses										202
FyO expenses	27,786	2,250					2,250	25,536		18,295
General expenses	199,382	178,473	74,471	68,109	9,491		26,402	1,992	18,917	126,442
Total at September 30, 2006	13,714,566	8,899,933	1,860,535	3,947,979	2,094,869	200,841	795,709	1,627,262	3,187,371	

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Total at September 30, 2005	7,188,132	1,113,326	4,216,180	1,271,581	181,399	405,646	2,449,333	2,055,955	11,693,420
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- (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 and Subsidiaries**  
**Balance Sheet as of September 30, 2006 and 2005 and June 30, 2006**

	September 30, 2006	June 30, 2006	September 30, 2005
	(Notes 1 and 2) Pesos	(Notes 1 and 2) Pesos	(Notes 1 and 2) Pesos
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and banks (Note 8.a.)	462,741	24,600,563	8,150,921
Investments (Note 8.b.)	31,922,085	4,899,005	35,216,164
Trade accounts receivable (Note 8.c.)	6,707,887	8,449,745	7,072,600
Other receivables (Note 8.d.)	26,256,195	21,265,678	20,710,289
Inventories (Note 8.e.)	27,304,694	27,227,281	40,564,241
<b>Total Current Assets</b>	<b>92,653,602</b>	<b>86,442,272</b>	<b>111,714,215</b>
<b>Non-Current Assets</b>			
Other receivables (Note 8.d.)	43,537,600	39,575,208	14,096,292
Inventories (Note 8.e.)	57,970,378	59,330,235	50,557,754
Investments on controlled and related companies (Note 8.b.)	495,674,051	489,669,438	305,970,911
Other investments (Note 8.b.)	37,268,716	37,052,716	106,348,907
Fixed assets, net (Schedule A)	211,834,559	208,071,858	200,394,270
Intangible assets, net (Schedule B)	21,910,761	21,910,761	
<b>Subtotal Non-Current Assets</b>	<b>868,196,065</b>	<b>855,610,216</b>	<b>677,368,134</b>
Goodwill (Note 8.b.)	(75,222,927)	(76,825,838)	(29,060,111)
<b>Total Non-Current Assets</b>	<b>792,973,138</b>	<b>778,784,378</b>	<b>648,308,023</b>
<b>Total Assets</b>	<b>885,626,740</b>	<b>865,226,650</b>	<b>760,022,238</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<b>Debts:</b>			
Trade accounts payable (Note 8.f.)	22,559,691	23,927,124	33,845,808
Loans (Note 8.g.)	79,362,776	66,421,573	8,531,307
Salaries and social security payable (Note 8.h.)	1,400,535	1,930,617	889,715
Taxes payable (Note 8.i.)	4,523,112	2,921,376	20,073,652
Other debts (Note 8.j.)	3,371,712	3,284,656	5,239,487
<b>Total Debts</b>	<b>111,217,826</b>	<b>98,485,346</b>	<b>68,579,969</b>
<b>Total Current Liabilities</b>	<b>111,217,826</b>	<b>98,485,346</b>	<b>68,579,969</b>
<b>Non-Current Liabilities</b>			
Trade accounts payable (Note 8.f.)	691,900	835,292	
Loans (Note 8.g.)	102,007,731	98,096,955	115,348,844
Taxes payable (Note 8.i.)	40,168,273	41,874,123	44,512,667

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Other debts (Note 8.j.)			15,071
Provisions (Schedule E)	45,216	69,343	65,871
<b>Total Non-Current Liabilities</b>	142,913,120	140,875,713	159,942,453
<b>Total liabilities</b>	254,130,946	239,361,059	228,522,422
<b>SHAREHOLDERS EQUITY</b>	631,495,794	625,865,591	531,499,816
<b>Total Liabilities and Shareholders Equity</b>	885,626,740	865,226,650	760,022,238

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

Eduardo S. Elsztain  
Chairman

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

**Statement of Income**

For the three-month periods ended September 30, 2006 and 2005

	September 30, 2006	September 30, 2005
	(Notes 1 and 2) Pesos	(Notes 1 and 2) Pesos
<b>Production :</b>		
Crops	597,946	378,351
Beef cattle	3,082,732	5,239,053
Milk	2,062,205	1,974,190
<b>Total production</b>	<b>5,742,883</b>	<b>7,591,594</b>
<b>Cost of production (Schedule F.2)</b>		
Crops	(1,060,561)	(912,217)
Beef cattle	(3,858,566)	(3,955,748)
Milk	(2,213,069)	(1,381,971)
<b>Total cost of production</b>	<b>(7,132,196)</b>	<b>(6,249,936)</b>
<b>Production (loss) profit</b>	<b>(1,389,313)</b>	<b>1,341,658</b>
<b>Sales</b>		
Crops	8,439,086	10,767,467
Beef cattle	8,529,344	8,750,194
Milk	2,062,205	1,974,190
Other	217,814	510,010
<b>Total sales</b>	<b>19,248,449</b>	<b>22,001,861</b>
<b>Cost of sales (Schedule F.1)</b>		
Crops	(7,231,199)	(8,705,895)
Beef cattle	(8,316,307)	(8,527,289)
Milk	(2,062,205)	(1,974,190)
Other	(11,371)	(510)
<b>Total cost of sale</b>	<b>(17,621,082)</b>	<b>(19,207,884)</b>
<b>Sales profit</b>	<b>1,627,367</b>	<b>2,793,977</b>
<b>Gross profit</b>	<b>238,054</b>	<b>4,135,635</b>
Selling expenses (Schedule H)	(1,370,401)	(2,339,030)
Administrative expenses (Schedule H)	(2,942,240)	(1,846,533)
Net gain on sale of farms		9,872,997
Holding gain - Cattle (Schedules F.1 and F.2)	961,244	1,453,284
Holding gain - Crops (Schedule F.2)	722,475	994,786

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<b>Operating income</b>	<b>(2,390,868)</b>	<b>12,271,139</b>
Financial gain (loss):		
Generated by assets:		
Exchange differences and discounts	331,150	2,057,584
Interest income	443,169	191,906
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:		
Interest on Notes (Note 7)	761,515	2,182,411
Tax on banking debits and credits	(294,431)	(445,413)
Others	347,981	1,159,858
	1,589,384	5,146,346
Generated by liabilities:		
Financial expenses:		
Interest on Convertible Notes (Note 7)	(1,602,252)	(2,384,681)
Others	(2,124,517)	(395,666)
Exchange differences and discounts	(687,808)	(868,903)
	(4,414,577)	(3,649,250)
Other income and expenses, net:		
Gains from other fixed assets sales	24,359	(295)
Shareholders Personal asset tax and miscellaneous	(444,952)	(495,000)
	(420,593)	(495,295)
Income from controlled and related companies	6,072,245	4,482,179
Management fee (Note 5)	(214,464)	(1,219,231)
<b>Net Income before income tax</b>	<b>221,127</b>	<b>16,535,888</b>
Income tax expense (Note 6)	1,705,850	(5,562,808)
<b>Net income for the period</b>	<b>1,926,977</b>	<b>10,973,080</b>

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

Eduardo S. Elsztain  
Chairman

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

**Consolidated Fixed Assets**

For the three-month periods ended September 30, 2006 and 2005

(Notes 1, and 2)

Items	Capital	Shareholders contributions			Retained earnings	Unappropriated earnings	Transitory conversion differences	Total at	Total at
	(Note 3) Common stock	Inflation adjustment of Common stock	Paid-in capital	Subtotal				Legal reserve	September 30, 2006
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	
Balances at the beginning of the period	220,604,549	166,218,124	106,916,990	493,739,663	11,532,537	127,243,810	(6,650,419)	625,865,591	523,070,970
Conversion of Notes in common stock (Note 14)	99,144		57,125	156,269				156,269	390,468
Exercise of Warrants (Note 14)	99,144		88,365	187,509				187,509	304,111
Related companies Law 19,550 Section 33: IRSA (Note 14)			(498,331)	(498,331)				(498,331)	(3,238,813)
Transitory conversion differences							3,857,779	3,857,779	
Net income for the period						1,926,977		1,926,977	10,973,080
Balances at September 30, 2006	220,802,837	166,218,124	106,564,149	493,585,110	11,532,537	129,170,787	(2,792,640)	631,495,794	
Balances at September 30, 2005	163,224,951	166,218,124	75,190,590	404,633,665	7,692,591	119,173,560			531,499,816

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

Eduardo S. Elsztain  
Chairman



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

For the three-month periods ended September 30, 2006 and 2005

	September 30, 2006	September 30, 2005
	(Notes 1 and 2)	(Notes 1 and 2)
	Pesos	Pesos
<b>Changes in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period	24,655,469	66,248,838
Cash and cash equivalents at the end of the period	26,917,541	35,455,333
Net increase (decrease) in cash and cash equivalents	2,262,072	(30,793,505)
<b>Causes of changes in cash and cash equivalents</b>		
<b>Operating activities</b>		
Income for the period	1,926,977	10,973,080
Accrued interest during the year	3,698,963	2,491,216
Income tax	(1,705,850)	5,562,808
<b>Adjustments made to reach net cash flow from operating activities</b>		
Income from interest in controlled and related companies	(6,072,245)	(4,482,179)
Increase in allowances, provisions and accruals	5,084,715	3,778,363
Depreciation	1,173,352	819,819
Holding gain - Inventory	(1,683,719)	(1,453,284)
Financial results	(414,468)	(1,927,784)
Gain from sale of fixed assets	(24,359)	(9,872,702)
<b>Changes in operating assets and liabilities</b>		
Decrease (increase) in current investments	109,126	1,205,064
Decrease in trade accounts receivable	1,741,858	2,333,800
Decrease (increase) in other receivables	(6,899,799)	1,113,490
Increase in inventories	2,899,052	2,571,712
Increase (decrease) in social security payable & taxes payable and advances to customers	1,071,654	319,795
Decrease in trade accounts payable	(6,834,131)	(2,885,585)
Dividends collected	60,308	60,308
(Decrease) increase in other debts	2,532,080	(14,135,602)
<b>Cash flows (applied to) provided by operating activities</b>	<b>(3,336,486)</b>	<b>(3,527,681)</b>
<b>Investment activities</b>		
Increase in non-current investments		(9,116)
Increase in related companies loans	(3,580,000)	
Acquisition and upgrading of fixed assets	(4,869,661)	(31,966,324)
Collections of receivables from sale of fixed assets	3,290,752	
Sale of fixed assets	25,078	9,865,196
<b>Cash flows (applied to) provided by investment activities</b>	<b>(5,133,831)</b>	<b>(22,110,244)</b>
<b>Financing activities</b>		
Exercise of Warrants	187,509	304,111
Increase in financial loans	41,746,138	4,962,400
Decrease in financial loans	(28,970,698)	(10,422,091)
Decrease in others liabilities	(2,230,560)	

<b>Cash flows (applied to) provided by financing activities</b>	10,732,389	(5,155,580)
<b><u>Net (decrease) increase in cash and cash equivalents</u></b>	<b>2,262,072</b>	<b>(30,793,505)</b>
<b><u>Items not involving changes in cash and cash equivalents</u></b>		
Transfer of inventory to fixed assets	67,111	150,432
Increase in other receivables by sale of fixed assets		8,222,550
Repayment of financial loans through issue of stock by exercise of conversion right	156,269	390,468
Increase in fixed assets due to an increase in other debts		17,175,158
Decrease in other liabilities through a decrease in fixed assets		2,055,200
<b><u>Complementary information</u></b>		
Interest paid	2,586,597	105,066
Income tax paid	1,718,759	

Eduardo S. Elsztain  
Chairman



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Notes to the Financial Statements**

For the three-month periods ended September 30, 2006 and 2005

and the year ended June 30, 2005

**NOTE 1: ACCOUNTING STANDARDS**

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

a. Presentation standards

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

b. Unifying of accounting standards

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

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

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

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

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

The financial statements for the three-month periods ended September 30, 2006 and 2005 have not been audited. The Company's management estimates that such statements include all adjustments necessary to fairly present the income accounts of each period, which do not necessarily show the proportion of the Company's profits and losses for the entire periods.

c. The effects of inflation

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



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 1:** (Continued)

April 8, 2003 by the National Securities Commission, the Company discontinued the restatement of its financial statements. This criterion does not agree with the terms of Resolution MD 941/2003 of the Professional Council in Economic Sciences of the City of Buenos Aires (CPCECABA), by which the restatement of financial statements was discontinued as from October 1, 2003. As of September 30, 2006, this change has not generated any significant effect on the Company's financial statements.

d. Comparative Information

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

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

a. Use of estimates

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

b. Local currency assets and liabilities

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

c. Foreign currency assets and liabilities

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

d. Temporary investments

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

e. Trade accounts receivable and payable

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.



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

**NOTE 2:** (Continued)

f. Credits and loans

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

g. Derivates financial instruments

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

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

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

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

The comparative information includes transactions with metals.

h. Other receivables and payables

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

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

i. Balances with related parties

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

j. Inventories

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

Include:

Unharvested crops

Calves

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

**NOTE 2:** (Continued)

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

Include:

Dairy cattle

Breeding cows

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

Include:

Steers and heifers

Cattle round-up, mares and sheep

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

Include

Harvested crops

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

Include:

Seeds

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Agrochemicals

Semen Cattle raising and dairy

Food and by-products

Packs and bundles

Poles

Bags and blankets

Silos raw materials

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

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

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



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 2:** (Continued)

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

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

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

6) The remaining inventories were valued at replacement value.

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

k. Long term investments in other companies

Investments in subsidiaries and affiliates

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

Interests in subsidiaries and affiliates at September 30, 2006 are as follows:

<b>Subsidiaries and affiliates</b>	<b>% Equity interest</b>
Inversiones Ganaderas S.A.	99.99
Agropecuaria Cervera S.A.	90.00
Futuros y Opciones.Com S.A.	70.00
Cactus Argentina S.A.	50.00
Agro Uranga S.A.	35.72
IRSA Inversiones y Representaciones Sociedad Anónima	26.58
BrasilAgro Companhia Brasileira de Propiedades Agrícolas (Note12.b)	7.31

The Company presents as complementary information the consolidated financial statements at September 30, 2006 and 2005 with Inversiones Ganaderas S.A., Futuros y Opciones.Com S.A., Agropecuaria Cervera S.A. and Cactus Argentina S.A. in proportional consolidation of 50%.

Goodwill

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

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

**NOTE 2:** (Continued)

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

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

Other Investments

Investments in debt securities

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

Other investments

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

l. 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 fiscal year of addition.

The carrying value

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

m. Intangible assets

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

n. Shareholders equity

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

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

**NOTE 2:** (Continued)

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

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

p. Transitory Conversion Differences

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

q. Results for the period

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

Inventory holding gains are disclosed in one line in the Income Statement and in Schedule F and are calculated as explained in note 2.j.1.

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

The remaining results for the period represent incurred costs.

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

r. Income Tax

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

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

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

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

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

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

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

t. Revenue recognition

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

**NOTE 3: COMMON AND TREASURY STOCK**

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

	Authorized	Subscribed	Paid in
	Pesos	Pesos	Pesos
Common and treasury stock at June 30, 2003	124,098,095	124,098,095	124,098,095
Incentive Plan (Note 12) - Fiscal Year 2004	332,437	332,437	332,437
Conversion of bonds in common stock (Note 13) - Fiscal Year 2004	13,136,577	13,136,577	13,136,577
Exercise of Warrants (Note 13) - Fiscal Year 2004	12,965,710	12,965,710	12,965,710
Incentive Plan (Note 12) - Fiscal Year 2005	240,000	240,000	240,000
Conversion of bonds in common stock (Note 13) - Fiscal Year 2005	5,918,871	5,918,871	5,918,871
Exercise of Warrants (Note 13) - Fiscal Year 2005	6,092,889	6,092,889	6,092,889
Conversion of bonds in common stock (Note 13) - Fiscal Year 2006	29,151,389	29,151,389	29,151,389
Exercise of Warrants (Note 13) - Fiscal Year 2006	28,668,581	28,668,581	28,668,581
Conversion of bonds in common stock (Note 13) - Fiscal Year 2007	99,144	99,144	99,144
Exercise of Warrants (Note 13) - Fiscal Year 2007	99,144	99,144	99,144
Common and treasury stock at June 30, 2006	220,802,837	220,802,837	220,802,837

As of September 30, 2006, the capital authorized to be publicly offered is formed of 220,802,837 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**

At September 30, 2006 the Company had arranged futures and options on the Futures Market as follows:

Cereal	Tons	Margins Ps.	Premium paid or (collected) Ps.	Premium at fair value Ps.	Gain (loss) for valuation at fair value Ps.
<b><u>Futures</u></b>					
<b>Purchase</b>					
Corn	16,486				439,662
Wheat	6,800				(199,813)
<b>Sell</b>					
Corn	15,500	316,358			(225,817)
Soybean	10,000	306,400			120,262
Wheat	7,300	10,724			(8,765)
US\$					66,833(a)
<b><u>Options</u></b>					
<b>Purchase Call</b>					
Corn	20,447		357,109	282,535	(74,574)
Soybean	20,400		377,408	33,302	(344,106)
Wheat	4,080		124,092	101,055	(23,037)
<b>Sell Call</b>					
Corn	20,320		(122,713)	(49,021)	73,692
Soybean	4,380	919	(38,407)	(31,097)	7,310
Wheat	4,080		(75,834)	(101,055)	(25,221)
<b>Purchase Put</b>					
Corn	32,800	(453)	250,206	175,866	(74,340)
Soybean	4,080		32,747	35,599	2,852
Wheat	4,080		94,218	83,256	(10,962)
<b>Sell Put</b>					
Corn	12,700		(143,548)	(76,596)	66,952
Soybean	5,780		(59,564)	(48,621)	10,943
Wheat	4,080		(68,940)	(83,256)	(14,316)
<b>Total</b>	<b>193,313</b>	<b>633,948</b>	<b>726,774</b>	<b>321,967</b>	<b>(212,445)</b>

- (a) Corresponds to a future of 11,531,340 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, and (ii) US\$ 3,017,657 with BankBoston due on 12/11/2006, The gains generated as of September 30, 2006 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)

Crops:

As of September 30, 2006 and 2005 the Company recognized a revenue of Ps. 185,200 (gain) and Ps. 188,514 (gain), respectively, to reflect the closing of the transactions carried out during those periods, These results are disclosed under the cost of sales of crops in a line of Schedule F.1.

At September 30, 2005 the Company had arranged futures and options on the Futures Market as follows:

Cereal	Tons	Margins Ps.	Premium paid or (collected) Ps.	Premium at fair value Ps.	Gain (loss) for valuation at fair value Ps.
<b>Future</b>					
<b>Purchase</b>					
Corn	3,810				(25,806)
Metals-Silver	195,000				381,812
Soybean	2,040				(88,756)
<b>Sell</b>					
Corn	13,600	18,207			8,005
Soybean	26,100	754,290			515,345
Wheat	4,080				(73,597)
<b>Options</b>					
<b>Purchase Cell</b>					
Soybean oil	544		19,074	31,897	12,823
Soybean	12,800		314,432	207,531	(106,901)
Wheat	8,160		93,203	137,559	44,356
<b>Sell Call</b>					
Soybean oil	544		(5,202)	(12,482)	(7,280)
Soybean	17,720	41,431	(197,676)	(183,162)	14,514
Wheat	8,160		(123,548)	(137,559)	(14,011)
<b>Purchase Put</b>					
Corn	1,500	(434)	13,525	16,907	3,382
Soybean	15,700	(486,896)	504,450	666,983	162,533
<b>Sell Put</b>					
Soybean oil	544		(12,138)	(6,587)	5,551
Corn	38,100		(415,438)	(1,026,799)	(611,361)
Soybean	12,020	19,166	(213,051)	(359,035)	(145,984)
<b>Total</b>	<b>360,423</b>	<b>345,764</b>	<b>(22,369)</b>	<b>(664,747)</b>	<b>74,625</b>





**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 September 30, 2006 and 2005 include a charge in the Statement of Income of Ps. 214,464 and Ps.1,219,231 and a provision of Ps. 3,288,413 and Ps. 3,581,923 respectively.

**NOTE 6: INCOME TAX DEFERRED TAX**

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

Deferred assets as of September 30, 2006:

	<b>Cumulative tax loss carryforwards</b>	<b>Other</b>	<b>TOTAL</b>
Initial Balance	1,893,068	145,436	2,038,504
Gain (Loss) Recognized	1,782,719(1)	(107,629)	1,675,090
Closing Balance	3,675,787	37,807	3,713,594

- (1) The gain recognized is conformed by Ps. 1,794,918 for the current year and an adjustment of the previous year for differences between provision and tax return for (Ps. 12,199).

Deferred liabilities as of September 30, 2006:

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	<b>Fixed Assets</b>	<b>Inventories</b>	<b>Accruals</b>	<b>TOTAL</b>
Initial Balance	(27,120,281)	(16,237,592)	(554,754)	(43,912,627)
Gain (Loss) Recognized	56,897	(109,855)	83,718	30,760
Closing Balance	(27,063,384)	(16,347,447)	(471,036)	(43,881,867)

As of September 30, 2006, net liabilities at period-end as per the information included in the preceding tables amount to Ps. 40,168,273.

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

**NOTE 6:** (Continued)

As mentioned in Note 1.b the Company has decided not to recognize the deferred liabilities generated by the inflation adjustment on fixed assets and other non-monetary assets, which as of closing of the current period is \$ 16,355,089. It is estimated that this liability will end up according to the detail that follows:

Term	TOTAL
1 year	281,623
2 years	231,524
3 years	124,984
over 3 years	2,748,665
no term	12,968,293
<b>Total</b>	<b>16,355,089</b>

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

Description	September 30, 2006	September 30, 2005
Net Income before income tax	221,127	16,535,888
Tax rate	35%	35%
Net income at tax rates:	77,394	5,787,561
Permanent differences at tax rate:		
Restatement into constant currency	236,534	1,246,799
Donations	1,118	810
Loss from controlled and related companies	(2,125,286)	(1,568,763)
Personal asset tax	155,733	173,250
Miscellaneous permanent differences	(51,343)	(76,849)
Income tax	(1,705,850)	5,562,808

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. 3,675,787 and may be offset against taxable income of future periods, as follows:

Origination year	Amount	Expiration Year
2003	1,718,015	2008
2005	162,854	2010
2007	1,794,918	2012

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

**NOTE 6:** (Continued)

Deferred assets as of September 30, 2005:

	<b>Cumulative tax loss carryforwards</b>	<b>Others</b>	<b>TOTAL</b>
Initial Balance	2,367,216	494,355	2,861,571
Gain (Loss) Recognized	816,234	(345,891)	470,343
Closing Balance	3,183,450	148,464	3,331,914

Deferred liabilities as of September 30, 2005:

	<b>Fixed Assets</b>	<b>Inventories</b>	<b>Investments</b>	<b>Accruals</b>	<b>Others</b>	<b>TOTAL</b>
Initial Balance	(22,615,009)	(14,240,940)	(2,730,064)	(1,271,064)	9,282	(40,847,795)
Gain (Loss) Recognized	(4,687,925)	14,943	(582)	(1,360,751)		(6,034,315)
Closing Balance	(27,302,934)	(14,225,997)	(2,730,646)	(2,631,815)	9,282	(46,882,110)

**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 at September 30, 2006 and 2005 and June 30, 2006 with Subsidiaries, related companies and related parties:

	September 30, 2006	June 30, 2006	September 30, 2005
<b><u>IRSA Inversiones y Representaciones S.A.(3)</u></b>			
Current Investments			
-Interest of Convertible Bonds 2007-IRSA (US\$)	1,150,549	386,779	3,260,731
Non-Current Investments			
-Convertible Bonds 2007-IRSA (US\$)	37,247,999	37,031,999	106,328,190
Current other receivables	3,608		
Non-Current other receivables	117,623	150,353	
Current Trade accounts payable		34,127	57,164
<b><u>Inversiones Ganaderas S.A.(1)</u></b>			
Current Trade accounts receivable	128,401	38,990	53,432
Non-Current other receivables	1,324,568	1,290,553	
Current Trade accounts payable			
Current Other debts			1,633,872
Non-Current Other debts			15,071
<b><u>Futuros y opciones.Com S.A.(1)</u></b>			
Current Trade accounts receivable	309,852	1,141,179	68,828
Current Other receivables	23,603	23,603	23,603
Current Other debts			
<b><u>Cactus Argentina S.A.(3)</u></b>			
Current Trade accounts receivable			244,722
Current Other receivables	386,537	383,303	340,235
Non-Current other receivables	13,838	16,706	
Current Trade accounts payable	538,189	962,706	
<b><u>Agro-Uranga S.A.(3)</u></b>			
Current Other receivables	1,803,854	39,993	
Current Trade accounts payable			20,315
<b><u>Fundación IRSA (4)</u></b>			
Current Trade accounts payable	2,200,000	2,200,000	1,900,000
<b><u>Inversora Bolívar (4)</u></b>			
Current Trade accounts payable	12,960	42,092	7,314
<b><u>Alto Palermo S.A.(4)</u></b>			
Non-Current other receivables	484,330	584,704	
Current Trade accounts payable	523,174	35,620	627,158
<b><u>Alto City.Com S.A.(4)</u></b>			
Current Trade accounts payable	298	298	

(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 at September 30, 2006 and 2005 and June 30, 2006 with Subsidiaries, related companies and related parties (Continued):

	September 30, 2006	June 30, 2006	September 30, 2005
<b><u>Brasil Agro-Compahía Brasileira de Propiedades Agricolas(4)</u></b>			
Current other receivables	593,313	559,088	
<b><u>Agropecuaria Cervera S.A.(4)</u></b>			
Current other receivables	26,514	5,512	
Non-Current other receivables	6,194,427	2,501,462	
<b><u>Consultores Asset Management S.A.(4)</u></b>			
Management Fees	3,288,413	3,073,949	3,581,923
<b><u>Credits to employees (4)</u></b>			
Current credits to Senior management, directors and staff of the company	80,912	83,385	35,226
<b><u>Estudio Zang, Bergel &amp; Viñes (4)</u></b>			
Current Trade accounts payable	23,000	45,262	57,082
<b><u>Directors (4)</u></b>			
Current other receivables	6,066		
<b>Current Loans</b>			
Convertible Bonds 2007 Interest payable (Schedule G) Directors	3,222	1,083	2,998
<b>Non-Current Loans</b>			
Convertible Bonds 2007 (Schedule G) Directors	104,294	103,690	97,776
Other current debts	63,000	46,800	3,393
<b><u>Shareholders (2)</u></b>			
<b>Current Loans</b>			
Convertible Bonds 2007 Interest payable (Schedule G) Shareholders	1,435,153	482,985	2,137,568
<b>Non-Current Loans</b>			
Convertible Bonds 2007 (Schedule G) Shareholders	46,461,793	46,243,210	69,703,303

(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 at September 30, 2006 and 2005,

	Year	Sales and Fees for shared services	Interest paid	Salaries	Fees	Livestock expenses	Interest income	Administrative services	Others
<b>Subsidiaries, related companies Law No, 19,550 Section 33 and related parties:</b>									
Shareholders	2006								
	2005		(1,389,339)						
Agro-Uranga S.A.	2006								
	2005								106,780
Alto Palermo S.A.	2006	(669,178)							
	2005	(11,166)							
Consultores Asset Management	2006				(214,464)				
	2005				(8,533,213)				
Cactus Argentina S.A.	2006					(1,077,503)	(7,315)	29,280	2,220
	2005					(898,660)	(13,571)	84,320	4,440
Directors	2006			(88,375)					
	2005		(2,004)	(1,675,051)	(23,000)				
Estudio Zang, Bergel & Viñes	2006				(61,639)				
	2005				(69,557)				
Fundación IRSA	2006								600,000
	2005								
Futuros y opciones.Com S.A.	2006							41,101	
	2005							41,100	(18,901)
Inversiones Ganaderas S.A.	2006						34,015	6,634	(405,260)
	2005		(28,410)					23,077	(10,098)
Agropecuaria Cervera S.A.	2006						112,964		
	2005								
Inversora Bolívar S.A.	2006								(35,795)
	2005								(25,798)
IRSA Inversiones y Representaciones S.A.	2006	(2,174)					761,515		
	2005	(3,312)					2,182,411		
Credits to employees	2006						1,711		
	2005						763		
Senior Management	2006			(145,713)					
	2005			(194,150)					
Total 2006		(671,351)		(234,088)	(276,103)	(1,077,503)	902,890	77,015	161,165
Total 2005		(14,478)	(1,419,753)	(1,869,201)	(8,625,770)	(898,660)	2,169,603	148,497	56,423



**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**

	<b>September 30, 2006</b>	<b>June 30, 2006</b>	<b>September 30, 2005</b>
	<b>Pesos</b>	<b>Pesos</b>	<b>Pesos</b>
Cash	30,508	39,334	28,748
Foreign currency (Schedule G)	79,634	91,649	74,324
Patacones currency			39
Local currency checking account	248,383	482,584	587,596
Patacones currency checking account			22
Foreign currency checking account (Schedule G)	44,786	23,728,848	232,234
Local currency saving account	21,627	106,504	16,174
Foreign currency saving account (Schedule G)	33,880	6,367	5,983,908
Checks to be deposited	3,923	145,277	1,227,876
	462,741	24,600,563	8,150,921

**b. Investments and Goodwill**

	<b>September 30, 2006</b>	<b>June 30, 2006</b>	<b>September 30, 2005</b>
	<b>Pesos</b>	<b>Pesos</b>	<b>Pesos</b>
<b>Investment</b>			
Investment (Schedule C and G)	31,922,085	4,889,005	35,216,164
	31,922,085	4,889,005	35,216,164
<b>Investment</b>			
Investment on controlled and related companies (Notes 17 and 19 and Schedule C)	495,674,051	489,669,438	305,970,911
	495,674,051	489,669,438	305,970,911
<b>Other investments</b>			
Other investments (Schedules C and G)	37,268,716	37,052,716	106,348,907
	37,268,716	37,052,716	106,348,907

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**Goodwill**

Goodwill (Schedule C)	(75,222,927)	(76,825,838)	(29,060,111)
	(75,222,927)	(76,825,838)	(29,060,111)

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

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

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Accounts receivable in local currency	6,642,090	7,641,236	6,381,915
Less:			
Allowance for doubtful accounts (Schedule E)	(372,359)	(374,830)	(356,214)
Accounts receivable in foreign currency (Schedule G)		3,170	679,917
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversiones Ganaderas S.A.	128,304	38,990	53,432
Futuros y Opciones.Com S.A.	309,852	1,141,179	68,828
Cactus Argentina S.A.			244,722
	6,707,887	8,449,745	7,072,600

**d. Other receivables**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Prepaid leases	10,878,393	8,836,242	8,171,554
Income tax credit and advances (net of accrual) (1)	6,180,167	3,880,156	2,336
Guarantee deposits and premiums (Schedule G)	1,400,153	1,434,978	2,094,573
Secured by mortgage (Schedule G)	2,780,848	3,497,490	5,885,349
Prepaid expenses	126,450	298,282	492,488
Tax prepayments (net of accruals)	1,725,497	2,023,789	3,104,805
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Cactus Argentina S.A.	386,537	383,303	340,235
Futuros y Opciones.Com S.A.	23,603	23,603	23,603
Agropecuaria Cervera S.A.	26,514	5,512	
IRSA Inversiones y Representaciones S.A.	3,608		
Agro-Uranga S.A.	1,803,854	39,993	
BrasilAgro Companhia Brasileira de Propiedades Agrícolas	593,313	559,088	
Credits to employees	80,912	83,385	35,226
Shareholders	6,066		
Others (Schedule G)	240,280	199,857	560,120

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	26,256,195	21,265,678	20,710,289
<b>Non-current</b>			
Secured by mortgage (Schedule G)	6,127,975	8,265,284	6,689,345
Income tax prepayments, VAT and others	25,738,067	24,351,881	6,368,561
Tax on Minimum Presumed Income	3,349,087	2,316,812	962,471
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversiones Ganaderas S.A.	1,324,568	1,290,553	
Cactus Argentina S.A.	13,838	16,706	
Agropecuaria Cervera S.A	6,194,427	2,501,462	
Alto Palermo S.A. (Schedule G)	484,330	584,704	
IRSA Inversiones y representaciones S.A (Schedule G)	117,623	150,353	
Prepaid leases	118,495	13,924	75,915
Others (Schedule G)	69,190	83,529	
	43,537,600	39,575,208	14,096,292

(1) Accrual for income tax amounts to Ps 1,672,824, Comparative figures are presented in Taxes Payable

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

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

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Livestock	8,641,758	9,505,196	12,815,143
Crops	3,974,071	10,550,495	17,146,003
Unharvested crops	6,120,358	1,662,592	4,804,143
Seeds and fodder	703,224	770,647	317,075
Materials and others	7,527,922	4,389,704	4,553,812
Advances to suppliers	337,361	348,647	928,065
	27,304,694	27,227,281	40,564,241
<b>Non-Current</b>			
Livestock	57,970,378	59,330,235	50,557,754
	57,970,378	59,330,235	50,557,754

**f. Trade accounts payable**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Suppliers in local currency	4,637,711	4,767,504	2,279,225
Suppliers in foreign currency (Schedule G Note 11) (1)	7,430,641	10,913,582	27,544,299
Interest to be accrued (2)		(112,863)	(1,607,665)
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversora Bolívar S.A.	12,960	42,092	7,314
Alto Palermo S.A.	523,174	35,620	627,158
Alto City.Com S.A.	298	298	
IRSA Inversiones y Representaciones S.A.		34,127	57,164
Cactus Argentina S.A.	538,189	962,706	
Estudio Zang, Bergel & Viñes	23,000	45,262	57,082
Fundación IRSA	2,200,000	2,200,000	1,900,000
Agro-Uranga S.A.			20,315
Accrual for other expenses (Schedule G)	7,193,718	4,993,069	2,960,916

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Accrual for cereal expenses		45,727	
	22,559,691	23,927,124	33,845,808
<b>Non-Current</b>			
Accrual for other expenses (Schedule G)	691,900	835,292	
	691,900	835,292	

- 
- (1) Includes as of September 30, 2006 US\$ 1,449,726 for the acquisition of farm San Pedro corresponding to suppliers in foreign currency secured by mortgage.
- (2) Corresponds to the liability mentioned in (1).

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

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

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Local financial loans (Note 17)	76,939,516	65,605,326	4,962,400
Convertible Bonds 2007 Interest payable (Schedule G)	984,885	332,179	1,428,341
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders	1,435,153	482,985	2,137,568
Directors	3,222	1,083	2,998
	79,362,776	66,421,573	8,531,307
<b>Non-Current</b>			
Foreign Financial Loans (Notes 17 and 19 and Schedule G)	23,900,800	20,367,600	
Convertible Bonds 2007 (Schedule G)	31,884,763	31,804,384	46,576,316
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Shareholders	46,461,793	46,243,210	69,703,303
Directors	104,294	103,690	97,776
Convertible Bonds 2007 expenses	(343,919)	(421,929)	(1,028,551)
	102,007,731	98,096,955	115,348,844

**h. Salaries and social security payable**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Accrual for Vacation and statutory annual bonus	705,263	1,653,322	531,486
Social security taxes payable	532,478	210,397	206,125
Salaries payable	139,406	36,479	143,183
Health care payable	15,263	20,371	4,133
Others	8,125	10,048	4,788
	1,400,535	1,930,617	889,715





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

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

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Accrual for income tax		15,346	24,772,007
Advances to Income tax			(5,773,267)
Tax on Minimum Presumed Income (Note 2.s.)	3,349,087	2,316,812	
Property tax payable	268,475	228,778	125,332
Taxes withheld for income tax	346,198	109,980	412,567
Gross sale tax payable	17,957	18,218	
Taxes withheld-Value Added Tax	95,855	231,654	15,102
Others (1)	445,540	588	521,911
	4,523,112	2,921,376	20,073,652
<b>Non-Current</b>			
Deferred tax	40,168,273	41,874,123	43,550,196
Tax on Minimum Presumed Income (Note 2.s.)			962,471
	40,168,273	41,874,123	44,512,667

(1) Includes shareholders personal assets tax.

**j. Other debts**

	September 30, 2006	June 30, 2006	September 30, 2005
	Pesos	Pesos	Pesos
<b>Current</b>			
Management fees accrual (Note 5)	3,288,413	3,073,949	3,581,923
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:			
Inversiones Ganaderas S.A.			1,633,872
Directors	63,000	46,800	3,393
Others	20,299	163,907	20,299
	3,371,712	3,284,656	5,239,487

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**Non-current**

Subsidiaries, related companies Law No. 19,550 Section 33 and  
related parties:

Inversiones Ganaderas S.A. 15,071

15,071

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

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

Based on their estimated collection term	Current and non-current investment			Trade accounts receivable			Other receivables and prepaid expenses		
	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005
4th quarter 2005/2004 financial period									
1st quarter 2006/2005 financial period									
2nd quarter 2006/2005 financial period			3,260,731			7,072,600			6,245,002
3rd quarter 2006/2005 financial period									4,553,249
4th quarter 2006/2005 financial period									
1st quarter 2007/2006 financial period					8,449,745			6,018,833	1,672,336
2nd quarter 2007/2006 financial period	1,150,549	386,779		6,707,887			8,671,470	335,871	
3rd quarter 2007/2006 financial period							800,745	4,643,977	
4th quarter 2007/2006 financial period							336,917	335,871	
1st quarter 2008/2007 financial period							2,653,937	2,173,309	1,672,336
2nd quarter 2008/2007 financial period	37,247,999	37,031,999	106,328,190						
3rd quarter 2008/2007 financial period							430,479	427,951	
4th quarter 2008/2007 financial period									
1st quarter 2009/2008 financial period							2,186,151	2,173,309	1,672,336
2nd quarter 2009/2008 financial period									
1st quarter 2010/2009 financial period							1,755,672	1,745,358	1,672,336
1st quarter 2011/2010 financial period							1,755,673	1,745,357	1,672,336
Overdue									
With no stated current term	30,771,536	4,512,226	31,955,433				13,793,126	9,931,126	8,239,702
With no stated non-current term	20,717	20,717	20,717				37,409,625	31,309,924	7,406,948
<b>Total</b>	<b>69,190,801</b>	<b>41,951,721</b>	<b>141,565,071</b>	<b>6,707,887</b>	<b>8,449,745</b>	<b>7,072,600</b>	<b>69,793,795</b>	<b>60,840,866</b>	<b>34,806,581</b>

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

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Interest rate that they accrue	Current and non-current investment			Trade accounts receivable			Other receivables and prepaid expenses		
	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005
At fixed interest rate	37,247,999	37,031,999	106,328,190				9,121,259	11,237,071	12,455,666
At variable interest rate	30,771,536	4,512,226	31,955,433				7,281,402	4,270,361	2,413,070
Non-interest bearing	1,171,266	407,496	3,281,448	6,707,887	8,449,745	7,072,600	53,391,134	45,333,454	19,937,845
Total	69,190,801	41,951,721	141,565,071	6,707,887	8,449,745	7,072,600	69,793,795	60,840,886	34,806,581

## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Notes to the Financial Statements (Continued)

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

Base don their estimated payment term	Trade accounts payable		Loans		Salaries and social security payable				
	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005
4th quarter 2005/2004									
1st quarter 2006/2005									
2nd quarter 2006/2005			14,924,308			8,531,307			649,236
3th quarter 2006/2005									
4th quarter 2006/2005									240,479
1st quarter 2007/2006		23,927,124	18,921,500		13,935,806			1,699,565	
2nd quarter 2007/2006	22,559,691			351,217	816,247		1,169,491	231,052	
3th quarter 2007/2006				15,763,224					
4th quarter 2007/2006									
1st quarter 2007/2008							231,044		
2 <sup>nd</sup> quarter 2007/2008				78,106,931	77,729,355	115,348,844			
2nd quarter 2008/2007				23,900,800	20,367,600				
Overdue									
With no stated current term				63,248,335	51,669,520				
With no stated non-current term	691,900	835,292							
Total	23,251,591	24,762,416	33,845,808	181,370,507	164,518,528	123,880,151	1,400,535	1,930,617	889,715

Base don their estimated payment term	Taxes payable		Other debts		Provisions				
	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005

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4th quarter 2005/2004									
1st quarter 2006/2005									
2nd quarter 2006/2005			20,073,652				5,239,487		
3rd quarter 2006/2005									
4th quarter 2006/2005									
1st quarter 2007/2006			589,218				112,870		
2nd quarter 2007/2006	4,523,112	2,332,158	962,471	16,942	97,837		15,071		
3rd quarter 2007/2006							66,357		
4th quarter 2007/2006				3,288,413	3,073,949				
1st quarter 2007/2008									
2 <sup>nd</sup> quarter 2007/2008									
2nd quarter 2008/2007									
Overdue									
With no stated current term									
With no stated non-current term	40,168,273	41,874,123	43,550,196				45,216	69,343	65,871
Total	44,691,385	44,795,499	64,586,319	3,371,712	3,284,656	5,254,558	45,216	69,343	65,871

Liabilities classified according to their interest rate:

Interest in rate that they accrue	Trade accounts payable		Loans June 30,		Salaries and social security payable				
	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005
At fixed interest rate	4,499,950	6,720,357	18,915,000	179,291,166	164,124,210	121,339,795			
At variable interest rate									
Non-interest bearing	18,751,641	18,042,059	14,930,808	2,079,341	394,318	2,540,356	1,400,535	1,930,617	889,715
Total	23,251,591	24,762,416	33,845,808	181,370,507	164,518,528	123,880,151	1,400,535	1,930,617	889,715

Interest in rate that they accrue	Taxes payable		Other debts		Provisions				
	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005	September 30, 2006	June 30, 2006	September 30, 2005
At fixed interest rate						1,558,734			
At variable interest rate									
Non-interest bearing	44,691,385	44,795,499	64,586,319	3,371,712	3,284,656	3,695,824	45,216	69,343	65,871
Total	44,691,385	44,795,499	64,586,319	3,371,712	3,284,656	5,254,558	45,216	69,343	65,871



**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 No.368/2001 of the C.N.V., 5% of the net and realized profit for the year plus (less) prior year adjustments must be appropriated by resolution of shareholders to a legal reserve until such reserve equals 20% of the Company's outstanding capital,

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

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

**NOTE 12: INVESTMENTS IN COMPANIES**

- a) Agropecuaria Cervera S.A.

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

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

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



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

**NOTE 12:** (Continued)

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

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

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

b) **BrasilAgro** Companhia de Propiedades Agrícolas (BrasilAgro)

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

The BrasilAgro founder partners are Cresud S.A.C.I.F. y A., Cape Town, Tarpon Inversiones, 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 Inversiones. 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.

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

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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.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 12:** (Continued)

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

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

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

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

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

As of September 30, 2006, the Company has not registered any value for the holding of such options.

In order to finance the investment in Brazil, on May 2, 2006, Cresud S.A.C.I.F. y A. obtained a US\$ 8 million loan from Credit Suisse, for a 30 months term accruing interest at the three months LIBOR rate plus 375 basic points. This loan had been initially secured by means of a swap operation with Convertible Negotiable Obligations of IRSA in a total amount of US\$ 10 million, which were later replaced by 1,834,860 ADRs of IRSA plus an amount in US dollars that fluctuates according to IRSA's share price. As of September 30, 2006, the amount of US\$ 0.3 million had been deposit to such purpose. In addition, to complete its investment, Cresud used short-term loans and own funds (Note 19)

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

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 12:** (Continued)

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

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

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

**NOTE 13: STOCK OPTION PLAN**

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

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

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

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

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

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

**NOTE 13:** (Continued)

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

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

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

**NOTE 14: ISSUANCE OF CONVERTIBLE BONDS**

The Shareholders meeting held on March 8, 2002 approved:

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

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

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

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

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

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

**NOTE 14:** (Continued)

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

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

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

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

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

During the current fiscal year 50,346 Convertible Bonds were converted into 99,144 ordinary shares, which resulted in a Ps. 156,269 increase in the Company's net shareholders' equity. During the same period 50,346 warrants were exercised, resulting in the issuance of 99,144 ordinary shares for Ps. 187,509.

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

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

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

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

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



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 15:** (Continued)

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

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

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

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

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

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

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

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

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

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

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

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

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

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

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

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

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

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

National Government Compensation Bond coverage - US\$ 2012 (section 29 point e). Coverage bond difference between assets and liabilities in US dollars net of the compensating bond: US\$ 832,827.

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

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

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

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

**NOTE 16:** (Continued)

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

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

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

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

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

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

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

**NOTE 17: FINANCIAL LOANS**

In line with the outstanding investment opportunities that became definite during the last year, such as our participation in BrasilAgro, and the acquisition of land and the develop investments in Norwest zone during the current year. The company contracted debt in higher levels than those incurred in previous years. As of September 30, 2006 our debt, without considering our convertible negotiable obligations, amounts to Ps. 100.8 million.

On analyzing the breakdown of such debt, we note the Credit Suisse loan to finance our investment in BrasilAgro for Ps. 23.9 million (Note 12) and Ps. 13.3 million to finance our crop production, the remaining balance, Ps. 63.6 million, are

concentrated in the short-term.

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

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

**NOTE 17:** (Continued)

The chart that follows discloses our Company debt as of September 30, 2006:

<b>Bank</b>	<b>Currency</b>	<b>Total (Millions)</b>	<b>Term</b>
Short-term	Ps.	63.6	Up to 270 days
Crop production financing	Ps.	13.3	Up to 182 days
Long-term	Ps.	23.9	2.5 years

**NOTE 18: IGSA S TAX DEFERRAL**

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

The project is oriented towards the livestock business, and requires a total minimum investment of Ps. 1,600,002 to be made over a three year term. The investor is given the choice of deferring the payment of the amounts payable as income tax and value added tax. The amount of the deferred tax will be equal to 75% the direct capital contribution, i.e Ps. 1,200,000. Deferred amounts do not accrue interest and are repayable in five consecutive annual payments as from the sixth fiscal year following the start-up date of the project that enjoys the benefit.

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

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

**NOTE 19: RESTRICTED ASSETS**

As of June 30, 2006, the amount of 1,834,860 ADR's of IRSA Inversiones y Representaciones S.A. are included in Non-Current Investments and Non-Current Loans, as well as bank deposits in floating guarantee for US\$ 300,000 respectively, 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.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**NOTE 20: SUBSEQUENT EVENTS**

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

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

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

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

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

**Fixed Assets**

For the three-month periods ended September 30, 2006 and 2005 and year ended June 30, 2006

(Notes 1 and 2)

**Schedule A**

Principal Account	Value at the beginning of the period/year Pesos	Additions and/or transfers Pesos	Deductions and/or transfers Pesos	Value at the end of the period/year Pesos	Rate %	Depreciation			Net carrying	Net carrying	Net carrying
						Accumulated at the beginning of the period/year Pesos	Decrease of the Period/year Pesos	Current period Pesos	Accumulated at the end of the period/year Pesos	Value at September 30 2006	Value at June 30, 2006
									Pesos	Pesos	Pesos
Real estate	151,024,186			151,024,186					151,024,186	151,024,186	164,665,000
Electric fences	3,687,149			3,687,149	3	748,749	37,202	785,951	2,901,198	2,938,400	2,897,000
Watering troughs	3,353,328			3,353,328	5	997,004	41,323	1,038,327	2,315,001	2,356,324	1,849,000
Alfalfa fields and pastures	2,814,822			2,814,822	12-25-50	1,071,596	138,384	1,209,980	1,604,842	1,743,226	985,000
Buildings and structures	29,376,727	124,011		29,500,738	2	2,545,563	149,997	2,695,560	26,805,178	26,831,164	3,687,000
Machinery	10,402,597	448,699		10,851,296	10	6,903,504	230,668	7,134,172	3,717,124	3,499,093	3,357,000
Trucks	2,179,159	46,620	97,728	2,128,051	20	1,130,562	97,728	96,021	1,128,855	999,196	627,000
Tractors	196,306	589		196,895	10	150,643	2,747	153,390	43,505	45,663	50,000
Furniture and equipment	1,128,401	15,997	2,632	1,141,766	10	788,828	1,913	26,462	813,377	328,389	366,000
Trucks and leading	820,223	38,998		859,221	3	131,905	7,756	139,661	719,560	688,318	510,000
Trucks	2,073,669	1,500		2,075,169	10	806,116	80,363	886,479	1,188,690	1,267,553	310,000
Utilities	12,476,589	23,056		12,499,645	10-20-33	5,731,047	293,050	6,024,097	6,475,548	6,745,542	6,617,000
Computer equipment	1,159,824	220,944		1,380,768	20	810,047	54,457	864,504	516,264	349,777	302,000
Plants	1,096,519			1,096,519	5	406,464	14,922	421,386	675,133	690,055	734,000
Structures in process	8,299,815	3,976,403	37,282	12,238,936					12,238,936	8,299,815	13,167,000
Advances to suppliers	204,572	77,237		281,809					281,809	204,572	261,000
<b>Total at September 30, 2006</b>	<b>230,293,886</b>	<b>4,974,054</b>	<b>137,642</b>	<b>235,130,298</b>		<b>22,222,028</b>	<b>99,641</b>	<b>1,173,352</b>	<b>23,295,739</b>	<b>211,834,559</b>	
<b>Total at June 30, 2006</b>	<b>177,353,527</b>	<b>75,633,293</b>	<b>22,692,934</b>	<b>230,293,886</b>		<b>19,271,508</b>	<b>1,608,274</b>	<b>4,558,794</b>	<b>22,222,028</b>	<b>208,071,858</b>	
<b>Total at September 30, 2005</b>	<b>177,353,527</b>	<b>49,291,914</b>	<b>6,740,856</b>	<b>219,904,585</b>		<b>19,271,508</b>	<b>581,012</b>	<b>819,819</b>	<b>19,510,315</b>		<b>200,394,000</b>





**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Intangible Assets**

For the three-month periods ended September 30, 2006 and 2005 and year ended June 30, 2006

(Notes 1, 2 and 3)

**Schedule B**

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

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

**Investments**

For the three-month periods ended September 30, 2006 and 2005 and year ended June 30, 2006

(Notes 1 and 2)

Schedule C

Securities	Amount	Value at		Value at		Principal activity	INFORMATION ON THE ISSUER		
		September 30, 2006	June 30, 2006	September 30, 2005	Market value		Capital	Latest financial statements Income (loss) for the fiscal period	Shareholders' Equity
		Pesos	Pesos	Pesos	Pesos		Pesos	Pesos	Pesos
<b>Current Investments</b>									
Mutual Funds									
Bony Hamilton Fund	8,634,073	26,454,800	54,906	27,304,412	3.064000				
		26,454,800	54,906	27,304,412					
Notes and Convertible Bonds									
Interest of Convertible Bonds 2007 -IRSA (US\$)									
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:									
IRSA Inversiones y Representaciones S.A.		1,150,549	386,779	3,260,731					
Bonos Global 2010	110,000	101,061	92,510	105,232	0.918740				
Bocon Pro 1	157,647	630	630	630	0.004000				
Nobacs	3,000,000	3,011,392	3,030,000	2,985,000	1.003797				
Raymond James									
Interest of Bonds	11,046			11,046	1.000000				
Mortgage Bonds	1,247,309	1,203,653	1,334,180	1,549,113	0.965000				
		5,467,285	4,844,099	7,911,752					
Total current investments		31,922,085	4,899,005	35,216,164					
<b>Non-current investments</b>									
Subsidiaries, related companies Law No. 19,550 Section 33 and related parties:									
AGRO-URANGA S.A.						Agricultural			
Shares	893,069	3,698,904	5,465,153	5,336,798		Unlisted livestock	2,500,000	162,141	10,376,462

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Contribution on account of future subscriptions of shares	7,865	7,865	7,865						
Higher value of property	11,179,150	11,179,150	11,179,150						
	14,885,919	16,652,168	16,523,813						

INVERSIONES GANADERAS S.A.									
Shares	11,668,569	10,243,892	10,669,399	10,925,951	Unlisted	Rising and grazing cattle	11,668,570	(425,508)	10,243,914
Contribution on account of future subscriptions of shares				729,586					
	10,243,892	10,669,399	11,655,537						

CACTUS ARGENTINA S.A.									
Shares	4,337,175	4,462,408	4,431,650	4,434,429	Unlisted	Exploitation and administration of	8,674,350	61,515	8,924,815
Contribution on account of future subscriptions of shares						Agriculture and beef cattle products			
	4,462,408	4,431,650	4,434,429						

FUTUROS Y OPCIONES.COM S.A.									
Shares	252,656	679,230	886,312	573,538	Unlisted	Gives information about markets and	360,937	(295,832)	1,570,328
Contribution on account of future subscriptions of shares		420,000	420,000			And services of economics and			
		1,099,230	1,306,312	573,538		Financial consulting through Internet			

AGROPECUARIA CERVERA S.A.									
Shares	36,000	3,628,285	3,725,535		Unlisted	Agricultural and forestal	40,000	(108,056)	5,326,177
Contribution on account of future subscriptions of shares		1,165,273	1,165,273						
		4,793,558	4,890,808						

IRSA Inversiones y Representaciones S.A.									
Shares (Note 14)	116,305,767	400,149,089	396,839,494	272,783,594	3,96	Real Estate	437,554,373	15,618,871	1,505,402,422
		400,149,089	396,839,494	272,783,594					

BrasilAgro Companhia Brasileira de Propiedades Agrícolas									
Shares	42,705	60,039,955	54,879,607		1000	Agricultural and Real Estate	875,381,000	17,819,000	821,340,000
		60,039,955	54,879,607						

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Sub-Total	495,674,051	489,669,438	305,970,911
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**Other Investments**

Convertible Bonds

2007 IRSA (US\$)

Subsidiaries, related

companies Law

No. 19,550 Section 33

and related parties:

IRSA Inversiones y

Representaciones S.A.	12,000,000	37,247,999	37,031,999	106,328,190
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Coprolán		20,717	20,717	20,717	Unlisted
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Subtotal	37,268,716	37,052,716	106,348,907
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**Goodwill**

IRSA negative

goodwill	(75,222,927)	(76,825,838)	(29,060,111)
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Subtotal	(75,222,927)	(76,825,838)	(29,060,111)
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Total non-current

investments	457,719,840	449,896,316	383,259,707
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**Cresud Sociedad Anónima, Comercial,  
Inmobiliaria, Financiera y Agropecuaria**

**Allowances and Provisions**

For the three-month periods ended September 30, 2006 and 2005 and the year ended June 30, 2006

(Notes 1 and 2)

Schedule E

Item	Balances at beginning of the period/year Pesos	Increases (1) Pesos	Decreases Pesos	Applications Pesos	Value at September 30, 2006 Pesos	Value at June 30, 2006 Pesos	Value at September 30, 2005 Pesos
<b>Deducted from assets</b>							
Allowance for doubtful accounts	374,830			(2,471)	372,359	374,830	356,214
<b>Included in liabilities</b>							
For pending lawsuits	69,343		(24,127)		45,216	69,343	65,871
Total at September 30, 2006	444,173		(24,127)	(2,471)	417,575		
Total at June 30, 2006	422,085	22,088				444,173	
Total at September 30, 2005	387,067		(2,826)	(38,532)			345,709

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

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

**Cost of sales**

For the three-month periods ended September 30, 2006 and 2005

(Notes 1 and 2)

**Schedule F.1**

Crops		Beef cattle		Milk		Others		September 30, 2006	Total September 30, 2005
September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005		
Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
		59,445,800	55,019,469					59,445,800	55,019,469
10,550,495	24,930,778							10,550,495	24,930,778
478,313	128,575							478,313	128,575
						127,024	190,843	127,024	190,843
11,028,808	25,059,353	59,445,800	55,019,469			127,024	190,843	70,601,632	
		969,321	1,078,166					969,321	
722,475	994,786							722,475	
597,946	378,351	3,082,732	5,239,053	2,062,205	1,974,190			5,742,883	
(185,200)	(188,514)							(185,200)	
						(67,111)	(30,770)	(67,111)	
(1,496,929)	(1,701,416)	(940)				(130,249)	(106,578)	(1,628,118)	
		89,717	81,571					89,717	
1,095,014	1,382,777	1,954,852	2,223,394			178,632	141,595	3,228,498	
						4,536	6,187	4,536	

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		(57,225,175)	(55,114,364)					(57,225,175)	(55,114,364)
(3,974,071)	(17,146,003)							(3,974,071)	(17,146,003)
(556,844)	(73,439)							(556,844)	(73,439)
						(101,461)	(200,767)	(101,461)	(61,857,551)
7,231,199	8,705,895	8,316,307	8,527,289	2,062,205	1,974,190	11,371	510		17,621,082



## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Cost of production

For the three-month periods ended September 30, 2006 and 2005

(Notes 1 and 2)

## Schedule F.2

	Crops		Beef cattle		Milk		September 30, 2006	Total September 30, 2005
	September 30 2006	September 30 2005	September 30 2006	September 30 2005	September 30 2006	September 30 2005		
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos		
<b>Inventories at the beginning of the period</b>								
Beef cattle					9,389,631	6,823,744	9,389,631	6,823,744
Crops								
Unharvested crops	1,662,592	826,336					1,662,592	826,336
Seeds and fodder			168,766	172,941	123,568	17,653	292,334	190,594
Materials and others	4,142,815	3,768,385			119,865	65,430	4,262,680	3,833,815
	5,805,407	4,594,721	168,766	172,941	9,633,064	6,906,827	15,607,237	11,674,489
Holding gain					(8,077)	375,118	(8,077)	375,118
Gain (loss) on commodities market								
Transfer of inventories to expenses								
Transfer of inventories to fixed assets								
Transfer of unharvested crops to expenses	(3,319,132)	(2,944,376)	(172,129)	(79,120)	(465,920)	(245,558)	(3,957,181)	(3,269,054)
Recovery of inventories					(89,717)	(81,571)	(89,717)	(81,571)
Purchases	10,072,839	7,157,692			767,032	1,659,354	10,839,871	8,817,046
Operating expenses (Schedule H)	1,860,535	1,113,326	3,864,819	4,008,358	2,094,869	1,271,581	7,280,223	6,393,265
<b>Less:</b>								
<b>Inventories at the end of the period</b>								
Beef cattle					(9,386,961)	(8,258,533)	(9,386,961)	(8,258,533)
Crops								

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Unharvested crops	(6,120,358)	(4,804,143)				(6,120,358)	(4,804,143)		
Seeds and fodder			(2,890)	(146,431)	(143,490)	(97,205)	(146,380)	(243,636)	
Materials and others	(7,238,730)	(4,205,003)			(187,731)	(148,042)	(7,426,461)	(23,080,160)	(4,353,045) (17,659,357)
<b>Cost of Production</b>	1,060,561	912,217	3,858,556	3,955,748	2,213,069	1,381,971	7,132,196	6,249,936	

## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Foreign currency assets and liabilities

For the three-month periods ended September 30, 2006 and 2005 and the year ended June 30, 2006

(Notes 1 and 2)

Schedule G

Item	September 30, 2006			June 30, 2006		September 30, 2005			
	Type and amount of foreign currency	Current exchange rate Pesos	Amount in local currency Pesos	Type and amount of foreign currency	Amount in local currency Pesos	Type and amount of foreign currency	Amount in local currency Pesos		
<b>Current Assets</b>									
Cash and banks									
Cash and banks in dollars	US\$	51,461	3.064	157,678	US\$	7,821,715	23,824,945	US\$ 2,191,800	6,290,466
Cash and banks in brazilian reais		Rs 463	1.343	622		Rs 1,489	1,919		
Investments:									
Mutual funds	US\$	8,634,073	3.064	26,454,800	US\$	18,026	54,906	US\$ 9,513,732	27,304,412
Interest from IRSA Convertible Notes 2007									
Subsidiaries, related companies Law 19,550									
Article 33 and related parties:									
IRSA Inversiones y Representaciones S.A.	US\$	370,667	3.104	1,150,549	US\$	125,333	386,779	US\$ 1,120,526	3,260,731
Trade accounts receivable:									
Trade accounts receivable	US\$		3.064		US\$	1,041	3,170	US\$ 236,905	679,917
Other receivables:									
Secured by mortgages	US\$	907,587	3.064	2,780,848	US\$	1,148,224	3,479,490	US\$ 2,050,644	5,885,349
Guarantee deposits	US\$	456,969	3.064	1,400,153	US\$	471,102	1,434,978	US\$ 729,816	2,094,573
Subsidiaries, related companies Law 19,550									
Article 33 and related parties:									
Cactus Argentina S.A	US\$	3,184	3.104	9,884	US\$	4,140	12,775		
Others	US\$	15,922	3.104	49,421	US\$	20,698	63,875		
<b>Non-Current Assets</b>									
Other receivables									
Secured by mortgages	US\$	1,999,992	3.064	6,127,975	US\$	2,713,488	8,265,284	US\$ 2,330,782	6,689,345
Subsidiaries, related companies Law 19,550									
Article 33 and related parties:									
Alto Palermo S.A	US\$	156,034	3.104	484,330	US\$	189,470	584,704		
IRSA Inversiones y Representaciones S.A.	US\$	37,894	3.104	117,623	US\$	48,721	150,353		
Others	US\$	22,291	3.104	69,190	US\$	27,067	83,529		
Investments:									
IRSA Convertible Notes 2007									
Subsidiaries, related companies Law 19,550									

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Article 33 and related parties:

IRSA Inversiones y Representaciones S.A.	US\$ 12,000,000	3.104	37,247,999	US\$ 12,000,000	37,031,999	US\$ 36,538,897	106,328,190
US\$	US\$ 24,656,074		76,050,450	US\$ 24,589,025	75,394,787	US\$ 54,713,102	158,532,983
Rs	Rs 463		662	Rs 1,489	1,919		
<b>Total Assets</b>			76,051,072		75,396,706		158,532,983

US\$: US dollars

Rs: Brazilian Reais

## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Foreign currency assets and liabilities

For the three-month periods ended September 30, 2006 and 2005 and the year ended June 30, 2006

(Notes 1 and 2)

## Schedule G (Cont)

Item	September 30, 2006			June 30, 2006		September 30, 2005	
	Type and amount of foreign currency	Current exchange rate Pesos	Amount in local currency Pesos	Type and amount of foreign currency	Amount in local currency Pesos	Type and amount of foreign currency	Amount in local currency Pesos
<b>Current liabilities</b>							
Trade accounts payable:							
Suppliers	US\$ 2,393,892	3.104	7,430,641	US\$ 3,536,482	10,913,582	US\$ 9,465,395	27,544,299
Interest to be accrued	US\$	3.104		US\$ (36,573)	(112,863)	US\$ (552,462)	(1,607,665)
Accrual for other expenses	US\$ 1,534,995	3.104	4,764,624	US\$ 862,487	2,661,634	US\$ 907,443	2,640,659
Subsidiaries, related companies Law 19,550 Article 33 and related parties:							
IRSA Inversiones y Representaciones S.A.	US\$			US\$		US\$ 1,432	4,168
Alto Palermo S.A.	US\$			US\$		US\$ 113,880	331,392
Loans:							
Local banks	US\$ 4,297,669	3.104	13,339,964	US\$ 4,399,210	13,575,961	US\$	
Interest of Convertible Bonds 2007	US\$ 317,295	3.104	984,885	US\$ 107,641	332,179	US\$ 490,839	1,428,341
Subsidiaries, related companies Law 19,550 Article 33 and related parties:							
Shareholders	US\$ 462,356	3.104	1,435,153	US\$ 156,508	482,985	US\$ 734,559	2,137,568
IRSA Inversiones y Representaciones S.A.	US\$			US\$		US\$ 1,030	2,998
Alto Palermo S.A	US\$			US\$		US\$	
Directors	US\$ 1,038	3.104	3,222	US\$ 351	1,083	US\$	
Other debts:							
Security transactions payable							
Advances to customers	US\$			US\$		US\$	
<b>Non-current liabilities</b>							
Trade accounts payable							
Accrual for other expenses	US\$ 222,906	3,104	691,900	US\$ 270,671	835,292	US\$	
Loans:							
Foreign Banks	US\$ 7,700,000	3.104	23,900,800	US\$ 6,600,000	20,367,600	US\$	
Convertible Bonds 2007	US\$			US\$		US\$	
	10,272,153	3.104	31,884,763	10,306,022	31,804,384	16,005,607	46,576,316
Subsidiaries, related companies Law 19,550							

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Article 33 and related parties:

Shareholders	US\$				US\$			US\$	
		14,968,361	3.104	46,461,793		14,984,838	46,243,210		23,953,025 69,703,303
Directors	US\$	33,600	3.104	104,294	US\$	33,600	103,690	US\$	33,600 97,776
<b>Total Liabilities</b>	US\$	42,204,265		131,002,039	US\$	41,221,237	127,208,737	US\$	51,154,348 148,859,155

US\$: US dollars

## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Foreign currency assets and liabilities

For the three-month periods ended September 30, 2006 and 2005

(Notes 1 and 2)

## Schedule H

Items	Total		Operating Expenses				Expenses		Total
	September 30,	Total	Crops	Beef cattle	Milk	Others	Selling	Administrative	September 30,
	2006	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	2005
									Pesos
Directors fees	70,200							70,200	23,000
Fees and payments for services	1,093,712	105,332	10,484	52,002	42,846			988,380	537,334
Salaries and wages	1,608,318	813,301	158,350	430,696	224,255			795,017	1,582,711
Social security taxes	571,433	143,363	68,068	62,830	12,465			428,070	270,655
Taxes, rates and contributions	306,752	94,474	59,946	23,629	13,899		180,890	31,388	202,557
Office and administrative expenses	263,311							263,311	93,642
Bank commissions and expenses	4,188	4,188	686	3,231	271				2,184
Depreciation of fixed assets	1,173,352	1,075,181	598,053	337,735	136,228	3,165		98,171	819,819
Vehicle and traveling expenses	268,156	119,544	47,467	64,482	7,595			148,612	155,500
Spare parts and repairs	321,584	321,584	156,570	128,395	36,619	906			249,406
Insurance	54,625	10,687	4,411	5,020	350			43,938	64,986
Benefits to Employees	164,149	88,996	19,007	64,831	5,158			75,153	88,968
Livestock expenses (1)	2,927,570	2,625,756		2,625,756			301,814		4,253,142
Dairy farm expenses (2)	1,614,188	1,605,692			1,605,692		8,496		655
Agricultural expenses (3)	1,498,652	619,451	619,451				879,201		2,136,919
Silo expenses	46,571	46,571	46,571						4,280
General expenses	150,639	150,639	74,471	66,212	9,491	465			99,257
Total at September 30, 2006	12,137,400	7,824,759	1,860,535	3,864,819	2,094,869	4,536	1,370,401	2,942,240	
Total at September 30, 2005		6,399,452	1,113,326	4,008,358	1,271,581	6,187	2,339,030	1,846,533	10,585,015

(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 at September 30, 2006

	Law No. 19,550 Section 33							
	Other	AGRO URANGA Others	FYO Other	CACTUS Other	IGSA Other	IRSA Other		ACER Other
	Receivables	Receivables	Receivables	Receivables	Receivables	Receivables		Receivables
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	
Current	11,552,618	1,803,854	23,603	386,537			26,514	
Non-current	29,759,169			13,838	1,324,568	117,623	6,194,427	

- b. Trade Accounts Receivable and other receivables to fall due at September 30, 2006

	Trade Accounts Receivables	Law No. 19,550 Section 33		Other Receivables	Law No. 19,550 Section 33		
		FYO Trade Accounts Receivable	IGSA Trade Accounts Receivable		IRSA Other Receivable	CACTUS Other Receivable	ACER Other Receivable
		\$	\$		\$	\$	\$
12/31/06	6,269,731	309,852	128,304	8,667,862	3,608		
03/31/07				800,745			
06/30/07				336,917			
09/30/07				2,653,937			
12/31/07							
03/31/08				430,479			
06/30/08							
09/30/08				2,186,151			
12/31/08							
09/30/09				1,755,672			



09/30/10

1,755,673

**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 at September 30, 2006.

b. Debts without a due date at September 30, 2006.

	Trade Payables	Loans	Taxes Payable	Allowances
	Pesos	Pesos	Pesos	Pesos
Current		62,248,335		
Non- current	681,900		40,168,273	45,216

c. Debts to fall due at September 30, 2006.

	Trade Accounts Payable	Trade Accounts Payable	Trade Accounts Payable	Loans	Salaries and Social Security Payable	Taxes Payable	Other Debts
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
12/31/06	22,021,502		538,189	351,217	1,400,535	4,523,112	16,942
03/31/07				15,763,224			66,357
06/30/07							3,288,413
12/31/07				78,106,931			
12/31/08				23,900,800			

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

a.

Trade

Other

Law No. 19,550 Section 33

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Accounts	Law No. 19,550 Section 33		Receivables							
	Receivable Pesos	FYO Trade accounts receivable Pesos	IGSA Trade accounts receivable Pesos	Pesos	IRSA Other receivables Pesos	ACER Other receivables Pesos	AGRO URANGA Other receivables Pesos	IGSA Other receivables Pesos	FYO Other receivables Pesos	Cactus Other receivables Pesos
In Pesos	6,269,731	309,852	128,304	48,987,306	3,608	6,220,941	1,803,854	1,324,568	23,603	390,491
In Dollars				10,911,917	117,623					9,884

Cresud Sociedad Anónima, Comercial,

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Additional Information to the Notes to the Financial Statements

(Continued)

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

	Trade Accounts Receivable  Pesos	Law No. 19,550 Section 33			Other Receivables  Pesos	Law No. 19,550 Section 33					
		IGSA Trade Accounts Pesos	FYO Pesos	Cactus Receivable Pesos		IGSA Pesos	FYO Pesos	AGRO Other Receivables			Cactus Pesos
								ACER Pesos	URANGA Pesos	IRSA Pesos	
Outstanding balances accruing interests				8,744,606	1,229,194		6,052,208				376,653
Outstanding balances not accruing interests	6,269,731	128,304	309,852	51,154,617	95,374	23,603	168,733	1,803,854	121,231		23,722

6. CLASSIFICATION OF DEBTS ACCORDING TO THEIR FINANCIAL EFFECTS

a.

	Trade Accounts Payable  Pesos	Law No. 19,550 Section 33			Loans  Pesos	Salaries and Social security Payables  Pesos	Taxes Payables  Pesos	Other debts  Pesos	Provisions  Pesos
		IGSA Trade Accounts Payables Pesos	Cactus Trade Accounts Payables Pesos						
In Pesos	9,826,237		538,189	63,255,633	1,400,535	44,691,385	3,371,712	45,216	
In Dollars	12,887,165			118,114,874					

- b. All debts outstanding 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 Accounts Payable	Law No. 19,550 IGSA Trade Accounts Payable	Section 33 Cactus Trade Accounts Payable	Loans	Salaries and Social Security Payable	Taxes Payable	Other Debts	Provisions
	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos	Pesos
Outstanding debts accruing Interests	4,499,950			179,291,166				
Outstanding debts not accruing interests	18,213,452		538,189	2,079,341	1,400,535	44,691,385	3,371,712	45,216

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

Interests in other companies capital and the number of votes held in those companies governed by Law No. 19,550 Section 33 are explained in Note 2 to the consolidated financial statements and intercompany balances as of September 30, 2006 are described in captions 4 and 5 above.

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

As of September 30, 2006 there were advance payments to directors for Ps. 136,198, 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).
- b. Cattle for raising and daily production valued at its replacement cost: according to specific appraisals made by renowned experts.

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

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

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

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

**(Continued)**

**11. TECHNICAL REVALUATION OF FIXED ASSETS**

There are no fixed assets subject to technical revaluation.

**12. OBSOLETE FIXED ASSETS**

There are no obsolete fixed assets with accounting value.

**13. EQUITY INTERESTS IN OTHER COMPANIES**

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

**14. RECOVERABLE VALUES**

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

**15. INSURANCES**

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

		Amount insured	Account Value
		Pesos	Pesos
<b>Insured property</b>	<b>Risk covered</b>		
Buildings, machinery, silos and furniture	Theft, fire and technical insurance	68,204,640	32,042,088
Vehicles	Theft, fire and civil and third parties liability	2,188,386	999,196

**16. CONTINGENCIES**

At September 30, 2006 there are no contingent situations that have not been accounted for.

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

None.

**18. DIVIDENDS ON PREFERRED STOCK**

There are no cumulative dividends not paid on preferred stock.

**19. LIMITATIONS OF PROFIT DISTRIBUTIONS**

See Note 10 to the Financial Statements.



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

**Buenos Aires, November 10, 2006** - Cresud S.A.C.I.F.y A. (Nasdaq: CRESY - BASE: CRES), one of the leading agricultural companies in Argentina, announces today the results for the first quarter of fiscal year 2007 ended September 30, 2006.

**Results for the first quarter of fiscal year 2007 showed a net profit of Ps.1.9 million** compared to a Ps. 11.0 million profit posted the same period of the previous fiscal year. The decrease in net results is mainly due to the results generated through the sale of farms, amounting to Ps. 9.9 million during the same period of fiscal year 2006.

**Consolidated net sales for the period** amounted to Ps. 23.4 million, 7% lower than those posted for the same period of the previous fiscal year. Noteworthy in this respect is the increase in Feed Lot sales, in excess of 100% when compared to the first quarter of 2006.

**Gross profit** during the first quarter of FY 2007 amounted to Ps. 0.3 million as compared to the Ps. 4.5 million gross profit posted during the same period of the previous year.

This decrease in gross profit is partly due to the decrease in the volume of crops sold, as most of the inventories were sold at the close of fiscal year 2006.

**Operating results** showed for the quarter ended on September 30, 2006 a Ps. 2.8 million loss mainly due to the drought sustained in winter, which had an adverse impact on milk production and on the beef cattle business. In September the situation started to normalize with the arrival of rains.

**Results from related companies** showed a Ps. 6.8 million profit mainly due to our equity interest in IRSA Inversiones y Representaciones S.A. as of September 30, 2006.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

### **Summary of operations**

#### **Crops**

Crops sales for the quarter totaled Ps. 8.4 million, compared to sales for Ps. 10.8 million in the previous fiscal year. The volume of crops sold was 20,229 tons at an average price per ton of Ps. 391 compared to the 39,622 tons sold and the average price of Ps. 272 in the same period of the previous fiscal year. The decrease in the tons sold is mainly due to the fact that a major part of production was sold during the last weeks of June 2006, which resulted in a reduction in the stock available for the current period.

Our crop stock at the close of the quarter amounted to 9,756 tons, of which 4,179 tons were soybean, 3,121 were corn and 2,264 were wheat.

Gross profit in the segment for the period ended September 30, 2006 was Ps. 0.7 million, compared to the Ps. 1.5 million profit for the same period of the previous fiscal year.

For the current season we have assigned 48,015 hectares to agriculture, 25,307 hectares of which are leased from third parties. Compared to the previous fiscal year, we have increased the number of total hectares assigned to agriculture by 11,328.

#### **Beef Cattle**

As of September 30, 2006, the Company's cattle stock was 86,614 head, i.e., a figure quite similar to that posted for the same period of the previous year, with a total of 119,361 hectares assigned to beef cattle activities.

Livestock sales amounted to Ps. 10.5 million for the first quarter of fiscal year 2007, when a total of 4,578 tons were sold, whilst, during the first quarter of fiscal year 2006 the tons sold had amounted to 4,800. The 4% price increase sustained by beef cattle stock, when compared to the same period of the previous fiscal year, allows this business unit to maintain its level of revenues, in spite of the decrease in the tons sold. This variation was due to a decrease in cattle stock basically due to the effect of the drought that affected the supply of grazing fields which had an adverse impact particularly on the cattle stock in breeding fields.

Therefore, the result for this segment was a Ps. 0.67 million loss and beef cattle production amounted to 1,754 tons, i.e., a 30% decrease compared to the previous fiscal year.

**Source:** Liniers Stock Market (Argentina) Instituto Nacional de Beef cattles (Uruguay)

**Cresud Sociedad Anónima, Comercial,**

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Business Highlight (Continued)

Prospects for the Argentine market are good. In September the Government increased exports of beef cattle cuts to 50% and the strengthening of Argentina's standing as a country free of foot and mouth disease due to vaccination translated into a re-opening of almost all foreign markets. Additionally, global demand continued to grow, especially in the European Union, Asia and Russia, which would represent a major driver for the price of beef cattle.

We estimate that in the absence of further restrictions by the Government, the price of steer per kilogram should recover the value export it had prior to the restrictions imposed in 2005 (US\$ 0.85). In this respect, the price of the kilogram of live steer in Argentina could result in a figure close to the price of the kilogram of live steer in Uruguay, where the export value is currently 31% higher than the price for the local market.

**Milk**

Milk production increased by 11% in the quarter, from 3.5 million liters as of September 30, 2005 to 3.9 million as of September 30, 2006.

Although the price decreased by 6%, the production of milk increased by a higher proportion and therefore sales totaled Ps. 2 million, slightly higher than the production obtained in 2005 for the same period.

Gross profit as of September 30, 2006 amounted to a Ps. 0.15 million loss. This loss is mainly due to the increases in costs at the El Tigre farm, which was adversely affected by the drought sustained in winter. As a result and with a view to obtaining significant milk production in the spring, higher costs were incurred in order to supplement feeding. The situation is normalizing with the first rains of September and the production of milk starts to show a significant increase.

During the first quarter of fiscal year 2006 we had 5,074 head of cattle in 1,505 hectares assigned to milk production. For the current period, these figures have increased to 6,606 in 2,376 hectares.

At present, the Company's dairy farms are located in La Juanita, where the feeding system is based solely on pastures (with lower costs) and in El Tigre, a dairy farm equipped with state-of-the-art technology.

**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

**Feed Lot**

In the quarter ended on September 30, 2006, the 170-ha Feed Lot located in the Province of San Luis, in which the Company holds a 50% equity interest through Cactus Argentina S.A., continued to play a major role in our Company's cattle beef production thereby helping to strengthen its growth.

During the quarter, gross profit for Cactus Argentina S.A. was Ps. 0.7 million, thereby maintaining the same levels reached in the same quarter of the previous fiscal year. In addition, net result for the quarter was a Ps. 0.1 million profit.

The Company has built a reputation in the market for consistency in the end product obtained from Feed Lot finished animals: purchasers obtain a high quality product and sales prices are thus better.

Prospects for the coming periods are very promising as purchase values are appealing and policies applied to beef cattle are expected to be more favorable to the industry. However, it is to be noted that an increase is expected in production costs as a result of the continuous rise in the price of corn.

**Purchase and sale of farms**

In September 2005, we signed the deed for the acquisition of a 6,022-hectare farm, San Pedro, located in the Department of Concepción del Uruguay, Province of Entre Ríos. The purchase price was agreed at US\$ 16 million, paid as follows: US\$ 9.5 million upon execution of the deed, US\$ 4.0 million on December 14, 2005, and US\$ 1.05 million on September 1, 2006. The amount outstanding is US\$ 1.4 million and it shall be paid in September 2007.

Inversiones ganaderas S.A. (IGSA), a Cresud subsidiary, executed on August 28, 2006 a preliminary purchase and sale agreement over 1,800 hectares at the El Recreo farm owned by IGSA, for US\$ 0.3 million.-. Over that price the Company has collected US\$ 0.05 million.- as a down payment. This sale has not been reflected yet in the Financial statements as possession over the lot acquired has not yet taken place.

**Development of marginal lands**

We consider the potential offered by the sector to lie on the development of marginal under-used 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 nucleus areas.

During the first quarter of fiscal year 2007, development activities continued at our Los Pozos farm located in the Province of Salta: 25,000 hectares prepared for agricultural and/or cattle beef production activities. Additionally, 13,500 hectares at Cervera Agropecuaria have been developed for production: over 3,000 hectares will be ready for sowing this year.

As of September 30, 2006 Cresud owned 250,722 hectares as land reserves, acquired at very attractive prices. We are convinced that with the development of such areas and the aid of technological breakthroughs, the value of land will show an upward trend which will result in significant revenues for the company.

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**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

**Investments in other companies**

**Expansion to Brazil**

The public offering of BrasilAgro's shares was launched on May 2, 2006 at the Novo Mercado of the Brazilian Stock Exchange (BOVESPA) under the AGRO3 ticker symbol and in compliance with the highest Corporate Governance standards currently in force in Brazil. Shares were paid in and subscribed for a total of Reais 42.4 million (approximately US\$ 20.6 million). As from the moment the pertaining amounts were paid in, Cresud S.A.C.I.F. y A. holds a total of 42,705 shares equivalent to 7.3% of BrasilAgro's capital stock. As compensation for having founded the Company, Cresud received 104,902 purchase options to subscribe additional BrasilAgro shares for 15 years at no cost and at the same price as that bid in the initial public offering, i.e., Reais 1,000 adjusted by the IPCA inflation index. Should it decide to exercise such option, Cresud might acquire 59,850 additional shares, thereby becoming the holder of 14.1% of BrasilAgro's diluted capital stock. One third of this option may be exercised as from the second year and the balance as from the third year.

In addition, Cresud received at no cost a second series of options for a total of 104,902, which may be exercised at Cresud's option only if a third party makes a tender offer in respect of BrasilAgro's shares. The exercise price of these options will be equal to the one specified in the tender offer mentioned above. The second series of options matures in 2021.

BrasilAgro acquired its first 2 properties during the first quarter of fiscal year 2007. The Sao Pedro farm, located at Chapadao do Sul (MS), with a surface area of 2,443 hectares was acquired for Reais 9.5 million (approximately US\$ 4.7 million). The farm is located 1,000 km from one of the main harbors and it was acquired for a price significantly lower than the average in the region. The potential area for production is 1,773 hectares: production there will start with cotton and crops and will subsequently migrate to sugar cane.

The Cremaq farm is located in Bahía Grande do Ribeiro (Piauí). The property was acquired for Reais 42.1 million (approximately US\$ 19.7 million) and its surface area is 32,375 hectares, 3,000 of which are already in production, 16,000 hectares are under development and the total production surface area is estimated to reach 23,000 hectares. The farm is quite close to the Itaqui harbor and to the Norte-Sul railway. The weather and topography are highly attractive if we consider crops particularly of soybean, corn and cotton. Additionally, the property was acquired for an amount lower than average for the region and it has huge potential for appreciation.

BrasilAgro will continue to focus on Real Estate for farming purposes and the development of its main four business lines: sugar cane; crops and cotton; forestry and beef cattle.

**Internet**

Futuros Y Opciones.com S.A. (FyO), the internet site in which the Company holds a 70% equity 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. Our strategy is focused on commercial services to farmers by leveraging Cresud's experience and operational capacity in the business with fyo being the nexus with the customer.

During the quarter ended on September 30, 2006 Futuros y Opciones.com S.A.'s income amounted to Ps. 0.78 million, i.e., it maintained the same level shown during the previous fiscal year. The net result for the quarter was a Ps. 0.30 million loss.

## Cresud Sociedad Anónima, Comercial,

## Inmobiliaria, Financiera y Agropecuaria

## Business Highlight (Continued)

## Main indicators for the three-month period ended September 30, 2006 and 2005

	Quarter ended September 30, 2006	Quarter ended September 30, 2005	%
<b>Sales (volume)</b>			
Wheat (tons)	8,889	6,189	43.6%
Corn (tons)	3,805	30,550	-87.5%
Sunflower (tons)	479	1,810	-73.6%
Soybean (tons)	7,056	272	2493.2%
Others (tons)		801	
<b>Total crops (tons)</b>	<b>20,229</b>	<b>39,622</b>	<b>-48.9%</b>
Beef cattle (tons)	4,578	4,800	-4.6%
Milk (Thousands of liters)	3,907	3,511	11.3%
<b>Production</b>			
Wheat (Tons)			0.0%
Corn (Tons)	2,618	2,311	13.3%
Sunflower (Tons)			0.0%
Soybean (Tons)		6	0.0%
Beef cattle (Tons)	1,754	2,496	-29.7%
Milk (Thousands of liters)	3,907	3,511	11.3%
<b>Exploited surface (hectares)</b>			
Crops Owned farms	22,708	19,683	15.4%
Leased farms	25,307	17,004	48.8%
Beef cattle Owned farms	104,933	96,199	9.1%
Leased farms	14,428	40,647	-64.5%
Dairy Owned farms	2,376	1,505	57.9%
<b>Land Reserve (hectares)</b>	<b>250,772</b>	<b>258,477</b>	<b>-3%</b>
<b>Surface under irrigation</b>			
Owned farms	3,701	3,657	1.2%
Leased farms	1,002		
<b>Storage capacity (tn.)</b>			
Owned plants	10,000	10,000	0.0%
Leased plants	8,000		
<b>Total head of cattle</b>	<b>86,614</b>	<b>86,808</b>	<b>-0.2%</b>
<b>Dairy farm stock (head)</b>	<b>6,606</b>	<b>5,074</b>	<b>30.2%</b>
<b>Milking cows</b>	<b>3,440</b>	<b>2,996</b>	<b>14.8%</b>

Note:

*It does not include Agro-Uranga S.A. (35.72% over 8,299 hectares.) Nor does it include Agropecuaria Cervera S.A. (99.99% over 160,000 hectares under a concession agreement).*

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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 derived from our equity interest in IRSA Inversiones y Representaciones (NYSE: IRS BASE: IRSA) for the quarter ended on September 30, 2006 totaled a Ps. 15.6 million profit compared to a Ps. 18.6 million profit recorded for the same period in fiscal year 2006. This result is mainly due to the following:

Operating income grew by 54.5%, from Ps. 33.4 million recorded in the first quarter of fiscal year 2006 to Ps. 51.7 million, for the same period of fiscal year 2007, mainly driven by an improved performance in income, which grew by 60.1% totaling Ps. 169.6 million compared to the amount of Ps. 106.0 million recorded in fiscal year 2006. The share of each segment in the net sales was as follows: sales and development, Ps. 29.7 million; offices and other property for lease, Ps. 9.5 million; shopping centers, Ps. 101.1 million; hotels Ps. 28.6 million and financial operations and others, 0.7 million.

Results from related companies (income) decreased from Ps. 19.1 million in the first quarter of fiscal year 2006 to Ps. 1.4 million in the same quarter of fiscal year 2007, mainly due to a decrease in the result from our interest in Banco Hipotecario. In addition, income tax increased, from Ps. 13.3 million in the quarter ended on September 30, 2005 to Ps. 18.9 million in the quarter ended on September 30, 2006.

IRSA is Argentina's leading real estate company, with a totally diversified portfolio of properties. IRSA's market share spans over the following business segments:

**Office rental and other properties** with more than 193,075 m2 of premium offices for lease.

Operation of **Shopping Centers** through its 61.60% 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 9 shopping centers with 264,995 m2 of gross leasable area (it includes a 52,286 sq.m. plot intended for development of a shopping center).

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

Besides, IRSA owns residential properties for sale and land reserves for **current and future developments** appraised at Ps. 463.3 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. 2,259.7 million. This amount has been calculated in accordance with Professional Accounting Standards.

IRSA's Total Consolidated Assets amount to Ps. 2,761 million and its shareholders' equity amounts to Ps. 1,505 million.

On September 30, 2006, a total amount of 0.75 million (nominal value) of warrants issued by IRSA were exercised in exchange for the issuance of a total number of 1.37 million shares. Thus, IRSA collected US\$ 0.9 million.

As of September 30, 2006 our equity interest in IRSA amounted to 26.6% of its total outstanding shares. In addition, we own US\$ 12 million notes convertible into shares issued by IRSA and options through the exercise of warrants also issued by IRSA for US\$ 20.9 million. In the event Cresud were to exercise its rights under both the notes and the options pari passu with the remaining holders, Cresud would become the owner of 34.3% of IRSA's capital stock. Currently, our equity interest in IRSA is valued through the equity method.

**Other Relevant Highlights**

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

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Currently, our debt under Convertible Notes was reduced from the US\$ 50,000,000 originally issued by US\$ 24,725,886 as a consequence of the conversions received.



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

Additionally, as of today, a total of 24,286,226 warrants (options) have been exercised, in exchange for which the Company received US\$ 29.1 million.

Therefore, considering all conversions and exercises of warrants received, the number of outstanding Convertible Notes as of today is US\$ 25,274,114 while the number of outstanding warrants is 25,713,774. A total of 96,518,445 shares were issued raising the Company's total number of outstanding shares to 220,802,837.

As of September 30, 2006 the Company holds Convertible Notes issued by IRSA for a total of US\$ 12.0 million, which bear interest at the same rate as those issued by our company.

The following charts show the past, current and potential situation of the Convertible Notes issued on November 14, 2002, under the laws of New York, at an interest rate of 8% (paid semiannually), due November 14, 2007, which are convertible at a price of US\$ 0.5078 per share of face value Ps. 1.00 (1.9693 shares of face value Ps. 1.00 per Note). Additionally, each Convertible Note contains a warrant, which allows the holder to acquire for each Convertible Note 1.9693 shares of face value Ps. 1.00, at a price of US\$ 0.6093 each.

**Note:** Total conversion describes a scenario were all bearers of convertible notes exercise their conversion rights and warrants.

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

## Business Highlight (Continued)

**Financial Indebtedness**

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 assumed indebtedness for levels higher than those incurred in previous fiscal years, totaling as of September 30, 2006 indebtedness in the amount of Ps. 100.8 million, exclusive of our convertible notes.

An analysis of the structure of such indebtedness shows a loan granted by Credit Suisse for the purpose of financing our investment in BrasilAgro for Ps. 23.9 million and Ps. 13.3 million for the purpose of financing our crop production, the remaining balance, i.e. Ps. 63.6 million is concentrated in the short term.

For the coming fiscal year we intend to adjust 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 habitual businesses, the sale of assets or the exercise of options embedded in our convertible notes.

The exchange rate considered for US\$-denominated loans was 1US\$= Ps. 3.104, corresponding to the selling exchange rate published by Banco de la Nación Argentina prevailing as of September 30, 2006.

Type of indebtedness	Currency	Amount (Million)	Term
Short-term	Ps.	63.6	Up to 270 days
Crop production financing	Ps.	13.3	Up to 182 days
Long-term	Ps.	23.9	2.5 years

**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 arising opportunities. On top of the growing global demand for agricultural products to be used as food there is a demand for cereals, oilseed and sugar to produce biofuels.

In this sense, we will continue with our strategy consisting in supplementing agricultural activities in our own farms with agricultural activities in leased farms, as long as the return on the investments for such activities amounts to the minimum levels required for the business, thereby seeking to atomize production risks and dilute overhead.

Conditions in the crops segment are highly promising. Prices have been steadily increasing since September and high prices are expected to continue to be stable or either increase further. Prospects are very good in relation to corn, mainly as a result of the increase in the demand for corn in the US (increased demand for domestic consumption and for energy production). The stock/consumption ratio reflects the decreased historical value at a global level and gives rise to an upward trend in prices at the global level. In the past two months corn has increased by 40% driving the rest of the crops market. In addition, the increasing demand for soybean and unprecedented prices of wheat over the last 10 years, on top of the decreased production of wheat in Australia and Eastern Europe allow us to estimate that markets will continue to show upward trends.

As regards the beef cattle segment, there has been a stepwise re-opening in exports, which we expect to intensify in the coming year. We consider that as a result of the restrictions imposed by the Government in the past the market has already reflected all the reductions in prices and that given a context of growing demand for cattle beef and control over animal health in Argentina, the prospects for the sector continue to be good and we will therefore focus on continuing to increase our production levels.

As regards commercial efforts, we are entering into agreements with slaughterhouses engaged in exporting activities to slaughter our own herds and export on behalf of third parties. For this purpose we have obtained a butcher's license.



**Cresud Sociedad Anónima, Comercial,**

**Inmobiliaria, Financiera y Agropecuaria**

Business Highlight (Continued)

At the local level, we shall continue with the development of our Los Pozos farm adding more space for agricultural and cattle beef production starting with the development of the third module. In turn, we shall continue to develop new hectares applied to agricultural production in the concession over the Agropecuaria Cervera farm.

We will continue to make efforts to develop a business line oriented to the supply of services to the agricultural sector which will comprise the production of specialties, and seeds for the main seed producers and exporting companies.

Additionally, we shall start with the development of a new dairy farm at La Juanita, in the Province of Buenos Aires, which will have milking capacity for 1,200 cows per day and we are planning to open it in March 2007.

We are developing a system migration consisting in the integration of different interfaces and existing processes in the different areas of our company. As a result of these improvements, the organization will be more flexible, efficient and agile to respond to the requirements of the business and the organization as a whole will be more competitive. Consequently, this integration strategy will allow the organization to automate, standardize and formalize processes.

In the future, we will continue to keep a watchout for opportunities arising in the market, selling properties with mature businesses resulting in good yields for the Company and acquiring farms mainly located in marginal areas with a high productive potential.

Eduardo S. Elsztain  
Chairman

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

Business Highlight (Continued)

**Comparative Shareholders Equity Structure**

	At September 30, 2006	At September 30, 2005	At September 30, 2004	At September 30, 2003	At September 30, 2002
	Pesos	Pesos	Pesos	Pesos	Pesos
Current Assets	104,526,028	94,982,864	70,165,638	60,180,929	111,235,615
Non-current Assets	788,998,839	775,673,020	576,502,763	509,028,334	269,395,895
<b>Total Assets</b>	<b>893,524,867</b>	<b>870,655,884</b>	<b>646,668,401</b>	<b>569,209,263</b>	<b>380,631,510</b>
Current Liabilities	116,915,192	101,909,091	29,301,336	16,458,447	36,507,198
Non-current Liabilities	144,642,760	142,321,331	152,133,418	160,744,982	21,076,440
<b>Total Liabilities</b>	<b>261,557,952</b>	<b>244,230,422</b>	<b>181,434,754</b>	<b>177,203,429</b>	<b>57,583,638</b>
Minority Interest	471,121	559,871	65,451	206,709	430,751
Shareholders Equity	631,495,794	625,865,591	465,168,196	391,799,125	322,617,121
	<b>893,524,867</b>	<b>870,655,884</b>	<b>646,668,401</b>	<b>569,209,263</b>	<b>380,631,510</b>

**Comparative Income Structure**

	At September 30, 2006	At September 30, 2005	At September 30, 2004	At September 30, 2003	At September 30, 2002
	Pesos	Pesos	Pesos	Pesos	Pesos
Operating income (loss)	(2,789,140)	12,436,404	17,811,879	27,856,960	16,031,358
Financial and holding gain (loss)	(3,100,330)	1,451,018	(18,969)	(10,914,039)	(8,446,313)
Other income and expenses and income on equity	6,004,664	4,011,569	23,306,123	65,614,253	(41,047,262)
Management fees	(214,464)	(1,219,231)	(3,567,003)	(7,224,996)	
<b>Operating net income (loss)</b>	<b>(99,270)</b>	<b>16,679,760</b>	<b>40,532,030</b>	<b>75,332,178</b>	<b>(33,462,217)</b>
Income Tax	1,937,497	(5,737,799)	(8,570,269)	(10,531,263)	(18,654,461)
Minority Interest	88,750	31,119	141,261	224,046	348,884
<b>Net Income (loss)</b>	<b>1,926,977</b>	<b>10,973,080</b>	<b>32,103,022</b>	<b>65,024,961</b>	<b>(51,767,794)</b>

**Production volume**

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	Three-month period	Accumulated July 1, 2006 to	Three-month period	Accumulated July 1, 2005 to	Three-month period	Accumulated July 1, 2004 to	Three-month period	Accumulated July 1, 2003 to	Three-month period	Accumulated July 1, 2002 to
	September 30, 2006	September 30, 2006	September 30, 2005	September 30, 2005	September 30, 2004	September 30, 2004	September 30, 2003	September 30, 2003	September 30, 2002	September 30, 2002
Beef Cattle (in Kgs.)	1,753,725	1,753,725	2,495,573	2,495,573	1,726,903	1,726,903	2,083,056	2,083,056	2,225,618	2,225,618
Butyraceous (in Kgs.)	142,933	142,933	131,184	131,184	53,078	53,078	63,997	63,997	57,374	57,374
Crops (in quintals) *	26,185	26,185	27,631	27,631	18,433	18,433	24,338	24,338	53,312	53,312

\* One quintals equals one hundred kilograms

Eduardo S. Elsztain  
Chairman

**Sales volume**

	Three-month period September 30, 2006	Accumulated July 1, 2006 to September 30, 2006	Three-month period September 30, 2005	Accumulated July 1, 2005 to September 30, 2005	Three-month period September 30, 2004	Accumulated July 1, 2004 to September 30, 2004	Three-month period September 30, 2003	Accumulated July 1, 2003 to September 30, 2003	Three-month period September 30, 2002	Accumulated July 1, 2002 to September 30, 2002
Beef Cattle (in Kgs.)	4,578,436	4,578,436	4,799,655	4,799,655	4,915,538	4,915,538	3,166,986	3,166,986	2,605,122	2,605,122
Butyraceous (in Kgs.)	142,933	142,933	131,184	131,184	53,078	53,078	63,997	63,997	57,374	57,374
Crops (in quintals) *	202,289	202,289	396,222	396,222	193,501	193,501	122,024	122,024	372,682	372,682

\* One quintals equals one hundred kilograms

**Local Market**

	Three-month period September 30, 2006	Accumulated July 1, 2006 to September 30, 2006	Three-month period September 30, 2005	Accumulated July 1, 2005 to September 30, 2005	Three-month period September 30, 2004	Accumulated July 1, 2004 to September 30, 2004	Three-month period September 30, 2003	Accumulated July 1, 2003 to September 30, 2003	Three-month period September 30, 2002	Accumulated July 1, 2002 to September 30, 2002
Beef Cattle (in Kgs.)	4,578,436	4,578,436	4,799,655	4,799,655	4,915,538	4,915,538	3,166,986	3,166,986	2,605,122	2,605,122
Butyraceous (in Kgs.)	142,933	142,933	131,184	131,184	53,078	53,078	63,997	63,997	57,374	57,374
Crops (in quintals) *	202,289	202,289	396,222	396,222	193,501	193,501	122,024	122,024	372,682	372,682

\* One quintals equals one hundred kilograms

**Exports**

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

**Ratios**

	At September 30, 2006	At September 30, 2005	At September 30, 2004	At September 30, 2003	At September 30, 2002
	Pesos	Pesos	Pesos	Pesos	Pesos
Liquidity	0.894	0.932	2.395	3.657	3.047
Solvency	2.414	2.563	2.564	2.211	5.603
Non-current assets to assets	0.883	0.891	0.891	0.894	0.708
Return on Equity	0.003	0.020	0.075	0.182	(0.149)

Eduardo S. Elsztain  
Chairman





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

**Report of Independent Auditors**

To the Shareholders, President and Board of Directors of

Cresud Sociedad Anónima Comercial,

Inmobiliaria, Financiera y Agropecuaria

1. We have reviewed the balance sheets of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria at September 30, 2006 and 2005, and the related statements of income, of changes in shareholders' equity and of cash flows for the three-month periods ended September 30, 2006 and 2005 and the complementary notes 1 to 20 and schedules A, B, C, E, F.1, F.2, G and H. Furthermore, we have reviewed the consolidated financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria, which are presented as complementary information. These financial statements are the responsibility of the Company's management.
2. We conducted our review in accordance with standards established by Technical Resolution N° 7 of the Argentine Federation of Professional Councils of Economic Sciences for limited reviews of financial statements. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.
3. Based on our work and our examinations of the financial statements of this Company and the consolidated financial statements for the years ended June 30, 2006 and 2005, on which we issued our unqualified report dated September 8, 2006, we report that:
  - a) The financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria at September 30, 2006 and 2005 and its consolidated financial statements at those dates, set out in point 1, prepared in accordance with accounting standards prevailing in the Autonomous City of Buenos Aires, include all significant facts and circumstances of which we are aware, and we have no observations to make on them.
  - b) The comparative information included in the basic and consolidated balance sheets and the supplementary notes and schedules to the attached financial statements arise from Company financial statements at June 30, 2006.
4. In accordance with current regulations, we report that:
  - a) the financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria and its consolidated financial statements have been transcribed to the Inventory and Balance Sheet Book and comply, within the field of our competence, with the Corporations Law and pertinent resolutions of the National Securities Commission;

- b) the financial statements of Cresud Sociedad Anónima Comercial, Inmobiliaria, Financiera y Agropecuaria arise from official accounting records carried in all formal respects in accordance with legal requirements; that maintain the security and integrity conditions based on which they were authorized by the National Securities Commission;
- 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 September 30, 2006, the debt accrued 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 \$ 160.781,63 which is not yet due.

Autonomus City of Buenos Aires, November 10, 2006

PRICE WATERHOUSE & CO. S.R.L.

(Partner)

C.P.C.E.C.A.B.A. T° 1 F° 1

Dr. Andrés Suarez

Public Accountant (UBA)

C.P.C.E. Ciudad Autónoma de Buenos Aires

Tomo 245 - Folio 61

**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: November 10, 2006